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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)**

### **PROPOSED ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE**

#### **PROPOSED ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE**

On 17 January 2023, the Company entered into the Subscription Agreements in relation to the issue and subscription of new Subscription Shares. Subject to the fulfilment of condition precedent of the relevant Subscription Agreement, the Company agreed to issue and each of Subscriber A and Subscriber B agreed to subscribe for 146,250,000 Subscription Shares and 73,125,000 Subscription Shares respectively at the Subscription Price of HK\$0.32 per Subscription Share.

The total number of Subscription Shares represent approximately 5.07% of the total number of Shares in issue as at the date of this announcement and approximately 4.83% of the total number of Shares as enlarged by the issue of the Subscription Shares (assuming (a) all Subscription Agreements have been completed and (b) there will be no other change in the total number of Shares from the date of this announcement and up to the date of Completion).

#### **USE OF PROCEEDS**

The net proceeds from the issue of the Subscription Shares, after the deduction of the relevant expenses, will be approximately HK\$69.76 million. The Group intends to apply the net proceeds as to approximately HK\$60 million towards development of the Group's media entertainment segment and the remainder of approximately HK\$9.76 million towards the general working capital of the Group.

#### **GENERAL MANDATE**

The issue of the Subscription Shares will be pursuant to the General Mandate and is not subject to Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the issue of the Subscription Shares is subject to the condition precedent under the Subscription Agreements and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## INTRODUCTION

On 17 January 2023, the Company entered into the Subscription Agreements in relation to the issue and subscription of new Subscription Shares at the Subscription Price.

Save for the identity of the subscriber and number of Subscription Shares, the principal terms of the two Subscription Agreements are substantially the same.

### *Subscription Agreement A*

Subscriber	:	ADATA Technology Co., Ltd. (“ <b>Subscriber A</b> ”)
Number of Subscription Shares to be issued	:	146,250,000 (representing approximately 3.38% of the total number of Shares in issue as at the date of this announcement and approximately 3.27% of the total number of Shares as enlarged by the issue of these Subscription Shares)

### *Subscription Agreement B*

Subscriber	:	Mr. Choi Chiu Fai Stanley (“ <b>Subscriber B</b> ”)
Number of Subscription Shares to be issued	:	73,125,000 (representing approximately 1.69% of the total number of Shares in issue as at the date of this announcement and approximately 1.66% of the total number of Shares as enlarged by the issue of these Subscription Shares)

The Subscription Price payable by each of Subscriber A and Subscriber B under the relevant Subscription Agreement shall be paid in cash to the Company at Completion.

Based on public information, Subscriber A is a company incorporated in Taiwan with limited liability, the shares of which are listed on the Taiwan Stock Exchange (stock code: 3260). Its principal business is manufacture and distribution of DRAM (Dynamic Random Access Memory) modules, flash memories and multimedia products.

Subscriber B is the chairman of Head & Shoulders Financial Group Limited. He is also the vice chairman and a non-executive Director of ICO Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1460). Subscriber B has been a consultant to the Group since 2015 and was granted share options to subscribe for 3,000,000 Shares in January 2016 (now fully vested) pursuant to the then share option scheme of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Subscriber A, the ultimate beneficial owners of Subscriber A and Subscriber B is a third party independent of the Company and its connected persons.

## **Subscription Price**

The Subscription Price is HK\$0.32 per Subscription Share.

The Subscription Price was determined after arm's length negotiation between the Company and each of Subscriber A and Subscriber B. The Company agreed the Subscription Price with reference to the average closing price per Share for the five consecutive trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price represents:

- (1) a discount of approximately 1.54% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (2) a discount of approximately 2.74% to the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements.

Based on the closing price of the Shares of HK\$0.325 per Share on the date of the Subscription Agreements, the Subscription Shares have an aggregate market value of HK\$71,296,875. The aggregate nominal value of the Subscription Shares is HK\$2,193,750.

The gross proceeds and the net proceeds (after the deduction of the relevant expenses) from the issue of the Subscription Shares will be HK\$70.2 million and approximately HK\$69.76 million respectively. The net subscription price is approximately HK\$0.318 per Subscription Share.

## **Condition precedent**

The obligations of the Company and each of Subscriber A and Subscriber B to effect Completion under the relevant Subscription Agreement are conditional upon the listing of, and permission to deal in, the Subscription Shares which are subject to that relevant agreement being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to Completion) on or before 3 February 2023 (or such later date as the parties to the relevant agreements may agree).

