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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO A PROPOSED ACQUISITION
OF FURTHER SHAREHOLDING IN IMV
INVOLVING AN ISSUE OF UP TO 481,385,492 SHARES
UNDER THE GENERAL MANDATE**

Financial Advisor to Digital Domain Holdings Limited

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The Board is pleased to announce the Group's proposed acquisition of additional shareholding interest in IMV so that the Group will own at least 66.62% interest in IMV immediately upon Completion, following its initial investment of 12.74% in IMV in February 2015.

On 11 December 2015, the Purchaser (an indirectly wholly-owned subsidiary of the Company) and the Main Vendors entered into the SPA in relation to such proposed acquisition.

Acquisition of IMV Shares from Main Vendors

Pursuant to the SPA, the Purchaser conditionally agreed to acquire the Sale Shares (a total of 14,097,057 IMV Shares representing 53.88% of all issued and outstanding IMV Shares) for total consideration of approximately US\$38.77 million (approximately HK\$302.41 million) (or at US\$2.75 (approximately HK\$21.45) per IMV Share).

The consideration for the purchase of the Sale Shares from the Main Vendors is to be settled at Completion (a) as to approximately US\$5.82 million in cash, (b) as to approximately US\$3.88 million by the issue of Initial Consideration Shares at US\$0.071 (approximately HK\$0.554) per DDHL Share and (c) as to approximately US\$29.07 million by the issuance of the Secured Notes in the principal amount of US\$2.0625 (approximately HK\$16.0875) per IMV Share.

Interest on the Secured Notes will accrue at the interest rate of 4% per annum calculated and paid annually. The principal amount of the Secured Notes and interest accrued thereon is to be settled in three equal instalments on the first, second and third anniversaries of the Closing Date. The principal amount together with interest accrued thereon is to be payable as to 60% in cash and, subject to certain exceptions disclosed below, as to 40% by the issue of the Deferred Consideration Shares at US\$0.071 (approximately HK\$0.554) per DDHL Share.

The 231,425,838 Consideration Shares that are issuable to the Main Vendors for the Sale Shares (comprising 54,581,565 Initial Consideration Shares and 176,844,273 Deferred Consideration Shares) represent approximately 2.30% of the total number of DDHL Shares in issue, approximately 2.25% of the total number of DDHL Shares in issue as enlarged by the issue of the Consideration Shares, and approximately 2.20% of the total number of DDHL Shares in issue as enlarged by the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares (referred to below).

Acquisition of additional IMV Shares

Apart from the Sale Shares, there are a total of 8,734,953 IMV Shares issued and outstanding and 3,363,000 IMV Options outstanding to acquire 3,363,000 new IMV Shares at US\$0.50 per new IMV Share.

Under the SPA, the Company has agreed to purchase the IMV Shares of the Remaining IMV Shareholders on the same terms as those that apply to the Main Vendors. Each Remaining IMV Shareholder wishing to sell all or some of their IMV Shares on the same terms as the Main Vendors will be required to execute and deliver a Joinder Agreement to the Purchaser on or before 29 December 2015.

In addition, the Purchaser may acquire some of the IMV Shares held by the Remaining IMV Shareholders for cash at a significantly reduced purchase price on terms to be agreed to between the Purchaser and the relevant Remaining IMV Shareholders, provided that the aggregate purchase price must not exceed US\$4.16 million after taking into account up to US\$1.36 million cash that may be advanced by the Purchaser for the purposes of repayment of SIDIT Convertible Loans (see paragraph 2 under “*Additional Undertakings*”).

Each Remaining IMV Shareholder that wishes to sell their IMV Shares for cash only will enter into a separate agreement with the Purchaser and DDHL for that purpose. Further announcement will be made upon Completion, in respect of the number of IMV Shares sold under the Joinder Agreement and for cash only.

Assuming all Remaining IMV Shareholders holding a maximum of 8,734,953 IMV Shares execute and deliver Joinder Agreements in respect of all their IMV Shares, then a maximum of 143,424,185 Additional Consideration Shares will be issued under the SPA (comprising 33,826,458 Initial Consideration Shares and 109,597,727 Deferred Consideration Shares). These Additional Consideration Shares represent approximately 1.428% of the total number of DDHL Shares in issue, approximately 1.408% of the total number of DDHL Shares in issue as enlarged by the issue of the Additional Consideration Shares and approximately 1.363% of the total number of DDHL Shares in issue as enlarged by the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares (referred to below).

Payment for forfeiture of IMV Options

In addition, the Company also agreed under the SPA to pay US\$2.25 (approximately HK\$17.55) (being the difference between the price per Sale Share sold by the Main Vendors

and the exercise price per IMV Option) for the voluntary forfeiture by holders of each IMV Option for cancellation if they elect to take Option Consideration Shares in satisfaction of such price. No cash consideration will be paid. The consideration for such forfeiture is to be settled in four equal parts on the day after the Closing Date and on each of the first, second and third anniversaries of the Closing Date by the issue of Option Consideration Shares at the price of US\$0.071 (approximately HK\$0.554) per share. No interest will accrue on the amount payable. Each holder of IMV Options that wishes to forfeit their IMV Options will enter into a separate agreement with the Purchaser for that purpose. Further announcement will be made upon Completion, in respect of the number of IMV Options agreed to be forfeited.

Assuming all holders of IMV Options holding a maximum of 3,363,000 IMV Options agree to the forfeiture of all of their IMV Options, then a maximum of 106,535,469 Option Consideration Shares will be issued over the next three years. These Option Consideration Shares represent approximately 1.06% of the total number of DDHL Shares in issue, approximately 1.05% of the total number of DDHL Shares in issue as enlarged by the issue of the Option Consideration Shares and the approximately 1.01% of the total number of DDHL Shares in issue as enlarged by the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares.

General

Completion of the SPA (and any further purchases for cash or otherwise of IMV Shares and payments for IMV Options) will take place at the same time and is subject to the fulfilment of certain conditions precedent described below. Immediately after completion of the SPA, IMV will be owned at least as to 66.62% by the Company and accordingly its financial results and position will be consolidated in the financial statements of the Group.

The Initial Consideration Shares and the Deferred Consideration Shares (whether issuable to the Main Vendors as Consideration Shares or to the Non-active Vendors as Additional Consideration Shares) and the Option Consideration Shares are to be issued under the General Mandate.

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the SPA, including the acquisition of additional IMV Shares and payments for the forfeiture of IMV Options (when aggregated with the Previous Investment), are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce the proposed acquisition of further shareholding interest in IMV on terms described further below pursuant to the SPA. Upon Completion of the SPA, IMV will become at least indirectly 66.62%-owned subsidiary of the Company.

The Company currently holds 3,333,333 IMV Shares, representing approximately 12.74% of the total number of issued IMV Shares, such investment (of US\$3,000,000 in total) having been made pursuant to the transaction disclosed by the Company in its announcement dated 18 February 2015 in conjunction with the formation of IM360. IM360 is a joint venture company formed earlier this year between the Group (holding 51%) and IMV (holding 49%) engaged in the business of the application of virtual reality technology (including the 360 digital captures technology) in the entertainment and media field. Further information on the SPA, the businesses of IMV and IM360 respectively is set out below.

THE SPA

The principal terms of the SPA are set out below:

Date: 11 December 2015

Parties to the SPA: (1) The Purchaser

DDVR, Inc. (an indirect wholly-owned subsidiary of the Company)

(2) The Company

The Company is party to the SPA to give certain representations and warranties as issuer of the Initial Consideration Shares, the Deferred Consideration Shares and the Secured Notes.

