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

If you have sold or transferred all your shares in **Digital Domain Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company to be held at the Conference Room, Suite 1201, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 16 June 2022 at 11:00 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2022 annual general meeting of the Company to be held at the same venue) is set out on pages 19 to 21 of this circular. Whether or not you are able to attend the meeting, please complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

To safeguard your health and safety and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the special general meeting of the Company:

- (i) **compulsory body temperature check will be conducted for attendees at the entrance of the meeting venue and anyone with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the meeting venue;**
- (ii) **surgical masks must be properly worn at all times prior to admission to the meeting venue and within the meeting venue;**
- (iii) **appropriate settings will be arranged at the meeting venue to meet the relevant regulatory requirements; and**
- (iv) **no refreshments will be served at the meeting.**

Attendees may be denied entry into the meeting venue at the absolute discretion of the Company as permitted by law if any safety regulation or the above precautionary measures cannot be complied with.

For your health and safety, the Company reminds attendees that you should carefully consider the risks of attending the special general meeting of the Company, taking into account the current situation of the COVID-19 pandemic, and encourages you to exercise your right to vote at the meeting by appointing the chairman of the meeting as your proxy.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Adoption Date” | 16 June 2022, the date on which the resolution to approve the New Share Option Scheme is passed at the SGM |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of directors |
| “Business Day” | any day on which Shares are available for trading on the Stock Exchange during the trading hours of such day |
| “Bye-laws” | the bye-laws of the Company |
| “close associate(s)” | has the same meaning ascribed to it under the Listing Rules |
| “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 (stock code: 547) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “core connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Date of Grant” | in respect of an Option, the Business Day on which the Offer is made to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the New Share Option Scheme |
| “Director(s)” | the director(s) of the Company |
| “Grantee(s)” | any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee, including the legal personal representative of the original Grantee |
| “Group” | the Company and the Subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

DEFINITIONS

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|---------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Individual Limit” | the meaning ascribed to it in paragraph e(iv) of the appendix to this circular |
| “inside information” | has the meaning ascribed to it in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended from time to time |
| “Latest Practicable Date” | 25 May 2022, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time |
| “New Share Option Scheme” | the new share option scheme which is proposed to be adopted by the Company at the SGM, the principal terms of which are set out in the appendix to this circular, and as amended from time to time |
| “Offer” | the offer of the grant of an Option under the New Share Option Scheme |
| “Option(s)” | an option to subscribe for Shares pursuant to the New Share Option Scheme |
| “Option Period” | in respect of any particular Option, the period during which the Grantee may exercise the Option, which is determined and notified by the Board to the Grantee at the time of making an Offer and must not be more than 10 years from the Date of Grant |
| “Participant(s)” | Directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Company or another member of the Group and Service Providers who the Board considers, in its sole discretion, to have contributed or will contribute to the Group |
| “Scheme Limit” | has the meaning ascribed to it in paragraph e(vi) of the appendix to this circular |
| “Scheme Mandate Limit” | has the meaning ascribed to it in paragraph e(i) of the appendix to this circular |
| “Service Providers” | persons, including but not limited to consultants and advisors, who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group |

DEFINITIONS

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| “SGM” | the special general meeting of the Company to be held at the Conference Room, Suite 1201, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 16 June 2022 at 11:00 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2022 annual general meeting of the Company to be held at the same venue) |
| “SGM Notice” | the notice convening the SGM as set out on pages 19 to 21 of this circular |
| “Shares” | ordinary shares of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option under the New Share Option Scheme |
| “Subsidiary” | a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Supplementary Guidance” | the supplementary guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange on 5 September 2005 |
| “%” | per cent. |
| “2012 Share Option Scheme” | a share option scheme adopted by the Company on 27 April 2012 and amended by the Company on 3 April 2014. Please refer to the Company’s circulars dated 23 March 2012 and 18 March 2014 for details of the share option scheme |

