DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 547)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Digital Domain Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*4*	**849,952**	467,311
Cost of sales and services		**(700,543)**	(398,113)
Gross profit		**149,409**	69,198
Other revenue and gains	*5*	**39,146**	1,590
Selling and distribution expenses		**(22,769)**	(8,223)
Administrative expenses and other net operating expenses		**(205,763)**	(192,904)
Finance costs	*7*	**(41,182)**	(19,957)
Gain on disposal and dissolution of subsidiaries		**183**	-
Fair value gains on investment properties		**34,500**	10,500
Share of losses of joint ventures		**(94)**	(828)
Impairment loss on an intangible asset	*10*	**-**	(132,481)
Gain on modification of terms of convertible notes	*13*	**77,121**	-
Profit/(loss) before taxation		**30,551**	(273,105)
Taxation	*8*	**2,930**	7,317
Profit/(loss) for the year	*6*	**33,481**	(265,788)
Profit/(loss) attributable to:			
- Owners of the Company		**43,323**	(192,215)
- Non-controlling interest		**(9,842)**	(73,573)
		33,481	(265,788)
Earnings/(loss) per share:			
Basic	*9*	**HK cent 0.441**	HK cents (1.955)
Diluted	*9*	**HK cent 0.008**	HK cents (1.955)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss) for the year	**33,481**	(265,788)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**20**	(511)
Other comprehensive income for the year, net of tax	**20**	(511)
Total comprehensive income for the year	**33,501**	(266,299)
Total comprehensive income attributable to :		
- Owners of the Company	**43,341**	(192,591)
- Non-controlling interest	**(9,840)**	(73,708)
	33,501	(266,299)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**42,720**	47,887
Investment properties		**189,600**	155,100
Intangible assets	*10*	**278,657**	329,044
Interests in joint ventures		**10,738**	11,048
		521,715	543,079
Current assets			
Trading merchandise goods		**-**	8,626
Trade receivables, other receivables and prepayments	*11*	**88,033**	73,999
Bank balances and cash		**140,998**	209,338
		229,031	291,963
Current liabilities			
Trade payables, other payables and accruals	*12*	**38,094**	80,581
Deferred revenue		**29,612**	33,566
Borrowings		**7,577**	7,481
Obligations under finance leases		**7,725**	4,783
Amount due to a related company		**-**	1,824
Tax payable		**4,832**	3,744
		87,840	131,979
Net current assets		**141,191**	159,984
Total assets less current liabilities		**662,906**	703,063
Non-current liabilities			
Borrowings		**95,473**	122,796
Obligations under finance leases		**3,098**	8,582
Deferred tax liabilities		**1,927**	7,398
Convertible notes	*13*	**295,648**	337,267
		396,146	476,043
NET ASSETS		**266,760**	227,020
Capital and reserves			
Share capital		**98,327**	98,327
Reserves		**169,444**	119,864
Equity attributable to owners of the Company		**267,771**	218,191
Non-controlling interest		**(1,011)**	8,829
TOTAL EQUITY		**266,760**	227,020

NOTES

1. ORGANISATION AND OPERATIONS

Digital Domain Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has its principal place of business at Rooms 1818-1823, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are property investment, trading and media entertainment.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – first effective on 1 January 2014

During the year, the Group has adopted all the new/revised HKFRSs which are first effective for the current year and relevant to the Group. Except as explained below, the adoption of these new/revised HKFRSs has no material impact on the Group's financial statements**.**

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the Group's financial statements as the Group does not have any offsetting arrangements.

(b) New/revised HKFRSs that have been issued but are not yet effective and not early adopted

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective date
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle	(ii)
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle	(i)
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle	(iii)
Amendments to HKAS 1	Disclosure Initiative	(iii)
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	(iii)
HKFRS 9 (2014)	Financial Instruments	(v)
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	(iii)
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations	(iii)
HKFRS 15	Revenue from Contracts with Customers	(iv)

Effective date:

(i) Annual periods beginning on or after 1 July 2014
(ii) Annual periods beginning, or transactions occurring, on or after 1 July 2014
(iii) Annual periods beginning on or after 1 January 2016
(iv) Annual periods beginning on or after 1 January 2017
(v) Annual periods beginning on or after 1 January 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 – Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9 (2014) - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of those pronouncements disclosed above. The directors of the Company so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the disclosure requirements for financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the disclosure requirements of the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company will be presented in the notes to the financial statements rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

4. REVENUE AND SEGMENT REPORTING

An analysis of the turnover, which represents the Group's revenue from its principal activities for the year, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Provision of services of visual effects production	**524,595**	238,185
Sales of goods	**319,707**	223,416
Rental income	**5,650**	5,710
	849,952	467,311

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions and to assess the performance.

The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Media entertainment (visual effects production)
- Trading
- Property investment

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit or loss that is used by the chief operating decision-makers for assessment of segment performance.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group's profit/(loss) before taxation except that gain on disposal and dissolution of subsidiaries, fair value gains on investment properties, gain on modification of terms of convertible notes, share of losses of joint ventures, finance costs, unallocated other revenue and gains (including gain on disposal of property, plant and equipment, royalty income, interest income and sundry income), as well as head office and corporate expenses, are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, convertible notes and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Media entertainment		Trading		Property investment		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**524,595**	238,185	**319,707**	223,416	**5,650**	5,710	**849,952**	467,311
Inter-segment revenue	-	-	-	-	**-**	-	-	-
Reportable segment revenue	**524,595**	238,185	**319,707**	223,416	**5,650**	5,710	**849,952**	467,311
Reportable segment profit/(loss)	**(36,019)**	(254,015)	**21,843**	14,129	**4,519**	4,554	**(9,657)**	(235,332)
Addition to non-current assets	**19,700**	616,807	**-**	-	**-**	-	**19,700**	616,807
Depreciation and amortisation	**87,360**	103,612	**-**	-	**-**	-	**87,360**	103,612
Impairment loss on an intangible asset	-	132,481	**-**	-	**-**	-	-	132,481
Gain/(loss) on disposal of property, plant and equipment	**952**	(4,130)	**-**	-	**-**	-	**952**	(4,130)
Taxation	**(3,291)**	(7,983)	**1,360**	666	**(999)**	-	**(2,930)**	(7,317)
Reportable segment assets	**404,015**	441,052	**91,582**	96,176	**192,525**	156,202	**688,122**	693,430
Reportable segment liabilities	**109,036**	155,316	**865**	31,198	**2,557**	1,440	**112,458**	187,954