(3) The Main Vendors

They are either shareholders holding 5% or more shareholding in IMV or the management of IMV or their associates. Details of their shareholding in IMV and the relationship amongst the Main Vendors are set out below:

Name of Main Vendor	IMV Shares held	
	Number	Percentage of total IMV Shares in issue and outstanding
Founder; Founder as trustee of the 4M Family Trust and Thomas McGovern (brother of Founder)	13,297,057	50.8
Ben Siroshton	400,000	1.5
Scott Lance Van Nostrand	400,000	1.5

Note: Apart from 4M Family Trust, all other person specified above are management of IMV or their associates. Founder is the trustee of 4M Family Trust of which the beneficiaries are the family members of Founder.

Founder is a director of IM360, which is an insignificant subsidiary of the Company under Chapter 14A of the Listing Rules. Accordingly, Founder is not considered as a connected person of the Company.

(4) The Non-active Vendors

The Remaining IMV Shareholders who wish to sell their IMV Shares on the same terms will be required to execute and deliver to the Purchaser a Joinder Agreement on or before 29 December 2015, by which they will agree to be bound by the terms of the SPA. See "Purchase of additional IMV Shares" below. As at the date of this announcement, there are 31 Remaining IMV Shareholders.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Main Vendors, the Remaining IMV Shareholders and (if they are a company) their ultimate beneficial owner(s) are independent of and not connected with the Company or its subsidiaries, or any of the connected persons of the Company and their respective associates.

Assets being acquired:

Not less than 14,097,057 IMV Shares (comprising only the Sale Shares and assuming no Remaining IMV Shareholders sell their IMV Shares (for cash or otherwise)) and up to 22,832,010 IMV Shares (comprising the Sale Shares and all IMV Shares held by the Remaining IMV Shareholders).

The 14,097,057 Sale Shares represent:

- (i) 53.88% of the issued share capital of IMV as at the date of this announcement; and
- (ii) 47.74% of the issued share capital of IMV as enlarged by the issue of further IMV Shares upon exercise of all outstanding IMV Options.

The 22,832,010 IMV Shares (comprising the Sale Shares and all IMV Shares held by the Remaining IMV Shareholders) represent:

- (i) 87.26% of the issued share capital of IMV as at the date of this announcement; and
- (ii) 77.32% of the issued share capital of IMV as enlarged by the issue of further IMV Shares upon exercise of all outstanding IMV Options.

See "*Purchase of additional IMV Shares*" below.

Consideration for the Sale Shares:

The total consideration for the Sale Shares is approximately US\$38.77 million (approximately HK\$302.41 million) being US\$2.75 (approximately HK\$21.45) per Sale Share. It is to be satisfied on Closing Date:

- (a) as to approximately US\$5.82 million (approximately HK\$45.40 million), by payment in cash;
- (b) as to approximately US\$3.88 million (approximately HK\$30.26 million), by the issue and allotment of 54,581,565 Initial Consideration Shares at an issue price of US\$0.071 (approximately HK\$0.554) per share, rounded down to the nearest integral number of Initial Consideration Shares for each Main Vendor; and
- (c) as to approximately US\$29.07 million (approximately HK\$226.75 million), by the issuance of the Secured Notes (the terms of which are described further below).

The consideration for the Sale Shares was arrived at after arm's length negotiations between the parties to the SPA and with reference to the financial prospects and potential of the business of IMV discussed in the "*Reasons for and benefits of the SPA and the Acquisition*" below and the valuation of IMV by the Valuer as at 30 September 2015. (See "*Valuation - Profit Forecast*" below for further information in respect of the valuation).

Secured Notes: Secured Notes in the principal amount of US\$2.0625 (approximately HK\$16.0875) per IMV Share are to be issued to the Vendors by the Purchaser and secured by (i) a general security agreement granted by the Purchaser and IMV in all their respective presently and after acquired personal property and (ii) a share pledge agreement in favour of the Vendors in respect of the shares of the Purchaser and the IMV Shares held by the Purchaser.

Secured Notes in the aggregate principal amount of approximately US\$29.07 million (approximately HK\$226.75 million) are to be issued to the Main Vendors. Additional Secured Notes will be issued to the Remaining IMV Shareholders who agree to sell the IMV Shares to the Purchaser. (See "*Purchase of additional IMV Shares*" below.)

Interest on the Secured Notes accrues at the interest rate of 4% per annum calculated and paid annually.

The principal amount of the Secured Notes and interest accrued thereon is to be settled in three equal instalments on the first, second and third anniversaries of Closing Date together with interest accrued thereon, as to 60% in cash and as to 40% by the issue of the Deferred Consideration Shares at US\$0.071 (approximately HK\$0.554) per Deferred Consideration Share. The number of Deferred Consideration Shares issued will be rounded down to the nearest integral number of Deferred Consideration Shares for each Vendor.

The number of Deferred Consideration Shares that are issuable is subject to proportionate adjustment for consolidation, subdivision and reclassification of DDHL Shares or on a change of DDHL Shares into other shares, as certified by certified public accountants appointed by the Company (who may be the Company's auditors) or an investment bank registered for type 6 regulated activities under the Securities and Futures Ordinance.

In addition, in the case of a consolidation, merger, reorganisation or amalgamation of the Company with or into any other corporation or entity which results in any reclassification of DDHL Shares or a change of the DDHL Shares into other shares, or in case of any transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another person, the holders of the Secured Notes would be entitled to receive instead of the Deferred Consideration Shares any payment or other shares or securities or property which it would have received had it been a holder of the Deferred Consideration Shares at the time.

If, prior to the full payment of the principal amount under the Secured Notes and accrued and unpaid interest thereon, the DDHL Shares are no longer traded on the Stock Exchange (excluding by reason of any suspension of trading in the DDHL Shares on the Stock Exchange for less than 30 consecutive days), then the remaining balance of such sum that is to be payable in Deferred Consideration Shares will become payable in cash unless the Purchaser and the relevant Vendor agree otherwise.

Purchase of additional IMV Shares:

Under the SPA, the Company has agreed to purchase the 8,734,953 IMV Shares held by the Remaining IMV Shareholders on the same terms as those that apply to the Main Vendors. Each Remaining IMV Shareholder wishing to sell all or some of their IMV Shares on the same terms as the Main Vendors will be required to execute and deliver a Joinder Agreement to the Purchaser on or before 29 December 2015.

Assuming all Remaining Shareholders agree to sell their IMV Shares on the same terms as the Main Vendors, the maximum total consideration for such further IMV Shares will be US\$24.02 million (approximately HK\$187.36 million) being US\$2.75 (approximately HK\$21.45) per IMV Share. It is to be satisfied on Closing Date:

- (a) as to US\$3.60 million (approximately HK\$28.08 million), by payment in cash;
- (b) as to US\$2.40 million (approximately HK\$18.72 million), by the issue and allotment of 33,832,563 Initial Consideration Shares at an issue price of US\$0.071 (approximately HK\$0.554) per share, rounded down to the nearest integral number of Initial Consideration Shares for each Non-active Vendor; and
- (c) as to US\$18.02 million (approximately HK\$140.56 million), by the issuance of the Secured Notes.