LETTER FROM THE BOARD



DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

Executive Directors:

Mr. SEAH Ang

(Acting Chairman and Chief Executive Officer)

Dr. CHANG San-Cheng

Non-executive Directors:

Mr. LI Weiqiang

Mr. CUI Hao

Mr. Sergei SKATERSHCHIKOV

Mr. Brian Thomas MCCONVILLE

Independent Non-executive Directors:

Mr. DUAN Xiongfei

Ms. LAU Cheong

Dr. Elizabeth Monk DALEY

Mr. WOO King Hang

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of

Business in Hong Kong:

Suite 1201, 12/F.

Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

31 May 2022

To the Shareholders

Dear Sir or Madam,

**ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with requisite information regarding a resolution to be proposed at the SGM in relation to the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

1. THE PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The Company adopted the 2012 Share Option Scheme pursuant to which the Directors were authorised to grant options to subscribe for Shares to any director or employee of the Company or its subsidiaries and/or certain persons who contributed to the Group during a ten-year period from 27 April 2012. As the ten-year period came to an end on 27 April 2022, the Board proposes to adopt the New Share Option Scheme.

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of a resolution at the SGM pursuant to which the Shareholders approve the New Share Option Scheme; and
- (ii) the Stock Exchange granting approval of the listing of and permission to deal in the Shares to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme up to 10% of the total number of Shares in issue as at the Adoption Date.

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options granted under the New Share Option Scheme representing up to 10% of the total number of Shares in issue as at the Adoption Date.

The Directors consider that the New Share Option Scheme, which will be valid for 10 years from the Adoption Date, will continue to provide the Group with a platform to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

A non-exhaustive list of factors that may be taken into account by the Board in determining whether or not and to whom Options are to be granted to any Grantee include (i) the Grantee's past performance and/or contribution to the Group; (ii) the Grantee's present and/or proposed role in or responsibilities towards the Group; (iii) the Grantee's qualifications, experience and/or expertise, know-how and/or network to the extent relevant to the Group; (iv) the Grantee's compensation package compared to market terms; (v) the perceived accretive value of the Grantee to the Group's future development and/or performance; and (vi) whether providing a share-based compensation element would encourage longer term commitment by the Grantee to the Group and/or better align the interests of the Grantee with those of the Shareholders as a whole.

LETTER FROM THE BOARD

The same considerations would apply to potential Grantees who are Service Providers. It is commonplace in the industry in which the Group operates for individuals (in their personal capacity or through their companies) to provide frequent services on a free-lance and/or contract and/or project basis(es) instead of being employed by the Group, which could also be more cost effective for the Group. In addition, the Group may also retain Service Providers for their specialist knowledge. Accordingly, the Board may determine, after taking into account the factors described above, that it is beneficial for the Group's development that Options be granted to specific Service Providers to provide incentive for longer term commitment towards the Group and/or in order for the Group to be competitive in securing their services. It is therefore important for the Company to be given the flexibility to do so by including within the scope of Participants, Service Providers in addition to directors or employees of the Group.

The Board believes that the authority given to the Board under the New Share Option Scheme to specify any minimum holdings period and/or performance targets as conditions to any Option granted and the requirement for a minimum Subscription Price as well as the authority to select the appropriate Participants as prescribed by the rules of the New Share Option Scheme will serve to protect the value of the Company and to achieve such purpose of retaining and motivating talented individuals to contribute to the Group.

The Directors consider that it is not appropriate to value the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date, as the variables (such as the Subscription Price and the exercise period, performance targets and other restrictions which the Directors may set under the New Share Option Scheme) which are crucial for the calculation of the value of the Options cannot be determined at this stage. It would not be meaningful and to a certain extent would be misleading to the Shareholders if the value of the Options is calculated based on a set of variables which may turn out to be incorrect.