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2014	2013
	HK$'000	*HK$'000*
Profit/(loss) before taxation		
Reportable segment loss	**(9,657)**	(235,332)
Gain on disposal and dissolution of subsidiaries	**183**	-
Fair value gains on investment properties	**34,500**	10,500
Gain on modification of terms of convertible notes	**77,121**	-
Share of losses of joint ventures	**(94)**	(828)
Auditor's remuneration	**(1,467)**	(2,542)
Directors' remuneration	**(5,572)**	(2,378)
Depreciation of unallocated property, plant and equipment	**(288)**	(324)
Finance costs	**(41,182)**	(19,957)
Unallocated other revenue and gains	**2,188**	1,590
Other unallocated corporate expenses*	**(25,181)**	(23,834)
Consolidated profit/(loss) before taxation	**30,551**	(273,105)
Assets		
Reportable segment assets	**688,122**	693,430
Unallocated bank balances and cash	**49,685**	127,462
Unallocated corporate assets	**12,939**	14,150
Consolidated total assets	**750,746**	835,042
Liabilities		
Reportable segment liabilities	**112,458**	187,954
Tax payable	**4,832**	3,744
Deferred tax liabilities	**1,927**	7,398
Convertible notes	**295,648**	337,267
Unallocated borrowings	**65,747**	63,399
Unallocated corporate liabilities	**3,374**	8,260
Consolidated total liabilities	**483,986**	608,022

*The balance mainly represented unallocated operating expenses, professional fees and head office expenses.

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

(i) Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**5,650**	5,710
Mainland China	**319,707**	223,416
The United States of America ("USA")	**355,860**	113,717
Canada	**167,046**	103,330
Other countries	**1,689**	21,138
	849,952	467,311

The revenue information from above is based on the location of customers.

(ii) Specified non-current assets

	2014	2013
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**200,621**	166,603
USA and Canada	**321,094**	376,476
	521,715	543,079

(d) Major customers

The Group's customer base is diversified and there were three (2013: three) customers with whom transactions have exceeded 10% of the Group's revenues.

During the current year, revenues from two customers in the trading segment amounted to approximately HK$152,842,000 and HK$110,481,000 respectively; and from one customer in media entertainment amounted to approximately HK$88,921,000. During the year ended 31 December 2013, revenues from two customers in trading segment amounted to approximately HK$96,736,000 and HK$72,826,000; and from one customer in media entertainment amounted to approximately HK$58,471,000.

5 OTHER REVENUE AND GAINS

	2014 HK$'000	2013 HK$'000
Profit sharing from participation rights in movies	**36,958**	-
Gain on disposal of property, plant and equipment	**952**	-
Royalty income	**55**	697
Interest income	**351**	533
Sundry income	**830**	360
	39,146	1,590

6. PROFIT/(LOSS) FOR THE YEAR

	2014 HK$'000	2013 HK$'000
This is arrived at after charging/(crediting):		
Cost of inventories sold	**295,417**	206,993
Cost of services rendered *(Note)*	**405,126**	191,120
(Gain)/loss on disposal of property, plant and equipment	**(952)**	4,130
Exchange differences, net	**(1,939)**	(220)
Auditor's remuneration		
- audit services	**1,247**	1,207
- non-audit services	**220**	1,335
Depreciation of property, plant and equipment *(Note)*	**23,262**	15,573
Amortisation of intangible assets *(Note)*	**64,386**	88,363
Research and development	**31**	3,046
Operating lease rentals in respect of:		
- rented premises	**20,063**	12,775
- rented equipment	**13,865**	8,468

	2014 HK$'000	2013 HK$'000
Staff costs *(Note)*:		
- Directors' remuneration	**5,572**	2,378
- Other staff costs:		
Salaries, wages and other benefits	**391,167**	201,572
Retirement benefit scheme contributions	**275**	259
Equity-settled share-based payment expenses	**3,667**	-
Total staff costs	**400,681**	204,209

Note:

Cost of services rendered include HK$404,180,000 (2013: HK$177,275,000) relating to staff costs, depreciation of property, plant and equipment and amortisation of intangible assets, for which the amounts are also included in the respective total amounts disclosed separately above.

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Imputed interest on convertible notes *(Note 13)*	**35,502**	16,253
Interests on:		
Borrowings wholly repayable within five years	**1,529**	604
Borrowings not wholly repayable within five years	**2,033**	2,105
Finance leases	**2,118**	995
	41,182	19,957

8. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Taxation credited in the consolidated income statement represents:		
Current taxation - Hong Kong profits tax		
- provision for the year	1,370	684
- over-provision in respect of prior years	(10)	(18)
Current taxation - Overseas tax		
- provision for the year	1,074	3,376
Deferred taxation	(5,364)	(11,359)
	(2,930)	(7,317)

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Earnings/(loss) for the purposes of basic earnings/(loss) per share	**43,323**	(192,215)
Effect of dilutive potential ordinary shares:		
- Imputed interest on convertible notes	**35,502**	-
- Gain on modification of terms of convertible notes	**(77,121)**	-
Earnings/(loss) for the purposes of diluted earnings/(loss) per share	**1,704**	(192,215)

	Number of shares	
	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**9,832,685,768**	9,832,685,768
Effect of dilutive potential ordinary shares:		
- share options	**581,628,164**	-
- convertible notes	**9,800,000,000**	-
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**20,214,313,932**	9,832,685,768

For the year ended 31 December 2013, since the convertible notes outstanding during that year had an anti-dilutive effect on the basic loss per share, the conversion of the outstanding convertible notes was not assumed in the computation of diluted loss per share.

