DIGITALDOMAIN

DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

PROFIT WARNING

This announcement is made by Digital Domain Holdings Limited (the "Company" and together with its subsidiaries, the "Group") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company that the Group expects to record a consolidated loss for the six months ended 30 June 2014 as compared with a profit after tax for the corresponding period last year.

Such expected losses were primarily due to events that have occurred after 30 June 2013, being:

(i) an increase in finance costs which mainly attributable to imputed interest (approximately HK$17 million) required under Hong Kong Financial Reporting Standards to be recognised in the consolidated financial statements of the Group in respect of the Company's zero coupon convertible notes in the principal amount of HK$392 million issued in July 2013 for the below mentioned acquisition;

(ii) the consolidation of the results of visual effect production business the acquisition of which (as disclosed in the Company's circular dated 14 June 2013) was completed by the Company in July 2013 which has continued to incur operating losses even though margins have improved post acquisition; and

(iii) the recognition of certain portions of expenses related to share-based payment (grant of share options in late May 2014) which a valuation is still being processed by a valuer.

As the Company has yet to finalise the interim results of the Group for the six months ended 30 June 2014, the information contained in this announcement is only a preliminary assessment by the Board based on the Company's management accounts and information currently available and is not based on any figure or information that has been reviewed by the Company's auditor or the Company's audit committee. The unaudited interim results announcement of the Company for the six months ended 30 June 2014 is expected to be published in August 2014.

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

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

Hong Kong, 22 July 2014

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