In addition, the Purchaser may acquire some of the IMV Shares held by the Remaining IMV Shareholders for cash on terms to be agreed to between the Purchaser and the relevant Remaining IMV Shareholders, provided that the aggregate purchase price must not exceed US\$4.16 million (after taking into account up to US\$1.36 million cash that may be advanced by the Purchaser for the purposes of repayment of SIDIT Convertible Loans advanced by SIDIT (see “*Additional undertakings*” below). The cash only sale price per IMV Share is at a substantial discount to the price payable for each Sale Share and the fair value per IMV Share based on the independent valuation (see “*Valuation - Profit Forecast*” below) to discourage election for cash consideration by the Remaining IMV Shareholders and conserve cash resources of the Group. Each Remaining IMV Shareholder that wishes to sell IMV their Shares for cash will enter into a separate agreement with the Purchaser for that purpose.

Further announcement will be made upon Completion, in respect of the number of IMV Shares sold under the Joinder Agreement and for cash only.

Payment for forfeiture of existing IMV Options:

The Company also agreed under the SPA to pay US\$2.25 (approximately HK\$17.55), (being the difference between the price per Sale Share and the exercise price per IMV Option) for the voluntary forfeiture by holders of each of the outstanding 3,363,000 IMV Options for cancellation if they elect to take Option Consideration Shares in satisfaction of such price. No cash consideration will be paid. Such price is to be settled in four equal parts on the day after the Closing Date and on the first, second and third anniversaries of the Closing Date by the issue of Option Consideration Shares at the price of US\$0.071 (approximately HK\$0.554) per DDHL Share. No interest will accrue on the amount payable. There are total of 30 holders of IMV Options all of whom are current directors, employees or advisors/consultants of IMV or its subsidiaries, including the Main Vendors who hold a total of 1,180,000 IMV Options. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all holders of IMV Options are independent of and not connected with the Company or its subsidiaries, or any of the connected persons of the Company and their respective associates.

Each holder of IMV Option that wishes to forfeit their IMV Options will enter into a separate agreement with the Purchaser for that purpose. Further announcement will be made upon Completion, in respect of the number of IMV Options agreed to be forfeited.

Consideration Shares, Additional Consideration Shares and Option Consideration Shares:

Consideration Shares issuable to the Main Vendors for the Sale Shares

The 54,581,565 Initial Consideration Shares issuable to the Main Vendors represent approximately 0.543% of the total number of DDHL Shares in issue, approximately 0.541% of the total number of DDHL Shares in issue as enlarged by the issue of the Initial Consideration Shares, and approximately 0.528% of the total number of DDHL Shares in issue as enlarged by the issue of all the Consideration Shares.

The 176,844,273 Deferred Consideration Shares issuable to the Main Vendors represent approximately 1.761% of the total number of DDHL Shares in issue, approximately 1.751% of the total number of DDHL Shares in issue as enlarged by the issue of the Deferred Consideration Shares, and approximately 1.709% of the total number of DDHL Shares in issue as enlarged by the issue of the Consideration Shares.

Additional Consideration Shares issuable to the Non-active Vendors

Assuming all Remaining IMV Shareholders holding a maximum of 8,734,953 IMV Shares execute and deliver Joinder Agreements in respect of all their IMV Shares, then a maximum of 143,424,185 Additional Consideration Shares will be issued under the SPA (comprising 33,826,458 Initial Consideration Shares and 109,597,727 Deferred Consideration Shares). These Additional Consideration Shares represent approximately 1.428% of the total number of DDHL Shares in issue, approximately 1.408% of the total number of DDHL Shares in issue as enlarged by the issue of the Additional Consideration Shares and the approximately 1.363% of the total number of DDHL Shares in issue as enlarged by the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares (referred to below).

Option Consideration Shares

The 106,535,469 Option Consideration Shares represent approximately 1.061% of the total number of DDHL Shares in issue, approximately 1.050% of the total number of DDHL Shares in issue as enlarged by the issue of the Option Consideration Shares, and approximately 1.019% of the total number of DDHL Shares in issue as enlarged by the issue of the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares.

Comparison with market price of DDHL Shares

The issue price for each of the Initial Consideration Shares and the Deferred Consideration Shares (whether Consideration Shares issuable to the Main Vendors for the Sale Shares or as Additional Consideration Shares issuable to the Non-active Vendors) and the Option Consideration Shares of US\$0.071 (approximately HK\$0.554) represents 2.59% premium to the closing price of HK\$0.540 per DDHL Share as quoted on the Stock Exchange on the date of this announcement; and 5.93% premium to the average closing price of approximately HK\$0.523 per DDHL Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of this announcement.

The issue price of the Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares was determined after arm's length negotiations by reference to the prevailing market prices of the DDHL Shares. The Directors consider that the issue price of the Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares is fair and reasonable and in the interests of the Shareholders as a whole.

Ranking and General Mandate

The Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the DDHL Shares then in issue, including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares are to be issued under the General Mandate and therefore the issue of which will not be subject to the approval of the shareholders of DDHL. Pursuant to the General Mandate, the total number of new DDHL Shares that the Company is authorised to issue is 1,966,537,153 DDHL Shares, representing 20% of the issued nominal capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, 210,000,000 DDHL Shares have been allotted and issued under the General Mandate.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares.

Conditions
Precedent to
Completion:

Completion of the transactions contemplated in the SPA is conditional upon fulfillment of certain conditions precedent for the benefit of the Purchaser and others for the benefit of the Vendors specified below, or the waiver by the party for whose benefit the relevant condition precedent is included in the SPA.

Conditions precedent for the benefit of the Purchaser:

The conditions precedent for the benefit of the Purchaser are, among other things, as follows:

- (i) all representations and warranties of the Vendors being and remaining as at the Closing Date true and correct; the Vendors having complied with their obligations, covenants and agreements under the SPA to the satisfaction of the Purchaser, acting reasonably, and the delivery of all closing deliverables required to be delivered by the Main Vendor;
- (ii) all corporate authorities of the Vendors and requisite approvals and/or waivers from third parties, including regulatory approvals in each case in form and substance satisfactory to the Purchaser, having been obtained and are in full force and effect;
- (iii) there being no injunction or restraining order issued preventing and no pending or threatened legal proceedings against any party to the SPA for the purpose of enjoining or preventing completion of the transactions contemplated under the SPA or otherwise claiming that the SPA or the completion of those transactions is improper or would give rise to legal proceedings under any applicable laws or any contract;
- (iv) the Purchaser being satisfied, in its sole discretion, with the results of its due diligence review of the business and affairs of IMV Group Members;
- (v) in the Purchaser's opinion, acting reasonably, that since the date of the SPA, no event has occurred which may have a material adverse effect on the IMV Group Members; and no applicable law has been enacted, introduced or announced which may have a material adverse effect on the IMV Group Members; and
- (vi) delivery of completion deliverables by the Vendors at Completion.

The regulatory approvals in condition precedent (ii) above include the Listing Permission and any governmental and third party approvals that may be required for the transactions contemplated in the SPA.