10. INTANGIBLE ASSETS

	Goodwill	Trademarks	Proprietary software	Participation rights	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note (a))	*(Note (a))*	*(Note (b))*	*(Note (c))*	
COST					
At 1 January 2013	-	-	-	-	-
Additions from business combination	207,011	19,385	56,949	258,985	542,330
Additions	-	-	7,592	-	7,592
Exchange realignment	-	-	(40)	2	(38)
As at 31 December 2013 and 1 January 2014	207,011	19,385	64,501	258,987	549,884
Additions	-	-	13,250	-	13,250
Exchange realignment	1,032	5	(316)	59	780
As at 31 December 2014	208,043	19,390	77,435	259,046	563,914
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS					
At 1 January 2013	-	-	-	-	-
Amortisation for the year	-	-	14,275	74,088	88,363
Impairment loss *(Note (d))*	-	-	-	132,481	132,481
Exchange realignment	-	-	(4)	-	(4)
As at 31 December 2013 and 1 January 2014	-	-	14,271	206,569	220,840
Amortisation for the year	-	-	21,271	43,115	64,386
Exchange realignment	-	-	(23)	54	31
As at 31 December 2014	-	-	35,519	249,738	285,257
CARRYING AMOUNT					
As at 31 December 2014	208,043	19,390	41,916	9,308	278,657
As at 31 December 2013	207,011	19,385	50,230	52,418	329,044

Notes:

(a) The Group's goodwill and trademarks arose from the business combination during the year ended 31 December 2013.

Trademarks were considered as having indefinite useful lives as they are considered renewable at minimal costs. The directors of the Company are of the opinion that the Group would renew the trademarks continuously and has the ability to do so. In the opinion of the directors of the Company, the trademarks can provide continuing economic benefits to the Group taking into account (i) the long-term expected usage of the trademarks by the Group with reference to the history of the operations and considering that such trademarks could be managed efficiently by another management team; and (ii) the long product life cycles for the trademarks.

The goodwill and trademarks are allocated to the Group's visual effects production business CGU for the purpose of impairment testing.

The recoverable amount of the visual effects production CGU has been determined by the directors of the Company on the basis of a value-in-use calculation with reference to a professional valuation report issued by BMI Appraisals Limited ("BMI"), an independent firm of professionally qualified valuers. The recoverable amount is based on certain key assumptions. The value-in-use calculation used cash flow projections based on latest financial budgets approved by the Group's management covering a period of 5 years with 24% average growth rate, and at a pre-tax discount rate of 24%. The cash flow projections beyond the 5-year period are extrapolated using a growth rate of 2%. Cash flow projections during the budget period are based on the expected gross margins during the budget period. Budget gross margins have been determined based on past performance and the Group management's expectations for the market development and future performance of the visual effects production business.

(b) Proprietary software mainly represented internally developed and purchased software to produce various visual effects.

As at 31 December 2014, net carrying amount of proprietary software of HK$3,536,000 (2013: HK$6,097,000) was held under finance lease. The lease does not include contingent rental.

The proprietary software is allocated to the Group's visual effects production business CGU for the purpose of impairment testing.

(c) Participation rights represented the contractual rights of profit-sharing on pre-determined percentages from movies.

(d) During the year ended December 2013, the underlying movie of one of the Group's participation rights was released in the regions where the Group is eligible to share the profits under contractual right. The box office revenue and other related revenue of the movie were below expectation of the Group which was an impairment indicator of that related participation right. Therefore the directors of the Company conducted an impairment assessment of the related participation.

The recoverable amount of the related participation right as at 31 December 2013 had been determined by the directors of the Company on the basis of a fair-value-less-costs-of-disposal calculation using discounted cash flow method with reference to a professional valuation report issued by BMI. The recoverable amount was based on certain key assumptions. The fair-value-less-costs-of-disposal calculation used cash flow projections of the movie based on the then latest estimation approved by the Group's management covering a period of 5 years and at a post-tax discount rate of 20%. Cash flow projections were based on the normal pattern of cash flow stream from a movie in the industry and the Group management's expectation.

The recoverable amount of the related participation right as at 31 December 2013 was HK$49,626,000, which fell below the carrying value by the amount of HK$132,481,000 and therefore an impairment loss in the same amount was recognised in profit or loss during the year ended 31 December 2013.

The recoverable amount of the related participation right as at 31 December 2014 has been determined by the directors of the Company on the basis of a fair-value-less-costs-of-disposal calculation using discounted cash flow method with reference to a professional valuation report issued by BMI. The recoverable amount is based on certain key assumptions. The fair-value-less-costs-of-disposal calculation uses cash flow projections of the movie based on the latest estimation approved by the Group's management covering a period of 5 years and at a post-tax discount rate of 20%. Cash flow projections are based on the normal pattern of cash flow stream from a movie in the industry and the Group management's expectation.

As at 31 December 2014, the recoverable amount of the related participation right is not materially different from its carrying amount, and accordingly no impairment loss is recognised or reversed during the year ended 31 December 2014.

The fair-value-less-costs-of-disposal calculation of participation right was classified as a Level 3 measurement.

11. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**61,930**	64,060
Accrued income	**12,635**	-
Other receivables and prepayments	**13,468**	9,939
	88,033	73,999

(i) The directors of the Company consider that the carrying amounts of trade receivables, accrued income, other receivables and prepayments approximate their fair values as at 31 December 2014 and 2013.

