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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of Digital Domain Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 26 July 2024, share options (the “**Options**”) were granted (subject to acceptance) by the Company under the share option scheme adopted on 16 June 2022 (the “**Share Option Scheme**”) to certain eligible participants (the “**Grantees**”) to subscribe for 220,000,000 ordinary shares of HK\$0.01 each in the capital of the Company (the “**Share(s)**”). Details of Options granted are set out below:

Date of Grant : 26 July 2024

Number of Shares : 220,000,000
underlying Options granted

Exercise price of Options granted : HK\$0.245 per Share

Closing price of the Share on the : HK\$0.245 per Share
Date of Grant

Average closing price of the : HK\$0.2332 per Share
Shares for the five business days
immediately preceding the Date
of Grant

Validity period of the Options : Ten years from the Date of Grant

Vesting period of the Options : All Options granted shall vest on the Date of Grant

Among the Options granted above, 2,000,000 Shares underlying the Options were granted to a director of the Company, details of which are as follows:

Name of Grantee	Position in the Company	Number of Shares underlying Options Granted
Dr. Elizabeth Monk Daley	Independent non-executive director	2,000,000

The grant of Options to the above director of the Company has been approved by the independent non-executive directors of the Company other than Dr. Elizabeth Monk Daley in accordance with Rule 17.04(1) of the Listing Rules.

To the best knowledge, information and belief of the directors of the Company, having made all reasonable enquiries: (i) no financial assistance has been or will be provided by the Group to the Grantees for the subscription of Shares under the Share Option Scheme; (ii) save for Dr. Elizabeth Monk Daley, none of the other Grantees is a director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them; (iii) none of the Grantees is a related entity participant or service provider (as defined under the Listing Rules), and all of the Grantees are either directors of the Company and/or full time employees of the Group; and (iv) none of the Grantees is a participant with options and awards granted and to be granted exceeding the 1% individual limit under the Listing Rules.

Vesting Period

The Share Option Scheme provides that the Board may specify the vesting period of the Options and does not provide for any minimum vesting period. The Board and the remuneration committee of the Company (the “**Remuneration Committee**”) consider that, taking into account that: (i) the remuneration of the Grantees (other than Dr. Elizabeth Monk Daley) include the grant of options as part of their package to incentivise their performance and to make continuous contributions to the growth and development of the Group, as well as maintaining the competitiveness of the package offered by the Company as compared with those offered by the industry peers; (ii) such Grantees (other than Dr. Elizabeth Monk Daley) who are employees of the Group, their employment with the Group for more than eight years and with reference to their industry experience, tenure and roles with the Group, and contribution to the development and growth of the business of the Group; and (iii) in respect of Dr. Elizabeth Monk Daley, the grant of Options to her is consistent with the purpose of the Share Option Scheme to reward Dr. Daley who, as an established and well regarded professional in the U.S.A. film and entertainment industry, has materially contributed to the development of the Group through her experience and industry connections, and resources available to the Group, the grant of immediately vested Options to the Grantees is appropriate.

Performance Target

There is no performance target attached to the Options granted above. The Remuneration Committee is of the view that, taking into account: (i) the ability of Dr. Elizabeth Monk Daley and other Grantees to contribute to the overall operations, development and long-term growth of the Group with reference to their tenure with the Company and industry experience; (ii) the objectivity and independence in decision making that Dr. Elizabeth Monk Daley is required to maintain as an independent non-executive director of the Company; and (iii) the historical practice of the Company in granting Options without performance targets, and the grant of Options to the Grantees aligns the interests of the Grantees with that of the Company and the shareholders of the Company and reinforces the Grantees' commitment to the Group, and thus aligns with the purpose of the Share Option Scheme.

Clawback Mechanism

The rules of the Share Option Scheme do not provide for any specific clawback mechanism but provides that in the event that the Grantee ceases to be an eligible participant (including any employees or directors of any members of the Group) under the Share Option Scheme other than death or termination of employment or on the grounds that he/she has been guilty of serious misconduct or other grounds as stated in the Share Option Scheme or by reason of removal from directorship under the Company's bye-laws, his/her Options shall lapse automatically (to the extent not already exercised). Accordingly, the Remuneration Committee is of the view that no specific clawback mechanism is required to be included as a term of the grant of the Options.

Reasons for and Benefits of the Grant of Options

The purpose of the grant of Options is to provide incentives and rewards to Grantees for their contributions to and continuing efforts to promote the interests of the Company, and the grant of Options aligns the interests of the Grantees with that of the Company and the shareholders of the Company and reinforces the Grantees' commitment to the Group.

The Remuneration Committee is of the view that the grant of Options will encourage and retain the Grantees to make continuous contributions to the overall operations, growth and development of the Group and is in the interests of the Company and the shareholders of the Company.

Miscellaneous

Subsequent to the grant of Options, the number of Shares underlying Options available for future grant pursuant to the Share Option Scheme is 212,902,762 Shares.

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

Hong Kong, 26 July 2024

As at the date of this announcement, Mr. Seah Ang and Dr. Sun Ta-Chien are the executive directors of the Company; Ms. Alla Y Alenikova and Mr. Brian Thomas McConville are the non-executive directors of the Company; and Ms. Lau Cheong, Mr. Duan Xiongfei, Dr. Elizabeth Monk Daley and Mr. Woo King Hang are the independent non-executive directors of the Company.