Conditions precedent for the benefit of the Vendors:

The conditions precedent for the benefit of the Vendors are, among other things, as follows:

- (i) all representations and warranties of Purchaser and the Company in the SPA being and remaining, as at Closing Date, true and correct; the Purchaser and the Company having complied with their obligations, covenants and agreements under the SPA to the satisfaction of the Vendors, acting reasonably, and the delivery of all closing deliverables required to be delivered by the Purchaser;
- (ii) the Main Vendors being satisfied, in their discretion, with the results of its review of the publicly available business and affairs of the Company;
- (iii) there being no injunction or restraining order issued preventing and no pending or threatened legal proceedings against any party to the SPA for the purpose of enjoining or preventing completion of the transactions contemplated under the SPA or otherwise claiming that the SPA or the completion of those transactions is improper or would give rise to legal proceedings under any applicable laws or any contract;
- (iv) in the Main Vendors' opinion, acting reasonably, there has not occurred any event which may have a material adverse effect on the Company since the date of the SPA; and no applicable law has been enacted, introduced or announced which may have a material adverse effect on the Company;
- (v) release of certain personal guarantees given by one of the Main Vendors; and
- (vi) delivery of completion deliverables by the Purchaser at Completion.

Termination: By notice given prior to the Closing Date, the SPA may, among other things, be terminated save for certain surviving provisions: (i) by the Purchaser or the Vendors if the transactions contemplated under the SPA are not completed on 29 February 2016; (ii) by the Purchaser if the conditions precedent set out in the SPA for the benefit of the Purchaser have not been fulfilled and/or waived (as the case may be) on or before the Closing Date; (iii) by the Vendors if the conditions precedent set out in the SPA for the benefit of the Vendors have not been fulfilled and/or waived (as the case may be) on or before the Closing Date; (iv) by mutual consent of the Purchaser and the Vendors, and (v) by the Purchaser if the business or assets of IMV are lost, damaged, destroyed or expropriated, resulting in a material adverse effect on IMV.

Completion: Subject to the conditions precedent being fulfilled and/or waived (as the case may be) on or before the Closing Date, Completion will take place on the fifth business day following the later of the grant of the Listing Permission and the receipt of any governmental and third party approvals that may be required.

Management related arrangements:

As a condition precedent to completion and to ensure continuity of management of IMV:

- (a) the Management Vendors will be required at Completion to give non-competition undertakings and non-solicitation undertakings (in respect of customers and employees) in favour of the Purchaser for a period of four years from Closing Date, in the United States of America, Canada and other jurisdictions in the world where IMV sells products or services; and
- (b) seven Key Employees (including Founder, Thomas McGovern, Ben Siroshton and Scott Lance Van Nostrand) are each required to enter into an Employment Agreement with IMV subject to early termination by either the Key Employee or IMV, pursuant to which (i) the Key Employee will give non-solicitation and non-competition undertakings in favour of IMV effective after the termination of his employment with IMV; and (ii) any developments developed by the Key Employee from his employment by IMV or use of any property or information owned, licensed or leased by IMV or made available by IMV to him and all related intellectual property rights will be solely owned by IMV.

Additional Undertakings:

- (1) Maintenance of listing etc.

The Company has undertaken at all times during the period which the Secured Notes are outstanding and for a period of two (2) years following repayment in full of the Secured Notes to maintain its listing and good standing on the Stock Exchange; and its status as a “foreign private issuer” under the U.S. Securities Act.

- (2) Advance of loan to IMV

The Purchaser has agreed to provide a US\$1.36 million shareholder’s loan to IMV for the repayment of SIDIT Convertible Loans (see “*Other Information on IMV*” below).

REASONS FOR AND BENEFITS OF THE SPA AND THE ACQUISITION

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 Purchaser is a company incorporated under the laws of Delaware and an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

Founded in 2011, IMV is principally engaged in the business of interactive media technology including 360 captures, multi-camera stitching, dynamic streaming, digital live optimization, multicamera and multi-input synchronization, digital transmission and observation, multi-channel, capturing multi-panoramic views, camera to image identification, internal GPS to capture data capturing and has been known as one of the top industry players in the 360 and virtual reality industry specializing in producing high-end virtual reality and 360 contents. IMV and its affiliates are the owners of certain patents, copyrights, trade secrets, confidential information and know-hows for a variety of inventions, technology and know-how, which are core to the businesses in relation to the development, exploitation, production, publishing and distribution of 360 live streaming and pre-recorded 360 video, virtual reality, augmented reality, and similar immersive media contents. IMV has two wholly-owned subsidiaries and a 49% shareholding interest in IM360, a 51% owned subsidiary of the Company.

Further to the Company's investment in 12.74% interest in IMV and formation of IM360 with IMV, the Group has made significant progress in developing its offerings in the 360-video, virtual reality and augmented reality industry. With technology licensed by IMV to IM360, in addition the projects in Greater China reported in the Company's latest interim report, IM360 had also rapidly developed new customers such as the New York Times which saw IM360 develop, host and distribute a dynamic VR app from concept to design to platform, providing the largest VR distribution outlet available on the market to date. Samsung continues to turn to IM360 for live and VOD immersive experiences from soccer matches to surf competitions and concerts. Other live productions included the first-ever, fully integrated, live 360-degree broadcast of a major awards show, the MTV VMAs. Commercials by IM360 included an immersive VR experience for Nike featuring international soccer star Neymar Jr, combining 360-video with motion capture animation, positioning fans through Neymar's POV as he plays against his biggest rivals. Meanwhile, IM360's VR production of Taylor Swift's "Blank Space" music video earned an Emmy Award for Outstanding Original Interactive Programming, the first virtual reality project ever awarded.

As the Group already holds 12.74% of the IMV Shares in issue, the total maximum amount of consideration payable for the remaining IMV Shares and the cancellation of the IMV Options (see "*Payment for forfeiture of existing IMV Options*" above) is US\$70.36 million, being 87.91% of (i.e. 12.09% discount to) the fair value ascribed to 87.26% of the equity interest in IMV under the Valuation Report. If the maximum amount that may be advanced by the Purchaser to repay the SIDIT Convertible Loans (see "*Additional Undertakings*" above and "*Corporate information and shareholding structure*" below) was also to be taken into account, the aggregate of such advance and the total maximum consideration payable as described above is US\$71.72 million, being 89.61% of (i.e. 10.39% discount to) the fair value ascribed to 87.26% of the equity interest in IMV under the Valuation Report. The cash consideration payable by the Purchaser under the SPA will be funded by internal resources of the Group.

The Company's initial investment in IMV (which was driven by the desire to form IM360) was based on the estimated funding required for the development of IM360, the agreed 51 (Company): 49 (IMV) equity ratio in IM360, the key results of IMV for the year ended 31 December 2013 and net asset value of IMV of approximately CAN\$4.71 million (approximately HK\$27.41 million). Being in the fifth year of operations, IMV continues to be in its growth stage as its services expand, expertise broadens, and client base grows, and the revenue for the year ended 31 December 2014 increased by 29.85% when compared to the year ended 31 December 2013. The Company noted that unaudited losses reported by IMV for the year ended 31 December 2014 have narrowed significantly compared to the year ended 31 December 2013, while the equity attributable to owners of IMV amounted to CAN\$8.58 million (approximately HK\$49.94 million) as at 30 September 2015.

The promising development of IM360 in less than one year has affirmed the Company's assessment of the value and potential of the technology and capabilities that IMV can offer. As virtual reality and 360 production and distribution would become the core part of the Company's business in the coming years, the Company considered that it would strategically be desirable to acquire control of IMV and (therefore indirectly) the technology that is licensed to IM360, as that would provide the Company greater flexibility and control over the development of its 360 and virtual reality business operations. The Group intends to retain existing IMV management/technology team through employment contracts as a condition precedent to Completion.