No interest is charged on trade and other receivables.

(ii) The Group normally allows an average credit period of 30 to 60 days (2013: 30 to 60 days) to trade customers. The ageing analysis of the Group's trade receivables based on the due date as of the end of reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current	**39,834**	54,825
1 to 30 days	**19,199**	5,831
31 to 60 days	**235**	2,112
61 to 90 days	**2,662**	1,292
	61,930	64,060

(iii) The ageing analysis of trade receivables which are past due but not impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Less than 1 month past due	**19,199**	5,831
1 to 3 months past due	**2,897**	3,404
As at 31 December	**22,096**	9,235

Receivables that were neither past due nor impaired relate to a wide range of debtors for whom there was no recent history of default.

Receivables that were past due but not impaired relate to independent debtors that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(iv) The Group has not recognised any impairment losses on trade and other receivables during the years ended 31 December 2014 and 2013.

(v) Accrued income represented contract costs incurred plus recognised profits less recognised losses to date.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**3,920**	33,000
Other payables and accruals	**34,174**	47,581
	38,094	80,581

The directors of the Company consider that the carrying amounts of trade payables, other payables and accruals approximate their fair values as at 31 December 2013 and 2014.

The ageing analysis of the Group's trade payables based on due date as of the end of reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current	**1,494**	31,269
1 to 30 days	**30**	357
31 to 60 days	**-**	697
61 to 90 days	**2,355**	135
Over 90 days	**41**	542
	3,920	33,000

13. CONVERTIBLE NOTES

On 4 July 2013, the Company issued convertible notes with aggregate principal amount of HK$392,000,000 as part of the purchase consideration for the acquisition of equity interests in subsidiaries. The convertible notes bore zero interest and had an initial maturity date of 24 months from the date of issue (i.e. 3 July 2015) with a right to convert at a maximum of 9,800,000,000 shares of the Company at the initial conversion price of HK$0.04 per share (the "Convertible Notes"). Unless previously converted or purchased or redeemed, the Company shall redeem the Convertible Notes on the maturity date at the redemption amount which is 100% of the principal amount of the Convertible Notes then outstanding.

Since the exercise of conversion option embedded in the Convertible Notes would result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company, the embedded conversion option is therefore accounted for as an equity instrument. The aggregate principal amount of HK$392,000,000 from the issue of the Convertible Notes has been split into liability and equity components. On the issue of the Convertible Notes, the fair value of the liability component and the residual value being equity component were determined as approximately HK$321,014,000 and HK$70,986,000 respectively, based on the valuation by Knight Frank Asset Appraisal Limited, an independent firm of professionally qualified valuers. The liability component is carried as financial liability at amortised cost until extinguished or conversion. The carrying amount of the conversion option credited to equity is not re-measured in subsequent periods.

On 27 November 2014, the Company and all holders of the Convertible Notes entered into an amendment deed pursuant to which the maturity date of the Convertible Notes is proposed to be extended by two years from 3 July 2015 to 3 July 2017. No other terms and conditions of the Convertible Notes have been amended. Further details are set out in the Company's circular dated 9 December 2014.

On 29 December 2014, the modification of the terms of the Convertible Notes was approved by the shareholders at the Company's special general meeting. Upon the modification of terms being effective on 29 December 2014, the Company extinguished the original Convertible Notes with liability component of approximately HK$372,491,000 and equity component of approximately HK$70,986,000, and recognised the new Convertible Notes with fair value of liability component of approximately HK$295,370,000 and the residual value being equity component of approximately HK$96,630,000, with the differences in liability components of approximately HK$77,121,000 and equity component of approximately HK$25,644,000 recognised in profit or loss and accumulated losses respectively. The fair values are determined by the directors of the Company based on the valuation by Knight Frank Asset Appraisal Limited.

The movements of the liability component and equity component of the Convertible Notes during the years ended 31 December 2014 and 2013 are as follows:

	Liability component of Convertible Notes	**Equity component of Convertible Notes**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2013	-	-	-
Issue of the Convertible Notes	321,014	70,986	392,000
Effective imputed interest expense recognised (*Note 7*)	16,253	-	16,253
As at 31 December 2013, with liability component classified under non-current liabilities	337,267	70,986	408,253
Effective imputed interest expense recognised (*Note 7*)	35,502	-	35,502
Extinguishment of the Convertible Notes upon modification of terms	(372,491)	(70,986)	(443,477)
Recognition of the Convertible Notes upon modification of terms	295,370	96,630	392,000
As at 31 December 2014, with liability component classified under non-current liabilities	295,648	96,630	392,278

Effective imputed interest on the Convertible Notes for the year ended 31 December 2014 is calculated using the effective interest method by applying the average effective interest rate of 10.86% to 11.91% (2013: 10.86%) per annum.

DIVIDEND

The Board of the Company does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

REVIEW AND OUTLOOK

FINANCIAL AND BUSINESS REVIEW

For the year ended 31 December 2014, the Group achieved a revenue of HK$849,952,000 (2013: HK$467,311,000), showing an increase of approximately 82% compared to that of last year. The increase in revenue was mainly attributable to the consolidation of the full year of the media entertainment segment (visual effects ("VFX") production) and growth in the trading segment. Profit for the year ended 31 December 2014 was approximately HK$33,481,000 (2013: loss of HK$265,788,000). The profit for the year was mainly caused by (i) a gain on modification of terms of convertible notes in view of the extension of the maturity date of those convertible notes to 3 July 2017, (ii) fair value gains on investment properties, (iii) no impairment loss on an intangible asset (in respect of the Group's participation right in a movie) and (iv) improved performance of media entertainment segment. Profit attributable to owners of the Company was HK$43,323,000 (2013: loss of HK$192,215,000) for the year ended 31 December 2014.