In the event that such condition precedent is not satisfied on or before 3 February 2023 (or such later date as the parties to the relevant agreements may agree), the Subscription Agreements shall terminate and neither party shall be liable to the other or have any claim against the other party for damages, compensation or otherwise save and except any liability for antecedent breaches of either party.

Completion of each Subscription Agreement is not conditional on the completion of the other.

## **Completion**

Completion of each Subscription Agreement is to take place within 10 Business Days immediately following the fulfilment of the condition precedent in the relevant agreement.

## **Ranking of the Subscription Shares**

The Subscription Shares will, when issued, rank *pari passu* in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date for which falls on or before Completion.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon Completion (assuming that (a) all Subscription Agreements have been completed and (b) there will be no other change to the share capital of and shareholding in the Company other than the issue and allotment of the Subscription Shares) is:

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Director</b>				
Seah Ang (Note 1)	50,213,479	1.16	50,213,479	1.10
<b>Substantial Shareholders</b>				
Digital Knight Finance S.à r.l. (Note 2)	747,896,910	17.28	747,896,910	16.44
Poly Culture Group Corporation Limited	532,360,000	12.30	532,360,000	11.70
Jade Link Holdings Limited (Note 3)	503,720,000	11.64	503,720,000	11.07
<b>Subscribers</b>				
Subscriber A	-	-	146,250,000	3.22
Subscriber B	-	-	73,125,000	1.61
<b>Other public Shareholders</b>				
	2,494,837,236	57.63	2,494,837,236	54.85
<b>Total:</b>	<b>4,329,027,625</b>	<b>100.00</b>	<b>4,548,402,625</b>	<b>100.00</b>

Notes:

1. Mr. Seah Ang holds these Shares through his wholly-owned company, Global Domain Investments Limited. Mr. Seah Ang also holds 10,000,000 outstanding share options granted under the Company's share option scheme.
2. Digital Knight Finance S.à r.l. is indirectly wholly-owned by Mr. Ng Clive Cheang Neng.
3. Jade Link Holdings Limited is wholly-owned by Ms. Tang Elaine Yilin.
4. As at the date of this announcement, the Company has in issue 4,329,027,625 Shares and options to subscribe for 224,465,324 Shares granted pursuant to the share option scheme of the Company.
5. The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

## **REASONS FOR, AND THE BENEFITS OF, THE ISSUE OF THE SUBSCRIPTION SHARES AND USE OF PROCEEDS**

The Company is an investment holding company. Its subsidiaries are principally engaged in media entertainment business, including visual effects production, post production service and virtual human business. Completion of the Subscription Agreements will strengthen the operating capital of the Group and broaden the shareholder base of the Company. The Directors believe that the investment of Subscriber A can lend support to the Group's efforts in building opportunities for product and/or services collaboration with Taiwan-based technology related companies.

The Directors are of the view that the Subscription Agreements are entered into upon normal commercial terms and that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds and the net proceeds (after the deduction of the relevant expenses) from the issue of the Subscription Shares will be HK\$70.2 million and approximately HK\$69.76 million respectively.

The Group intends to apply the net proceeds as to approximately HK\$60 million towards development of the Group's media entertainment segment and the remainder of approximately HK\$9.76 million towards the general working capital of the Group.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

## **GENERAL MANDATE**

The Subscription Shares will be issued pursuant to the General Mandate and is not subject to Shareholders' approval. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is therefore sufficient to cover the issuance of the Subscription Shares.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

None of the Directors have any interest in the Subscription Agreements or the transactions contemplated thereunder.

## **WARNING**

**Completion of the issue of the Subscription Shares is subject to the condition precedent under the Subscription Agreements and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business and on which the Stock Exchange is open for the business of dealing in securities
“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)
“Completion”	completion of the issue of the Subscription Shares pursuant to the Subscription Agreements
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 16 June 2022 pursuant to which a maximum of 865,805,525 Shares, being 20% of the total number of Shares in issue as at 16 June 2022, may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	has the meaning ascribed to it in the section headed “Introduction - Subscription Agreement A” of this announcement
“Subscriber B”	has the meaning ascribed to it in the section headed “Introduction - Subscription Agreement B” of this announcement
“Subscription Agreements”	the subscription agreements dated 17 January 2023 entered into by the Company and each of Subscriber A and Subscriber B in respect of the subscription of Subscription Share(s)

“Subscription Price”	subscription price as stated in the Subscription Agreements, being HK\$0.32 per Share
“Subscription Share(s)”	new Shares to be issued by the Company to Subscriber A or Subscriber B in accordance with the terms of the Subscription Agreements
“substantial shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“%”	per cent

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

Hong Kong, 17 January 2023

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