In addition, the Company also noted that an independent valuation (see "*Valuation – profit forecast*" below) values 100% equity interest in IMV at US\$91.73 million* – in other words the agreed price per Sale Share reflects approximately 21.65% discount over the enterprise value implied by that price. The deferred payment structure (including the issue of DDHL Shares over a period of three years) contemplated under the SPA not only conserves cash resources of the Group, reduces the immediate shareholding dilution impact to shareholders of the Company but can also encourage alignment of interests of the retained IMV management (who or whose family trust are Main Vendors) and other shareholders of the Company.

In view of the above, the Directors are of the view that the terms of the SPA and the transactions contemplated thereunder (including the acquisition of further IMV Shares from the Remaining IMV Shareholders (whether for cash or otherwise) and the payment for forfeiture of the IMV Options), and the terms of issue of the Initial Consideration Shares, the Deferred Consideration Shares and the Option Consideration Shares, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OTHER INFORMATION ON IMV

Financial Information

According to the unaudited financial statements of IMV, the consolidated financial results of IMV prepared in accordance with Canadian generally accepted accounting standards for the two years ended 31 December 2013 and 31 December 2014 are as follows:

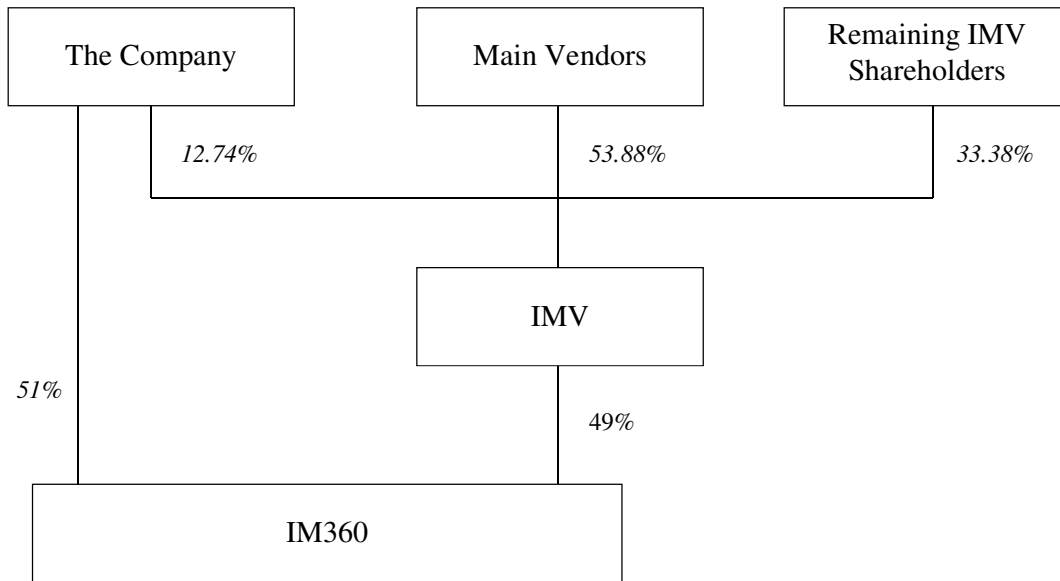
	For the year ended 31 December	
	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss before taxation	approximately CAN\$541,000 (approximately HK\$3,149,000)	approximately CAN\$1,041,000 (approximately HK\$6,059,000)
Loss after taxation	approximately CAN\$541,000 (approximately HK\$3,149,000)	approximately CAN\$1,041,000 (approximately HK\$6,059,000)

The net asset value of IMV as at 30 September 2015 was approximately CAN\$8.58 million (approximately HK\$49.94 million).

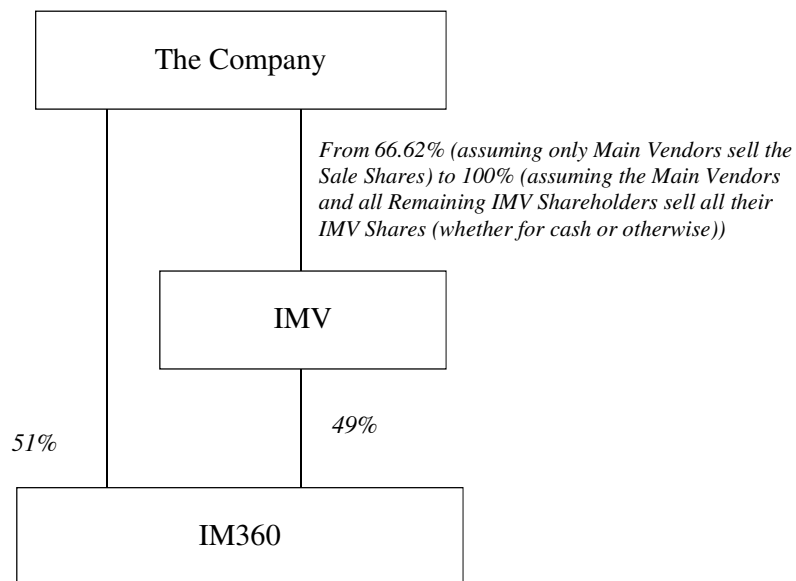
Corporate information and shareholding structure

IMV was incorporated on 2 July, 2010 in British Columbia, Canada. As at the date of this announcement, there are in issue 26,165,343 IMV Shares held by a total of 37 IMV Shareholders and 3,363,000 IMV Options. There are SIDIT Convertible Loans in the aggregate principal amount of CAN\$1,000,000 as at 1 November 2015, of which (i) SIDIT Convertible Loan 1 in the principal amount of CAN\$750,000 is convertible at the election of SIDIT at any time into Class C voting preferred shares in IMV at a conversion price of one Class C voting preferred share for each \$0.50 of the outstanding principal amount of and interest accrued on the SIDIT Convertible Loan 1 (subject to adjustments), and (ii) SIDIT Convertible Loan 2 in the principal amount of CAN\$250,000 is convertible at the election of SIDIT at any time into Class D voting preferred shares in IMV at a conversion price of one Class D voting preferred share for each \$0.50 of the outstanding principal amount of and interest accrued on the SIDIT Convertible Loan 2 (subject to adjustments). Like the IMV Shares, each Class C and D voting preferred share have one voting right per share at general meetings of IMV. However, both Class C and D voting preferred shares (which rank *pari passu* with each other but in preference to any other class of shares in IMV) enjoy the right to preferential dividend at a rate of 14% of issue price per annum and liquidation preference up to the issue price for each Class C and D voting preferred share held together with accrued but unpaid dividends thereon.

Set out below is the simplified shareholding structure of IMV as at the date of this announcement (for illustration purpose only):



Set out below is the simplified shareholding structure of IMV immediately upon Completion (for illustration purpose only):



EFFECTS ON THE SHARE CAPITAL OF THE COMPANY

The tables below show assuming no other changes to the share capital structure of the Company or shareholding of the parties identified and no conversion of the SIDIT Convertible Loans, the shareholding structure of the Company (i) immediately upon Completion at which the Initial Consideration Shares are issued and (ii) immediately following the issue of all Deferred Consideration Shares in each of the following scenarios:

- (a) Scenario A: The Purchaser purchases only the Sale Shares (i.e. none of the Remaining IMV Shareholders sell their Shares) and no IMV Options are forfeited;
- (b) Scenario B: The Purchaser purchases the Sale Shares and all of the IMV Shares of the Remaining IMV Shareholders pursuant to Joinder Agreements executed by them (i.e. none of the Remaining IMV Shareholders are selling for cash only) and no IMV Options are forfeited; and
- (c) Scenario C: The Purchaser purchases the Sale Shares and all of the IMV Shares of the Remaining IMV Shareholders pursuant to Joinder Agreements executed by them (i.e. none of the Remaining IMV Shareholders are selling for cash only) and all IMV Options are forfeited by their holders.