Media Entertainment Segment

In order to diversify the business portfolio of the Group and to broaden its source of income, the Group has acquired the VFX production business in July 2013. The media entertainment segment mainly provides VFX for major motion picture studios, advertisers and games. The Group had provided VFX production services for feature films, such as "X-Men: Days of Future Past", "Maleficent" and "Night at the Museum: Secret of the Tomb". In addition it produced VFX in advertising for major brands such as Nissan, United Airlines, Kia's Super Bowl commercial, the video games "Destiny", "Assassin's Creed" and Microsoft's "Halo" and "Tomb Raider." The following list of recent awards and nominations is a recognition for the Group's VFX technology:

1. "X-Men: Days of Future Past" Nominated for Academy of Motion Picture Arts and Sciences (Oscars) for Best Achievement in Visual Effects.

2. Academy of Motion Pictures Arts and Sciences, Science and Technical Awards for MOVA and Drop technologies.

3. Digital Domain artists nominated for 6 Visual Effects Society (VES) awards for their VFX work on "Maleficent", "X-Men: Days of Future Past", the video game "Destiny" and Kia's Super Bowl advertisement.

For the co-production film, "Ender's Game", the first theatrical release took place in November 2013 in the United States of America ("U.S."). The film continues to generate income from non-box office channels both within and outside the U.S. "Ender's Game" is based on the best-selling, award winning novel. "Ender's Game" is an epic adventure starring Harrison Ford, Asa Butterfield, Hailee Steinfeld, Viola Davis, with Abigail Breslin and Ben Kingsley. It is distributed by Summit Entertainment in association with OddLot Entertainment and is a Chartoff Productions/Taleswapper/OddLot Entertainment/K/O Paper Products/Digital Domain 3.0, Inc. production. Digital Domain 3.0, Inc. is a 70% indirectly owned subsidiary of the Company.

During the year under review, this segment recorded a revenue of approximately HK$524,595,000 (2013: HK$238,185,000). The significant increment was due to the consolidation of the full year of this segment in 2014. The revenue of this segment accounted for approximately 62% of the Group's revenue for the year under review. This segment incurred loss of approximately HK$36,019,000 (2013: HK$254,015,000). The loss was reduced significantly as the margins have improved since the Group's acquisition of the VFX production business in July 2013, the amortisation expense of an intangible asset, participation right in the film "Ender's Game", was reduced significantly and also no more impairment loss provided for the above mentioned intangible asset. The adjusted segment profit before deduction of (a) depreciation of property, plant and equipment and amortisation of intangible assets and (b) impairment loss on an intangible asset was HK$51,341,000 (2013: loss of HK$17,922,000).

Property Investment Segment
The Group owns two shops at the ground floor and ten car parks in the Citicorp Centre, Causeway Bay, Hong Kong. All shops and most of the car parks were leased out as at 31 December 2014. For the year ended 31 December 2014, this segment reported a revenue and profit of approximately HK$5,650,000 (2013: HK$5,710,000) and HK$4,519,000 (2013: HK$4,554,000) respectively both with a mild decrease of approximately 1% compared to the prior year. The decrease was caused by a short vacant period during the change of tenants. The revenue accounted for approximately 1% of the Group's overall revenue during the year under review.

Trading Segment
In 2014, this segment was engaged in the trading of metal scraps (e.g. copper wire) among Hong Kong, Mainland China and other countries/regions. For the year ended 31 December 2014, this segment recorded a revenue of approximately HK$319,707,000 (2013: HK$223,416,000), reflecting an uplift of approximately 43% over last year and a contribution of approximately 38% of the revenue of the Group. The profit of the trading segment also rose by approximately 55% to HK$21,843,000 (2013: HK$14,129,000).

INTEREST IN JOINT VENTURE
During the year under review, the shared loss from the 50% owned joint venture between the Group and Tencent Holdings Limited (the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 700)) was HK$94,000. The co-operation started in September 2013. The joint venture has not conducted any material business activity since its incorporation and will explore potential investment opportunities.

SIGNIFICANT EVENTS
Formation of a joint venture company for 3D-Teresa Teng Business
On 20 October 2014, an indirectly wholly-owned subsidiary of the Company and TNT Production Limited ("TNT") entered into a co-operation joint venture framework agreement ("Framework Agreement") for the formation of a joint venture company to engage in the production and utilisation of certain holograms of Miss Teresa Teng subject to the conditions precedent contained in the Framework Agreement. The joint venture company is to be owned as to 60% by the Group and 40% by TNT. The joint venture company's business will be production of new holograms of Miss Teresa Teng using digital 3-Dimensional technology and the exploitation of such new holograms in the entertainment business, including and not limited to concerts, albums, movies, advertisements etc., around the world.

TNT warrants the exclusivity of rights conferred to the joint venture company under the Framework Agreement and the authenticity of the certificates and licences of the intellectual property rights ("IP Rights"), and TNT and 財團法人鄧麗君文教基金會 ("Teresa Teng Foundation" for identification purpose) and/or 鄧麗君文化事業有限公司 ("Teresa Teng Culture Corporation Limited" for identification purpose) not having made any transfer, franchise, licence, pledge or any other disposals in relation to the IP Rights which may affect or restrain TNT from fulfilling its obligations under the Framework Agreement.

In 2013, the Group employed the latest "Virtual Image Reconstruction Technology" from Hollywood, the U.S. to create 3-D images, bringing back the late international superstar Miss Teresa Teng to sing with Mr. Jay Chou on stage in "The Opus Jay 2013 World Tour". The performances have been so enchanting that more than 100,000 people have attended the concerts. Supported by the renowned VFX service provider under the Group, Miss Teng became the first Chinese singer to be "resurrected" through virtual image reconstruction technology. A professional team stationed in Hollywood was responsible for transforming the initial concept into reality. This success has laid a solid foundation for the Group to enter the high-end media entertainment and film production market.