On the basis of 4,329,027,625 Shares in issue as at the Latest Practicable Date and assuming that no Shares are allotted, issued or repurchased by the Company and no refreshment of Scheme Mandate Limit is approved by the Shareholders, after the Latest Practicable Date and prior to the SGM, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the New Share Option Scheme of the Company will be 432,902,762 Shares which represents 10% of the Shares in issue as at the Latest Practicable Date.

A summary of the principal terms of the New Share Option Scheme is set out in the appendix to this circular. The scheme document of the New Share Option Scheme is published on the Stock Exchange's website and the Company's website from the date of this circular to and including the date of the SGM, and is available for inspection at the SGM.

At the SGM, an ordinary resolution will be proposed to approve the adoption of the New Share Option Scheme and authorise the Directors to grant Options thereunder and to allot and issue Shares pursuant to the New Share Option Scheme.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in such trustee, if any.

LETTER FROM THE BOARD

2. SGM

The SGM will be held at the Conference Room, Suite 1201, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 16 June 2022 at 11:00 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2022 annual general meeting of the Company to be held at the same venue). The SGM Notice is set out on pages 19 to 21 of this circular at which, among other businesses, a resolution will be proposed to approve the adoption of the New Share Option Scheme and authorise the Directors to grant Options thereunder and to allot and issue Shares pursuant to the New Share Option Scheme.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:

- (i) compulsory body temperature check will be conducted for attendees at the entrance of the SGM venue and anyone with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the SGM venue;
- (ii) surgical masks must be properly worn at all times prior to admission to the SGM venue and within the SGM venue;
- (iii) appropriate settings will be arranged at the SGM venue to meet the relevant regulatory requirements with respect to physical distancing. As a result, there will be limited capacity for attendees to physically attend the SGM; and
- (iv) no refreshments will be served at the SGM.

Attendees may be denied entry into the SGM venue at the absolute discretion of the Company as permitted by law if any safety regulation or the above precautionary measures cannot be complied with.

For the health and safety of the Shareholders, the Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account the current situation of the COVID-19 pandemic, and encourages the Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy.

LETTER FROM THE BOARD

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice and may issue further announcement on such arrangements as appropriate.

3. LISTING RULES IMPLICATION AND VOTING AT THE SGM

Pursuant to Bye-law 66 of the Bye-laws and Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As at the Latest Practicable Date, to the extent that the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting on the proposed resolution.

4. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of the Shareholders who are entitled to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 June 2022.

5. RECOMMENDATIONS

The Directors consider that the proposed resolution to approve the adoption of the New Share Option Scheme and authorise the Directors to grant Options thereunder and to allot and issue Shares pursuant to the New Share Option Scheme is in the best interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution.

LETTER FROM THE BOARD

6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular. The English text of this circular shall prevail over the Chinese text.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

For and on behalf of the Board

DIGITAL DOMAIN HOLDINGS LIMITED

Seah Ang

Executive Director and Chief Executive Officer

The following is a summary of the principal terms of the New Share Option Scheme:

(a) Purpose

The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who May Join

The Board may, at its discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the New Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Offer shall be regarded as having been accepted when the Company receives from the Grantee the duplicate of the Offer letter duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may, at the discretion of the Board, include among other things, (i) the minimum period for which an Option must be held before it can be exercised, (ii) a performance target that must be reached before the Option can be exercised in whole or in part and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(c) Grant of Options to Connected Persons or any of their Associates

Any grant of Options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of the Company shall be subject to the prior approval of the independent non-executive directors of the Company (excluding independent non-executive directors of the Company who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the number of Shares in issue on the Date of Grant; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules. The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

(d) Subscription Price

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

(e) Maximum Number of Shares

- (i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other options to be granted under any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of such scheme or exercised options) will not be counted for the purpose of calculating the limit as renewed.
- (iii) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:
 - (1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and