As at the date of this announcement, the Company has in issue 10,042,695,768 DDHL Shares, options to subscribe for 987,410,000 DDHL Shares granted pursuant to the share option scheme of the Company and HK\$392,000,000 in principal amount of convertible notes that are convertible into DDHL Shares at the conversion price of HK\$0.04 per DDHL Share, subject to adjustments.

Scenario A: The Purchaser purchases only the Sale Shares (i.e. none of the Remaining IMV Shareholders sell their Shares) and no IMV Options are forfeited.

<i>Assuming only Main Vendors sell the Sale Shares</i>						
	As at the date of this announcement		Immediately after Completion		On the third anniversary of Closing Date	
	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>
<i>Directors</i>						
Peter Chou (Note 1)	714,401,746	7.11	714,401,746	7.08	714,401,746	6.95
Seah Ang (Note 2)	502,134,789	5.00	502,134,789	4.97	502,134,789	4.89
Amit Chopra (Note 3)	502,134,789	5.00	502,134,789	4.97	502,134,789	4.89
<i>Substantial shareholders</i>						
Zhang Xiaoqun (Note 4)	1,672,035,000	16.65	1,672,035,000	16.56	1,672,035,000	16.27
<i>Main Vendors</i>						
Founder, Founder as trustee of the 4M Family Trust and Thomas McGovern	-	-	51,484,093	0.51	218,292,554	2.12
Ben Siroshton	-	-	1,548,736	0.02	6,566,642	0.06
Scott Lance Van Nostrand	-	-	1,548,736	0.02	6,566,642	0.06
<i>Other public</i>	6,651,989,444	66.24	6,651,989,444	65.87	6,651,989,444	64.76
Total	10,042,695,768	100.00	10,097,277,333	100.00	10,274,121,606	100.00

Notes:

1. Kabo Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 602,561,746 DDHL Shares and having a deemed interest in 1,855,609,696 DDHL Shares under s.317 of the Securities and Futures Ordinance (the "SFO"). Honam Inc. holds 111,840,000 DDHL Shares. Mr. Peter Chou was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interests in Kabo Limited and Honam Inc.
2. Global Domain Investments Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Seah Ang was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Global Domain Investments Limited. Mr. Seah Ang was granted 100,000,000 options of DDHL on 28 May 2014 that was approved by the Shareholders at the special general meeting of the Company held on 23 July 2014.
3. Redmount Ventures Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Amit Chopra was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Redmount Ventures Limited. Mr. Amit Chopra was granted 48,000,000 options of DDHL and 15,000,000 options of DDHL on 28 May 2014 and 6 May 2015 respectively.
4. Fortune Source International Limited is wholly-owned by Zhang Xiaoqun. Zhang Xiaoqun was deemed to be interested in the 1,672,035,000 DDHL Shares held by Fortune Source International Limited.

Scenario B: The Purchaser purchases the Sale Shares and all of the IMV Shares of the Remaining IMV Shareholders pursuant to Joinder Agreements executed by them (i.e. none of the Remaining IMV Shareholders are selling for cash only) and no IMV Options are forfeited.

<i>Assuming Main Vendors and Non-active Vendors sell their all IMV Shares</i>						
	As at the date of this announcement		Immediately after Completion		On the third anniversary of Closing Date	
	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>
<i>Directors</i>						
Peter Chou (Note 1)	714,401,746	7.11	714,401,746	7.05	714,401,746	6.86
Seah Ang (Note 2)	502,134,789	5.00	502,134,789	4.96	502,134,789	4.82
Amit Chopra (Note 3)	502,134,789	5.00	502,134,789	4.96	502,134,789	4.82
<i>Substantial shareholders</i>						
Zhang Xiaoqun (Note 4)	1,672,035,000	16.65	1,672,035,000	16.50	1,672,035,000	16.05
<i>Main Vendors</i>						
Founder, Founder as trustee of the 4M Family Trust and Thomas McGovern	-	-	51,484,093	0.51	218,292,554	2.10
Ben Siroshton	-	-	1,548,736	0.02	6,566,642	0.06
Scott Lance Van Nostrand	-	-	1,548,736	0.02	6,566,642	0.06
<i>Non-active Vendors</i>						
	-	-	33,826,458	0.33	143,424,185	1.38
<i>Other public</i>						
	6,651,989,444	66.24	6,651,989,444	65.65	6,651,989,444	63.85
Total	10,042,695,768	100.00	10,131,103,791	100.00	10,417,545,791	100.00

Notes:

1. Kabo Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 602,561,746 DDHL Shares and having a deemed interest in 1,855,609,696 DDHL Shares under s.317 of the Securities and Futures Ordinance (the "SFO"). Honam Inc. holds 111,840,000 DDHL Shares. Mr. Peter Chou was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interests in Kabo Limited and Honam Inc.
2. Global Domain Investments Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Seah Ang was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Global Domain Investments Limited. Mr. Seah Ang was granted 100,000,000 options of DDHL on 28 May 2014 that was approved by the Shareholders at the special general meeting of the Company held on 23 July 2014.
3. Redmount Ventures Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Amit Chopra was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Redmount Ventures Limited. Mr. Amit Chopra was granted 48,000,000 options of DDHL and 15,000,000 options of DDHL on 28 May 2014 and 6 May 2015 respectively.
4. Fortune Source International Limited is wholly-owned by Zhang Xiaoqun. Zhang Xiaoqun was deemed to be interested in the 1,672,035,000 DDHL Shares held by Fortune Source International Limited.

Scenario C: The Purchaser purchases the Sale Shares and all of the IMV Shares of the Remaining IMV Shareholders pursuant to Joinder Agreements executed by them (i.e. none of the Remaining IMV Shareholders are selling for cash only) and all IMV Options are forfeited by their holders.

<i>Assuming Main Vendors and Non-active Vendors sell all their IMV Shares and holders of IMV Options forfeited all IMV Options</i>						
	As at the date of this announcement		On the date after the Closing Date		On the third anniversary of Closing Date	
	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>	<i>Number of DDHL Shares</i>	<i>%</i>
<i>Directors</i>						
Peter Chou (Note 1)	714,401,746	7.11	714,401,746	7.03	714,401,746	6.79
Seah Ang (Note 2)	502,134,789	5.00	502,134,789	4.94	502,134,789	4.77
Amit Chopra (Note 3)	502,134,789	5.00	502,134,789	4.94	502,134,789	4.77
<i>Substantial shareholders</i>						
Zhang Xiaoqun (Note 4)	1,672,035,000	16.65	1,672,035,000	16.46	1,672,035,000	15.89
<i>Main Vendors</i>						
Founder, Founder as trustee of the 4M Family Trust and Thomas McGovern	-	-	58,453,408	0.58	246,169,814	2.34
Ben Siroshton	-	-	2,736,687	0.03	11,318,444	0.11
Scott Lance Van Nostrand	-	-	2,736,687	0.03	11,318,444	0.11
<i>Non-active Vendors</i>	-	-	35,054,008	0.35	148,334,386	1.41
<i>Holders of IMV Options (other than Vendors)</i>	-	-	16,061,101	0.16	64,244,404	0.61
<i>Other public</i>	6,651,989,444	66.24	6,651,989,444	65.48	6,651,989,444	63.20
Total	10,042,695,768	100.00	10,157,737,659	100.00	10,524,081,260	100.00