Miss Teng is generally considered to be the all-time greatest Asian singing star. The name "TNT" originates from the first letter of the English first name and family name of Miss Teresa Teng, "T" and "T". TNT is mainly responsible for Miss Teresa Teng's video and audio entertainment business and related copyright licensing matters worldwide, with projects covering concerts, musicals, television dramas, movies, etc.

For details, please refer to the Company's announcements dated 20 October 2014 and 29 January 2015.

Acquisition of a trading/e-commerce business in Mainland China

On 30 December 2014, an indirect wholly-owned subsidiary ("Purchaser") of the Company entered into an acquisition agreement ("Acquisition Agreement") for the purchase by the Group of the entire issued share capital of a target company ("Target Company") and all related shareholder's loan for a total consideration of HK$312.5 million, subject to reduction if Target Company's subsidiary (which will be 51% owned by the Target Company at completion date) does not meet the 2015 target profit as stated in the Acquisition Agreement. Completion will only take place after the fulfillment (to the extent not waived by the Purchaser) of certain conditions precedent described in the Acquisition Agreement. The initial consideration payable for the acquisition is to be settled at completion by the issue of HK$312.5 million in principal amount of convertible bonds. The convertible bonds are not transferrable or convertible during the restricted period described in the Acquisition Agreement.

Target Company's subsidiary, 北京嘉玲國際電子商務有限公司 ("Beijing Carina International E-Commerce Co. Ltd. ("Carina International")" for identification purpose), is engaged in the distribution of "嘉玲" ("Carina" for identification purpose) branded skin care products. Carina International has been licensed the right to use the image and name of Ms. Carina Lau, an established and reputable celebrity in Hong Kong and Mainland China, for the promotion of Carina branded skin care products.

As of the date of this announcement, the acquisition has not been completed yet. For details, please refer to the Company's announcement dated 30 December 2014.

EVENTS AFTER BALANCE SHEET DATE

Formation of an U.S. joint venture company with POW!

On 19 January 2015, an indirectly wholly-owned subsidiary of the Company and POW! Entertainment, LLC ("POW!", a wholly-owned subsidiary of POW! Entertainment, Inc. ("POW! Entertainment") whose common stock is quoted on the OTCQB Market in the U.S.) entered into a term sheet ("Term Sheet") for the formation of an U.S. joint venture company ("US Joint Venture Company) with respect to the development, production, and distribution of projects based on certain characters and other content developed by POW! or by the two parties jointly for distribution throughout the world. The US Joint Venture Company is to be owned as to 75% by the Group and 25% by POW!.

It is also contemplated that POW! will make Mr. Stan Lee available for a digital facial scan for the exploitation by the US Joint Venture Company of contents exhibiting Stan Lee's likeness in virtual human format based on such scan, on terms to be agreed by the parties to the Term Sheet.

Mr. Stan Lee, founder of POW!, is the chairman of the board, director and chief creative officer of POW! Entertainment. POW! Entertainment is a multimedia production and licensing company that creates and licenses animated and live-action fantasy and superhero entertainment content and merchandise, leveraging the creative output and branded image of Stan Lee. Mr. Lee currently remains chairman emeritus of Marvel Entertainment, LLC, as well as a member of the editorial board of Marvel Comics. Mr. Lee was employed on a full time basis by Marvel Comics or its predecessor entities for over 50 years. He started in the comic book industry in 1940 when he started with Timely Comics which eventually became Marvel Comics. Mr. Lee's co-creations include Spider-Man™ [1], The Incredible Hulk™ [1], X-Men™ [1], The Fantastic Four™ [1], Iron Man™ [1] and hundreds of others. He introduced Spider-Man™ * as a newspaper strip which became the most successful of all syndicated adventure strips having appeared in more than 500 newspapers worldwide.

Notes:
[1] These are the registered trademarks and characters of Marvel Characters, Inc.
* All trademarks are owned by Marvel Entertainment, LLC.

For details, please refer to the Company's announcement dated 19 January 2015.

Investment in Immersive and formation of a Canadian joint venture company with Immersive
On 17 February 2015 (US time), an indirect wholly-owned subsidiary of the Company ("DDVR") and Immersive Ventures Inc. ("Immersive") entered into the subscription agreement, pursuant to which the Group will subscribe 3,333,333 subscription shares (representing approximately 12.91% of the issued share capital of Immersive as enlarged by the subscription) for a subscription price of US$3,000,000 ("Subscription"). In connection with the Subscription, DDVR has also entered into a shareholders' agreement with Immersive and the single largest shareholder of Immersive in relation to the governance of their relationship as shareholders of Immersive.

Immersive is principally engaged in the business of interactive media technology including 360 captures, multi-camera stitching, dynamic streaming, digital live optimisation, multicamera and multi-input synchronisation, digital transmission and observation, multi-channel, capturing multi-panoramic views, camera to image identification, internal GPS to capture data capturing.

On 17 February 2015 (US time), DDVR, Immersive and a Canadian company ("Joint Venture Company") entered into a joint venture shareholders' agreement in relation to the governance of rights and obligations of the two shareholders. Upon completion of the subscription of shares in the Joint Venture Company by the Group and Immersive, the Joint Venture Company is to be owned as to 51% (US$3,000,000) by the Group and 49% (US$2,882,351.50) by Immersive and the Joint Venture Company becomes an indirect non-wholly owned subsidiary of the Company. The Joint Venture Company is intended to engage in business of the application of virtual reality technology (including the 360 digital captures technology) in the media and entertainment field.

Immersive (together with its subsidiaries) have granted the Joint Venture Company certain exclusive (in media and entertainment product and services) and non-exclusive license rights with respect to the licensed technology pursuant to a technology license agreement.