- (2) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules to be included in such circular.
- (iv) Subject to paragraph (v) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the New Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "**Individual Limit**").
- (v) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and options previously granted to such Participant) and such other information required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price under paragraph (d) above.
- (vi) At any time, the maximum number of Shares which may be issued upon exercise of all Options or options which then have been granted and have yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Shares in issue from time to time (the "**Scheme Limit**"). No Options may be granted under this Scheme and any options under any other share option schemes of the Company if this will result in the Scheme Limit being exceeded. As at the Latest Practicable Date, there were 4,329,027,625 Shares in issue. Assuming that no further Share will be allotted, issued or repurchased prior to the SGM, the total number of the Shares issuable pursuant to the New Share Option Scheme would be 432,902,762 Shares, representing 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, which is within the overall limit of 30% prescribed under Rule 17.03(3) of the Listing Rules. The number of 432,902,762 Options under the New Share Option Scheme together with the 224,465,324 outstanding Share Options under the 2012 Share Option Scheme represent approximately 15.19% of the issued share capital of the Company as at the Latest Practicable Date (i.e. 657,368,086 Shares), which is below the 30% limit as stated above.

(f) No Shareholders Right Attached to Option

The Options do not carry any right to vote in general meetings of the Company, or any right to dividend or transfer or any other rights, including those arising on the liquidation of the Company.

(g) Time of Exercise of Option

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period, subject to any restrictions applicable under the Listing Rules.

(h) Rights are Personal to Grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(i) Rights on Termination of Employment by Dismissal

- (i) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant: (1) by reason of the termination of his employment on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily or pursuant to the respective employment contract, or (2) by reason of the removal of his directorship in accordance with the constitutional documents of the Company or such Subsidiary and the laws of the jurisdiction in which the Company or such Subsidiary is incorporated, his Option will lapse automatically (to the extent not already exercised) and ceases to be exercisable on the date of termination of his employment or removal from directorship.
- (ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or termination of his employment on one or more of the grounds, or removal of directorship, as specified in paragraph (i)(i) above, the Option shall lapse (to the extent not already exercised) on the date of cessation of his employment or directorship and shall on that day cease to be exercisable, unless the Board exercises its discretion to extend the exercise period of such Option to a date not later than the expiry of the respective Option Period.

(j) Rights on Ceasing to be a Participant

If the Grantee who is not an employee or a director of the Company or another member of the Group ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(k) Rights on Death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment or removal of his directorship as described in paragraph (i)(i) above have arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death.

(l) Effect of Alterations to Share Capital

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, sub-division or consolidation of Shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (ii) the Subscription Price,

or any combination thereof, provided that:

- (a) any such adjustments give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and
- (b) notwithstanding paragraph (l)(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the Supplementary Guidance and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, a financial advisor or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements in paragraphs (l)(a) and (l)(b) above.

(m) Rights on a General Offer by Way of Takeover

If a general offer by way of takeover (other than by way of scheme of arrangement) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees who have Options unexercised on the date of such notification and any such Grantee shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as notified by the Company.

(n) Rights on a General Offer by Way of Scheme of Arrangement

If a general offer by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees who have Options unexercised on the date of such notification and any such Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company.

(o) Rights on Winding-up

If the Company gives a notice to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees who have Options unexercised on the date of such notification and any such Grantee may at any time thereafter (but before such time as notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee or the custodian of clearing house for credit for the benefit of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(p) Rights on a Compromise or Arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and the Shareholders or its creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all the Grantees who have Options unexercised on the date of such notification on the same date as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement, and the Grantee may at any time thereafter (but before such time as notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee or the custodian of clearing house for credit for the benefit of the Grantee such number of Shares which fall to be issued on such exercise.

(q) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the Shareholders to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(r) Period of the New Share Option Scheme

The New Share Option Scheme shall be adopted for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.

(s) Alterations to the New Share Option Scheme

- (i) The specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants without the prior approval of Shareholders in general meeting.
- (ii) Changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, without the prior approval of Shareholders in general meeting.
- (iii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(t) Conditions of the New Share Option Scheme

The New Share Option Scheme shall take effect subject to:

- (i) the passing of the resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Adoption Date).