Notes:

1. Kabo Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 602,561,746 DDHL Shares and having a deemed interest in 1,855,609,696 DDHL Shares under s.317 of the Securities and Futures Ordinance (the "SFO"). Honam Inc. holds 111,840,000 DDHL Shares. Mr. Peter Chou was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interests in Kabo Limited and Honam Inc.
2. Global Domain Investments Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Seah Ang was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Global Domain Investments Limited. Mr. Seah Ang was granted 100,000,000 options of DDHL on 28 May 2014 that was approved by the Shareholders at the special general meeting of the Company held on 23 July 2014.
3. Redmount Ventures Limited was deemed to be interested in 2,458,171,442 DDHL Shares by holding 502,134,789 DDHL Shares and having a deemed interest in 1,956,036,653 DDHL Shares under s.317 of the SFO. Mr. Amit Chopra was deemed to be interested in the aforesaid DDHL Shares by virtue of his 100% shareholding interest in Redmount Ventures Limited. Mr. Amit Chopra was granted 48,000,000 options of DDHL and 15,000,000 options of DDHL on 28 May 2014 and 6 May 2015 respectively.
4. Fortune Source International Limited is wholly-owned by Zhang Xiaoqun. Zhang Xiaoqun was deemed to be interested in the 1,672,035,000 DDHL Shares held by Fortune Source International Limited.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities announced by the Company in the past twelve months prior to the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of the net proceeds up to the date of this announcement
25 June 2015 and 8 July 2015	Top-up placing of 210,000,000 DDHL Shares	HK\$96.17 million	media entertainment segment and as general working capital purposes of the Group	media entertainment segment: approximately HK\$36.4 million; general working capital (including but not limited to salary and rental): approximately HK\$29.7 million; and the unutilised portion: approximately HKD30.07 million

LISTING RULES IMPLICATIONS

Discloseable transaction

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (when aggregated with the Previous Investment) are more than 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

Valuation – profit forecast

The consideration for the Sale Shares was determined with reference to the valuation by Knight Frank Asset Appraisal Limited, an independent valuer (“**Valuer**”). According to the valuation report (the “**Valuation Report**”) dated 11 December 2015, the fair value of 100% and 87.26% of equity interest of IMV as at 30 September 2015 was US\$91.73 million and US\$80.04 million respectively. (i.e. US\$3.51 per IMV Share assuming no exercise of the IMV Options and SIDIT Convertible Loans).

As the Valuer has adopted the income approach in the Valuation Report, the valuation constitutes a “profit forecast” under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”). Accordingly, the Company makes the following disclosures as required by that Listing Rule.

The principal assumptions, including commercial assumptions adopted by the Valuer in the valuation as stated in the Valuation Report:

1. There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;
2. There will be no major changes in the current taxation law in the areas in which IMV conducting its operation, including the rate of tax payable and all applicable laws and regulations remains unchanged;
3. The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;
4. IMV will retain the key management and personnel to maintain its ongoing operations;
5. There will be no major business disruptions through international crisis, diseases, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;
6. IMV will remain free from claims and litigation against the business or their customers that will have a material impact on value;
7. IMV is unaffected by any statutory notice and that operation of IMV gives, or will give, no rise to a contravention of any statutory requirements;
8. IMV is not subject to any unusual or onerous restrictions or encumbrances;
9. The potential bad debt arising from the operation of IMV, if any, will not materially affect the business operations.

BDO Limited (the “**Reporting Accountants**”), the reporting accountants of the Company, has examined the arithmetical accuracy of the discounted future estimated cash flows on which the Valuation Report is based. Veda Capital Limited (the “**Financial Advisor**”), the financial advisor of the Company, has reviewed the principal assumptions upon which the discounted future estimated cash flows is based and is of the view that the Profit Forecast has been made after due and careful enquiry. Letters from the Reporting Accountants and the Financial Advisor are included as the appendices I and II to this announcement pursuant to Rule 14.60A and 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	Qualification
Knight Frank Asset Appraisal Limited	Independent professional valuer
BDO Limited	Certified Public Accountants
Veda Capital Limited	Financial Advisor

As at the date of this announcement, each of the Valuer, the Reporting Accountants and the Financial Advisor does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Each of the Valuer, the Reporting Accountants and the Financial Advisor has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all reference to its name in the form and context in which it appears.

DEFINITIONS

In this announcement, the following terms have the meanings set forth opposite them:

“Acquisition”	the proposed acquisition by the Purchaser of the IMV Shares from the Vendors under the SPA
“Additional Consideration Shares”	the Initial Consideration Shares and the Deferred Consideration Shares to be issued to the Non-active Vendors upon Completion and repayment of the Secured Notes
“AGM”	the annual general meeting of the Company held on 15 May 2015
“Board”	the board of Directors of the Company
“Business Day”	any day, except Saturdays and Sundays, on which banks are generally open for non-automated business in Vancouver, British Columbia, Canada, Hong Kong and Los Angeles, California, the United States of America
“CAN\$”	Canadian dollar(s), the lawful currency of Canada
“Closing Date”	the fifth Business Day after the date that is the later of receipt of: (a) approval of the Stock Exchange to the transactions contemplated in the SPA; and (b) all requisite approvals and/or waivers from third parties, including regulatory approvals in respect of the Acquisition
“Company” or “DDHL”	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 (stock code: 547)
“Completion”	completion of the Acquisition in accordance with the terms of the SPA

“Consideration Shares”	the Initial Consideration Shares and the Deferred Consideration Shares to be issued to the Main Vendors upon Completion and repayment of the Secured Notes
“connected person(s)”	the meaning ascribed to it under the Listing Rules
“Deferred Consideration Shares”	the new DDHL Shares, credited as fully paid, to be allotted and issued to the Vendors in accordance with the Secured Notes as part of the payment of the principal amount of the Secured Notes and interest accrued thereon
“DDHL Shares”	share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Directors”	the directors of the Company
“Employment Agreements”	employment agreements to be entered into between and each Key Employee and IMV, pursuant to which the Key Employees will work at IMV exclusively
“Founder”	Myles McGovern
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries (as defined in the Listing Rules)
“HK\$” or “HK dollar”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IMV”	Immersive Ventures Inc., a private company incorporated under the laws of British Columbia, Canada
“IMV Group Members”	IMV and its subsidiaries
“IMV Share(s)”	Class A common share(s) of in the share capital of IMV, being the only class of shares of IMV currently issued
“IMV Options”	options of IMV, each of which is exercisable to acquire one IMV Share at a price of US\$0.50
“IM360”	IM360 Entertainment Inc., a company incorporated under the laws of British Columbia, Canada, of which 51% of its equity interests are held by the Purchaser and 49% of its equity interests are held by IMV as at the date of this announcement