DDVR and the Joint Venture Company have also entered into a loan and security agreement, pursuant to which DDVR will provide a three-year revolving line of credit in the maximum principal amount of US$3,000,000 to the Joint Venture Company. Such credit line is to be secured by the property of the Joint Venture Company and a non-recourse guaranty provided by Immersive under a non-recourse guaranty and pledge agreement.

For details, please refer to the Company's announcements dated 15 January 2015 and 18 February 2015.

CAPITAL

As at 31 December 2014, the total number of shares of HK$0.01 each of the Company (the "Shares") in issue was 9,832,685,768 Shares.

On 27 November 2014, with the approval of the holder of all of the convertible notes ("Convertible Notes"), the Company executed an amendment deed ("Amendment Deed") to extend the maturity date of the Convertible Notes by two years, from 3 July 2015 to 3 July 2017. No other terms and conditions of the Convertible Notes have been amended. Such extension was approved by shareholders of the Company at the special general meeting of the Company held on 29 December 2014. For details, please refer to the Company's announcements dated 27 November 2014 and 29 December 2014 and the circular dated 9 December 2014 respectively.

As at 31 December 2014, the aggregate outstanding principal amount of the Convertible Notes was HK$392 million. Based on the initial conversion price of HK$0.04 per conversion share, a number of 9,800,000,000 conversion shares will be allotted and issued if the conversion rights attaching to the Convertible Notes are exercised in full. During the year under review, no convertible right attaching to the Convertible Notes had been exercised.

On 28 May 2014, a total of 980,060,000 share options were granted under the share option scheme of the Company to the grantees. The share options entitle the grantees to subscribe for up to a total of 980,060,000 new Shares at an exercise price of HK$0.098 per Share. For details, please refer to the Company's announcements dated 28 May 2014 and 23 July 2014 and the circular dated 2 July 2014 respectively. During the year under review, no share option had been exercised and 9,820,000 share options had been cancelled or lapsed.

LIQUIDITY, FINANCIAL RESOURCES, CHARGES ON GROUP ASSETS AND GEARING RATIO

The Group has diverse sources of financing, including internal funds generated from the Group's business operations, general banking facilities on secured basis, non-bank loans on unsecured basis and non-regular contributions (such as placement of shares or issuance of convertible notes or financing by shareholder's loans) from the shareholders and other potential investors. The Group continues to adopt conservative funding and treasury policies.

During the financial year under review, the Group had banking facilities in form of instalment loans in principal amount of approximately HK$60,838,000, and a working capital loan in principal amount of approximately HK$6,354,000. These banking facilities were secured by (a) the Group's investment properties with the aggregate net book value of HK$189,600,000 as at 31 December 2014, (b) future receipts from a participation right in the film "Ender's Game" and (c) equity interests of two indirectly 70% owned subsidiaries in media entertainment segment (VFX production).

In addition to the banking facilities mentioned above, an indirectly-owned subsidiary of the Group, among the entertainment media segment which discontinued in end of December 2010, had obtained a banking facility amounting to HK$6,000,000 from a bank in Hong Kong in 2009 which consisted of a 5-year instalment loan ("Five Years Loan"). This facility was granted under the Special Loan Guarantee Scheme of the Government of the Hong Kong Special Administrative Region (the "Government") pursuant to which, the Government had provided 80% guarantee to the bank. A corporate guarantee was provided to the bank by an intermediate subsidiary of the Company which held the aforesaid indirectly-owned subsidiary. On 20 December 2010, the Company announced that it would not provide further financial assistance to the entertainment media segment. As a result, operation of the aforesaid subsidiary had discontinued since end of December 2010. This Five Years Loan was fully classified as current liability.

The Group had an other loan of approximately HK$30,949,000 as at 31 December 2014. This other loan was denominated in United States dollars, unsecured, interest-free and not repayable within thirteen months from 31 December 2014.

As at 31 December 2014, the Group also had obligations under finance leases of approximately HK$10,823,000 and which were denominated in United States dollars. These obligations were for certain computer equipment and software (leased assets) and secured by the lessor's charge over the leased assets. The average term was 3 years. Interest rates underlying all obligations were fixed at respective contract dates. All obligations were on a fixed repayment basis and no arrangement had been entered into for contingent rental payments.

The cash and bank balances as at 31 December 2014 was approximately HK$140,998,000. As at 31 December 2014, the Group had banking facilities of approximately HK$72,101,000. These bank loans were at floating interest rate. Among these bank loans, loans amounting to HK$65,747,000 are denominated in Hong Kong dollars and loans amounting to HK$6,354,000 are denominated in United States dollars. During the financial year under review, all bank loans of the Group (except the Five Years Loan mentioned above) were classified as current liability and non-current liability according to the agreed scheduled repayments dates. According to the agreed scheduled repayments dates, the maturity profile of the Group's bank borrowings (except the Five Years Loan that was entirely classified as current liability) as at 31 December 2014 was spread over a period of 18 years, with approximately 10% repayable within one year, 13% repayable between one to two years, 12% repayable between two to five years and 65% repayable over five years.

The Group's current assets were approximately HK$229,031,000 while the current liabilities were approximately HK$87,840,000 as at 31 December 2014. As at 31 December 2014, the Group's current ratio was 2.6 (as at 31 December 2013: 2.2).

As at 31 December 2014, the Group's gearing ratio, representing the Group's bank loans, other loan, convertible notes and obligations under finance leases divided by the equity attributable to owners of the Company was 153% (as at 31 December 2013: 220%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's revenue, expenses, assets and liabilities were denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB"), United States dollars ("USD") and Canadian dollars ("CAD"). The exchange rates of USD against HKD remained relatively stable during the financial year under review. As some of the financial statements of the business operations in the North America were reported in CAD, if CAD strengthens relative to HKD, reported earnings for Canadian portion would increase. Certain expenses of the Group incurred in RMB had fluctuated in a relatively greater extent in the financial year under review. However, the amount of RMB expenses incurred were immaterial, the fluctuation of RMB against HKD did not have material adverse effect on the operations of the Group for the financial year under review.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations involving RMB and CAD. However, the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any material contingent liabilities.