(u) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (i), (j), (k), (m) to (p) above respectively;
- (iii) the expiry of the period referred to in paragraph (m) above, subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares in the Offer;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (n) above;
- (v) the date of commencement of the winding-up of the Company;
- (vi) the date on which the Grantee ceases to be a Participant as referred to in paragraphs (i)(i) above;
- (vii) the date on which the Grantee commits a breach by selling, transferring, assigning, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and
- (viii) subject to paragraph (i)(ii) above, the date the Grantee ceases to be a Participant for any other reason.

(v) Termination of the New Share Option Scheme

The Company may, by ordinary resolution in general meeting, or the Board may at any time terminate the New Share Option Scheme and in such event no further Options may be granted but in all other respects the New Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Share Option Scheme which remain unexercised and of which Offer Period remain unexpired immediately prior to termination of the operation of the New Share Option Scheme.

(w) Restriction on Grant of Option

In addition, a grant of Options may not be made after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, quarterly or any other interim period (whether or, not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

(x) Cancellation

- (i) Any Options granted but not exercised may be cancelled if the Grantee so agrees.
- (ii) Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new options may only be made under a scheme with available unissued Shares (excluding the Shares which were the subject of cancelled options) under the Scheme Mandate Limit.

NOTICE OF SPECIAL GENERAL MEETING



DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“SGM”) of Digital Domain Holdings Limited (the “Company”) will be held at the Conference Room, Suite 1201, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 16 June 2022 at 11:00 a.m. (or immediately after the conclusion or adjournment of the forthcoming 2022 annual general meeting of the Company to be held at the same venue) to consider as special business and, if thought fit, pass with or without amendments, the following ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval of the listing of, and permission to deal in, the shares of the Company which fall to be allotted and issued pursuant to the exercise of options granted under the proposed share option scheme of the Company (the “**New Share Option Scheme**”) (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification), the terms of the New Share Option Scheme (of which summary is stated in the Company’s circular for the SGM) be and are hereby approved and the directors of the Company be authorised to grant options and allot and issue shares of the Company pursuant to the New Share Option Scheme, and that the directors of the Company be and are hereby authorised to do all such acts as may be necessary and expedient in order to give effect to the New Share Option Scheme.”

By Order of the Board

DIGITAL DOMAIN HOLDINGS LIMITED

Seah Ang

Executive Director and Chief Executive Officer

Hong Kong, 31 May 2022

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) The form of proxy and the power of attorney or other authority, if any, under which it is signed, or certified copy of such power or authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- (6) The resolution is to be voted by way of poll.
- (7) The register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022, both days inclusive, during such period no transfer of shares of the Company will be registered. In order to determine the identity of members of the Company who are entitled to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 June 2022.
- (8) If a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the websites of the Company and the Stock Exchange to notify members of the Company of the date, time and venue of the rescheduled SGM.

Having considered their own situations, members of the Company should decide on their own whether or not they would attend the SGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

NOTICE OF SPECIAL GENERAL MEETING

- (9) **To safeguard the health and safety of the members of the Company and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:**
- (i) **compulsory body temperature check will be conducted for attendees at the entrance of the SGM venue and anyone with a body temperature of over 37.3 degrees Celsius will not be permitted to access to the SGM venue;**
 - (ii) **surgical masks must be properly worn at all times prior to admission to the SGM venue and within the SGM venue;**
 - (iii) **appropriate settings will be arranged at the SGM venue to meet the relevant regulatory requirements; and**
 - (iv) **no refreshments will be served at the SGM.**
- Attendees may be denied entry into the SGM venue at the absolute discretion of the Company as permitted by law if any safety regulation or the above precautionary measures cannot be complied with.**
- (10) **For the health and safety of the members of the Company, the Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account the current situation of the COVID-19 pandemic, and encourages the members of the Company to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy.**
- (11) The form of proxy is enclosed.