THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

DIGITALDOMAIN

DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

AMENDMENT TO THE SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company to be held at the Conference Room, Room 1818, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 3 April 2014 at 11:00 a.m. is set out on pages 6 to 7 of this circular. Whether or not you are able to attend the meeting, please complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

18 March 2014

CONTENTS

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

"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong
"Bye-laws"	the existing bye-laws of the Company
"Company"	Digital Domain Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"Date of Grant"	in respect of an Option and unless otherwise specified in the letter of grant, the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Shareholders' approval on the terms of the Share Option Scheme
"Directors"	the directors of the Company
"Grantee"	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	14 March 2014, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offer"	the offer of the grant of an Option made in accordance with the Share Option Scheme
"Option"	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting

"Option Period"	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant
"Participants"	Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group
"SGM"	the special general meeting of the Company to be held on Thursday, 3 April 2014 at the Conference Room, Room 1818, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. to consider and, if thought fit, approve the proposed amendment to the terms of the Share Option Scheme
"Share Option Scheme"	the existing share option scheme of the Company adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 27 April 2012
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"2012 Circular"	the circular of the Company relating to, among other things, adoption of new share option scheme dated 23 March 2012

DIGITAL DOMAIN HOLDINGS LIMITED

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

Executive Directors:
Mr. Zhou Jian *(Chairman)*
Mr. Fan Lei

Independent Non-executive Directors:
Ms. Lau Cheong
Mr. Duan Xiongfei
Mr. Wong Ka Kong Adam

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Rooms 1818-1823, 18th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

18 March 2014

To the Shareholders

Dear Sir or Madam,

AMENDMENT TO THE SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with requisite information regarding the proposed amendment to the Share Option Scheme and to give you notice of the SGM, at which a resolution will be put forward to the Shareholders to consider and, if thought fit, approve the proposed amendment to the Share Option Scheme.

PROPOSED AMENDMENT TO THE TERMS OF THE SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company pursuant to a resolution passed by the Shareholders on 27 April 2012. A summary of the principal terms of the Share Option Scheme is set out in Appendix III of the 2012 Circular.

The Share Option Scheme provides for certain circumstances under which an Option will lapse before the end of the period specified in the terms of grant of the Option. These circumstances include the following (the "**Two Circumstances**"):

(a) where a Grantee ceases to be a Participant by reason of his death before exercising his Option, his legal personal representative(s) may exercise the Option within the period of 12 months following his death after which the Option will lapse (clause 5.3(a) of the Share Option Scheme, as summarised in paragraph (j) under Appendix III of the 2012 Circular); and

(b) where a Grantee (who is an employee or a director of the Company or any members of the Group) ceases to be a Participant for any reason other than his death or termination of his employment or directorship on various grounds entitling termination summarily, the Option shall cease to be exercisable on the date of cessation or termination of such employment (clause 5.3(b) of the Share Option Scheme, as summarised in paragraph (h)(ii) under Appendix III of the 2012 Circular).

To allow the Board to have more flexibility in the administration of the Share Option Scheme so that the benefits to the Grantees under the Share Option Scheme can more closely be aligned with the performance of the Group and the purpose of the Share Option Scheme can be better achieved by providing appropriate incentives to Grantees to contribute towards the growth, development and long term success of the Group, the Board proposes to amend the Share Option Scheme to give the Board the discretion to extend the time by which the Option lapses in either of the Two Circumstances.

The specific amendment to the Share Option Scheme is to add the following proviso at the end of clause 5.3 of the Share Option Scheme (which lists all the circumstances and time frames within which an Option will lapse, including the Two Circumstances):

> "provided that, if any of the events specified in paragraph 5.3(a) and (b) occurs, the period within which the Option remains exercisable by the legal personal representative(s) of the Grantee or the Grantee (as the case may be) may be extended by the Board in its sole discretion for such period not later than the expiry of the Option Period in respect of the Option granted to the Grantee."

Pursuant to the terms of the Share Option Scheme and note (2) to Rule 17.03(18) of the Listing Rules, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the share options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the scheme. The proposed amendment to the terms of the Share Option Scheme is therefore subject to approval by the Shareholders at the SGM and will become effective upon the Shareholders passing the resolution at the SGM.

Apart from the proposed amendment as set out above, all other existing terms of the Share Option Scheme will remain unchanged. As at the Latest Practicable Date, there are no Options granted and outstanding under the Share Option Scheme.

SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 6 to 7 of this circular, at which an ordinary resolution will be proposed to approve the amendment to the Share Option Scheme.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the SGM will therefore put the resolution to be proposed at the SGM to be voted by way of a poll pursuant to Bye-law 66 of the Bye-laws.

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

As at the Latest Practicable Date, no Shareholder is required to abstain from voting at the resolution proposed at the SGM.

RECOMMENDATION

Having considered the proposed amendment to the Share Option Scheme, all Directors consider that such amendment is in the best interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

Yours faithfully,
For and on behalf of the Board
DIGITAL DOMAIN HOLDINGS LIMITED
Zhou Jian
Chairman

DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Digital Domain Holdings Limited (the "**Company**") will be held at the Conference Room, Room 1818, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 3 April 2014 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the Share Option Scheme adopted by the Company on 27 April 2012 (the **"Share Option Scheme**") be amended by the addition of the following proviso at the end of clause 5.3 of the Share Option Scheme:

> "provided that, if any of the events specified in paragraph 5.3(a) and (b) occurs, the period within which the Option remains exercisable by the legal personal representative(s) of the Grantee or the Grantee (as the case may be) may be extended by the Board in its sole discretion for such period not later than the expiry of the Option Period in respect of the Option granted to the Grantee."

and that any one director of the Company be authorised to do all acts and things necessary to carry out such amendment and modification into effect."

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

Hong Kong, 18 March 2014

Notes:

(1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

(3) The form of proxy and the power of attorney or other authority, if any, under which it is signed, or certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.

(4) Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(5) A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

(6) The resolution is to be voted by way of poll.

(7) The form of proxy is enclosed.