EMPLOYEES OF THE GROUP AND REMUNERATION POLICY

As at 31 December 2014, the total headcount of the Group was 532. The Group believes that its employees play an important role in its success. Under the Group's remuneration policy, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Other benefits include discretionary bonus, share option scheme and retirement schemes.

PROSPECT

During the year, the Group already re-entered the media and entertainment business (VFX market). The Group has provided VFX production services for feature films, including some of the most recognisable and successful ones, such as "X-men: Days of Future Past" which was nominated for Best Visual Effects in 2015 Academy Awards (Oscars). Furthermore, the Group has produced visual effects for "Maleficent", "X-Men: Days of Future Past", "Destiny: Become Legend" and "Kia: The Truth", which have received six nominations in four different categories in the Visual Effects Society's 13th Annual VES Awards, which recognises outstanding visual effects artistry and innovation in film, animation, television, commercials and video games. In addition, the Group's work is featured on the BAFTA Award nominated "X-Men: Days of Future Past". At the same time, the Group will continue to ride on the Group's track record and substantial experience in the VFX industry and be proactive in seeking new projects and business opportunities, although its markets remain highly competitive. The Group already adopted cost control measures (including outsourcing, where appropriate, discreet parts of its VFX work to external vendors and minimise the number of unutilised production employees, etc.) and improved the profit margins of the VFX business. The effectiveness of financial and operational improvements will be reflected in our results in the coming years.

The partnering of the two creative forces (Digital Domain and POW!) will include the development of a broad range of original content. Using the innovative and ground breaking technology of Digital Domain, the yet to be named U.S. Joint Venture Company will launch with a future live action event. In addition, Digital Domain plans to use its ground breaking and Academy Award winning MOVA technology to, with the blessing of Mr. Stan Lee, create a virtual likeness of the legendary POW! founder.

The Group considers that through the investment in Immersive and formation of a Joint Venture Company with Immersive as mentioned in the paragraph headed "**Events after Balance Sheet Date**", the Group will explore the application of 360 capture and related virtual reality technology in the media and entertainment field, which is in line with the Company's latest business strategy of further expanding the virtual reality business into the media and entertainment sector.

Utilising the industry leading, ground breaking and Academy Award winning talents of our team of artists, Digital Domain is looking to the future by tirelessly pursing new opportunities in the areas of virtual reality, digital humans and immersive entertainment. Featured at this year's Sundance Film Festival's "New Frontiers" Digital Domain created a first of its kind, fully CG rendered experimental short film, "Evolution of Verse." Taking the vision of legendary music video director, Chris Milk and partnering with Annapurna Films, Digital Domain's artists created a fully immersive, 360 degree virtual reality world that poetically takes the viewer from one beginning to another. People are able to view this piece on their phones with the assistance of "Google Cardboard" brining this dazzling experience to any consumer with a smartphone. This combination of technologies represents only the beginning of the many ways Digital Domain is leading the visual effects industry into the future.

The Group is finalising the acquisition of the trading/e-commerce business as mentioned in the paragraph headed "**Significant Events**" and believes this can allow the Group to expand its trading operations to include skin care products that have shown good launch momentum and produced encouraging financial performance. The Group would make relentless effort to boost the business and optimise the efficiency and product varieties of the trading segment so as to lay a solid foundation for the future growth of the Group. In addition, the acquisition also provides the Group with the opportunity to work with an established and reputable celebrity thereby allowing the Group to consider possibilities of cooperation in relation to its media and entertainment business.

Driven by the stable rental income, the revenue and profit of property investment segment have grown steadily and contributed as a stable income stream for the Group. The Group would review the existing investment properties portfolio constantly and continue to explore potential profitable investments in Hong Kong and/or Mainland China.

Looking ahead, the Group shall strive to explore other potential opportunities for the benefit of our valued shareholders and investors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

During the financial year of 2014, the Company was in compliance with the Code Provisions set out in the CG Code except for the following:

1. The Chairman of the Board of the Company is not subject to retirement by rotation pursuant to bye-law 87(1) of the Company's bye-laws (the "Bye-laws");

2. There is no separation of the roles of the chairman and the chief executive officer ("CEO") or chief executive. Mr. Zhou Jian ("Mr. Zhou") was the Chairman of the Board of the Company during the year. The Company did not have any chief executive or any officer with the title of CEO until 29 September 2014 and the roles and functions of CEO or chief executive were performed by all the executive directors of the Company collectively in view of the current size of the Group. On 29 September 2014, Mr. Seah Ang ("Mr. Seah") was appointed as an executive director and the CEO of the Company. Mr. Seah was also appointed as the Chairman of the Board of the Company following the resignation of Mr. Zhou as the executive director and the Chairman of the Board of the Company with effect from 12 January 2015. Mr. Seah currently is the Chairman of the Board and the CEO of the Company. The Board will periodically review such arrangement and may adopt appropriate measures in future during the further development of the Group's businesses; and

3. The independent non-executive directors of the Company were not appointed for a specific term. However, they are subject to retirement and eligible for re-election at the general meeting pursuant to the Bye-laws and the CG Code. The service contracts of all the independent non-executive directors of the Company have a termination notice requirement of one month.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2014.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.ddhl.com and the Stock Exchange at www.hkexnews.hk respectively. The annual report of the Company will be despatched to shareholders and available at the same websites in due course.

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

Hong Kong, 20 March 2015

As at the date of this announcement, Mr. Seah Ang 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.