“Initial Consideration Shares”	the new DDHL Shares, credited as fully paid, to be allotted and issued to the Vendors in accordance with the SPA as part of the payment of the consideration for the IMV Shares purchased by the Purchaser under the SPA
“Joinder Agreement(s)”	joinder agreement(s) to be entered into by Non-active Vendor(s) to accept and agree to be bound as a Vendor under the SPA
“Key Employees”	Founder, Michael Barger, Andrew McGovern, Thomas McGovern, Ben Siroshon, Scott Lance Van Nostrand and Ryan Whitehead
“Listing Permission”	the Stock Exchange’s approval of the application for the listing of and permission to deal in the Consideration Shares, the Additional Consideration Shares and the Option Consideration Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Vendors”	the active vendors under the SPA, details of which are set out in the paragraph headed “Main Vendors” above
“Management Vendors”	the Vendors who are employees of one or more of the IMV Group Members
“Non-active Vendor(s)”	those Remaining IMV Shareholder(s) who agree to sell their IMV Shares on the same terms as the Main Vendors by executing and delivering a Joinder Agreement on or before 29 December 2015
“Option Consideration Shares”	the new DDHL Shares, credited as fully paid, to be allotted and issued to those that hold IMV Options in accordance with the SPA as the consideration for the cancellation of the IMV Options held by the Vendors
“PRC”	the People’s Republic of China
“Previous Investment”	the investment into IMV that the Company completed on 18 February 2015 pursuant to the transaction disclosed by the Company in its announcement date 18 February 2015
“Purchaser”	DDVR, Inc., or its permitted assigns
“Remaining IMV Shareholders”	holders of IMV Shares (other than the Main Vendors)
“Sale Shares”	14,097,057 IMV Shares, representing 53.88% of the issued share capital of IMV owned and to be disposed of by the Main Vendors under the SPA

“Secured Notes”	secured notes to be issued by the Purchaser to the Vendors in the principal amount of US\$2.0625 (approximately HK\$16.0875) per IMV Share
“Shareholders”	the shareholders of the Company
“SIDIT”	Southern Interior Development Initiative Trust, a trust independent of and not connected with the Company or its subsidiaries, or any of the connected persons of the Company and their respective associates
“SIDIT Convertible Loans”	the convertible loan in the principal amount of CAN\$750,000 owed by IMV to SIDIT under the convertible loan agreement dated 22 December 2011 (as amended by the amending agreement dated 28 February 2014) (“ SIDIT Convertible Loan 1 ”) and the convertible loan in the principal amount of CAN\$250,000 owed by IMV to SIDIT under the convertible loan agreement dated 14 June 2013 (“ SIDIT Convertible Loan 2 ”)
“SPA”	the sale and purchase agreement dated 11 December 2015 entered into among the Main Vendors, the Purchaser and the Company in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	the Main Vendors and the Non-Active Vendors
“%”	per cent.

For illustration purposes in this announcement, the amounts denominated in US\$ are translated into HK\$ at the exchange rate of US\$1.00 to HK\$7.80 and the amounts denominated in CAN\$ are translated into HK\$ at the exchange rate of CAN\$1.00 to HK\$5.82. Such exchange rates are for illustrative purposes only and do not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

By Order of the Board
DIGITAL DOMAIN HOLDINGS LIMITED
Seah Ang
Executive Director and Chief Executive Officer

Hong Kong, 11 December 2015

As at the date of this announcement, Mr. Peter Chou, Mr. Seah Ang and Mr. Amit Chopra 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.

APPENDIX I – LETTER FROM BDO LIMITED

The following is the text of a letter from BDO Limited prepared for the purpose of incorporation in this announcement.



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香港干諾道中111號
永安中心25樓

The Directors
Digital Domain Holdings Limited
Suite 7003, 70/F.
Two International Finance Centre
8 Finance Street, Central
Hong Kong

11 December 2015

Dear Sirs

**DIGITAL DOMAIN HOLDINGS LIMITED (THE “COMPANY”) AND
ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS THE “GROUP”)
DISCOUNTED FUTURE ESTIMATED CASH FLOWS
IN CONNECTION WITH THE BUSINESS VALUATION ON
IMMERSIVE VENTURES INC. (“IMV”) AND
ITS SUBSIDIARIES (COLLECTIVELY AS “IMV GROUP”)**

Independent assurance report

In accordance with our agreed terms of engagement, we have examined the arithmetical accuracy of the calculations of the discounted future estimated cash flows (the “Underlying Forecast”) on which the business valuation (the “Valuation”) dated 11 December 2015 prepared by Knight Frank Asset Appraisal Limited in respect of the appraisal of the fair value of 100% and 87.26% equity interests in the IMV Group as at 30 September 2015 is based. The Valuation based on the Underlying Forecast is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibility for the Underlying Forecast

The directors of the Company (the “Directors”) are responsible for the preparation of the Underlying Forecast in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on page 22 of the announcement of the Company dated 11 December 2015 (the “Announcement”) in connection with the proposed acquisition of further shareholding in IMV by the Group. This responsibility includes carrying out appropriate procedures relevant to the preparation of the Underlying Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Reporting Accountants' Responsibility

It is our responsibility to form a conclusion, based on our work on the arithmetical accuracy of the calculations of the Underlying Forecast on which the Valuation is based, and to report our conclusion to you solely for the purpose of reporting under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work. Because the Underlying Forecast relates to cash flows, no accounting policies of the Company have been adopted in its presentation.

The bases and assumptions adopted by the Directors as set out on page 22 of the Announcement include hypothetical assumptions about future events and management actions that cannot be confirmed or verified in the same way as past results, and these bases and assumptions may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the bases and assumptions and do not express opinion whatsoever thereon; and our work does not constitute any valuation on the IMV Group.

Basis of Conclusion

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. We have examined the arithmetical accuracy of the calculations of the Underlying Forecast. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on page 22 of the Announcement.

Conclusion

In our opinion, the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors as set out on page 22 of the Announcement.

Yours faithfully
BDO Limited
Certified Public Accountants
Hong Kong

APPENDIX II – LETTER FROM VEDA CAPITAL LIMITED

The following is the text of a letter from Veda Capital Limited prepared for the purpose of incorporation in this announcement.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited

智略资本有限公司

Room 1106, 11/F, Wing On Centre
111 Connaught Road Central, Hong Kong,
香港干诺道中111号永安中心11楼1106室

The Board of Directors
Digital Domain Holdings Limited
Suite 7003, 70/F.
Two International Finance Centre
8 Finance Street, Central
Hong Kong

11 December 2015

Dear Sirs,

We refer to the valuation report (the “**Valuation Report**”) prepared by Knight Frank Asset Appraisal Limited (“**Knight Frank**”) dated 11 December 2015 in respect of the appraisal of the fair value of 100% and 87.26% equity interests in the Immersive Ventures Inc. and its subsidiaries (collectively as “**IMV Group**”) as at 30 September 2015 is based (“**Valuation**”). The Valuation Report is prepared based on the discounted future estimated cash flows and is regarded as a profit forecast (the “**Underlying Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The directors of the Company (the “**Directors**”) are responsible for the preparation of the Underlying Forecast in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on page 22 of the announcement of the Company dated 11 December 2015 (the “**Announcement**”). Unless otherwise stated, capitalised terms used in this report should have the same meanings as those defined in the Announcement.

We have reviewed the Underlying Forecast upon which the Valuation Report has been made for which you as the Directors are responsible and discussed with you and Knight Frank the information and documents provided by you which formed part of the bases and assumptions upon which the Underlying Forecast has been prepared. We have also considered the letter from BDO Limited dated 11 December 2015 addressed to yourselves regarding the calculations upon which the Underlying Forecast has been made. We noted that in the opinion of BDO Limited that the Underlying Forecast, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors as set out on page 22 of the Announcement. The bases and assumptions adopted by the Directors include hypothetical assumptions about future events and management actions that cannot be confirmed or verified in the same way as past results, and these bases and assumptions may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by Knight Frank on the Valuation Report, for which Knight Frank and the Company are responsible, we are of the opinion that the Underlying Forecast upon which the Valuation Report has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours sincerely,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director