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NEXT DIGITAL

NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**CHANGE IN CHAIRMAN OF THE GROUP
RE-DESIGNATION OF AN EXECUTIVE DIRECTOR TO A
NON-EXECUTIVE DIRECTOR
AND
CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF SALE SHARES IN A SUBSIDIARY**

The Board of the Company announces that with effect from 8 June 2016:

1. Mr. Cheung Ka Sing, Cassian has relinquished the position of Interim Chairman of the Group. He will continue as an Executive Director of the Company and Chief Executive Officer of the Group.
2. Mr. Ip Yut Kin has retired from all executive positions of the Group, and has been re-designated from an Executive Director to a Non-executive Director of the Company.
3. Mr. Ip Yut Kin has been appointed as the Non-executive Chairman of the Group.
4. The Purchaser, an indirect wholly-owned subsidiary of the Company, purchased and Mr. Ip Yut Kin, as the Seller, sold 216,688 Sale Shares, representing 2.0% of the total issued shares of ADPDL for a consideration of HK\$8,840,870. The Acquisition was made pursuant to the terms of options granted to Mr. Ip as described in more details below.

Mr. Ip Yut Kin, being a Non-executive Director of the Company, is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules for the Acquisition exceed 0.1% but fall below 5.0%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the approval by independent shareholders of the Company pursuant to Chapter 14A of the Listing Rules.

CHANGE OF CHAIRMAN OF THE GROUP AND RE-DESIGNATION OF MR. IP FROM AN EXECUTIVE DIRECTOR TO A NON-EXECUTIVE DIRECTOR

The board of Next Digital announces that Mr. Cheung Ka Sing, Cassian (“Mr. Cheung”) has relinquished the position of Interim Chairman of the Group with effect from 8 June 2016. He will continue as an Executive Director of the Company and Chief Executive Officer of the Group.

Mr. Cheung confirmed that he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the shareholders of the Company in relation to his relinquishment of chairmanship of the Group.

After serving the Group for more than 22 years, Mr. Ip Yut Kin (“Mr. Ip”) has retired from all executive positions of the Group, including Chief Executive Officer – Print Media and the Publisher of *Apple Daily*, on 8 June 2016. The Board has invited Mr. Ip, who has profound knowledge and experience in the news media industry, to continue to serve on the Board as a Non-executive Director and act as the Non-executive Chairman of the Group as well as the Non-executive Chairman of ADPDL to provide continued guidance and advice to Next Digital. Accordingly, Mr. Ip has been re-designated from the capacity as an Executive Director to a Non-executive Director of the Company and appointed as Non-executive Chairman of the Group with effect from 8 June 2016. On the same date, he has been appointed as the Non-executive Chairman of ADPDL.

Mr. Ip, aged 64, his biographical details can be found on Company’s website (www.nextdigital.com.hk). Save as disclosed above, Mr. Ip neither has held any directorship in any other listed public companies and other major appointments and qualifications during the last three years preceding the date of this announcement nor has any relationship with any directors, senior management and substantial shareholders of the Company.

As at the date of this announcement, Mr. Ip has a personal interest and family interest, in aggregate, of 12,830,377 Shares, representing approximately 0.53% of the total issued Shares of the Company. He also has a personal interest in share options for the rights to subscribe for a total of 2,500,000 Shares granted under the Company’s 2007 share option scheme, representing approximately 0.10% of the total issued Shares of the Company.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the appointment of Mr. Ip as Non-executive Chairman of the Group and re-designation of his directorship of the Company that need to be brought to the attention of the shareholders of the Company.

THE ACQUISITION OF SALE SHARES IN A SUBSIDIARY

THE ACQUISITION

On 8 June 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, purchased and Mr. Ip, as the Seller, sold 216,688 Sale Shares, representing 2.0% of the total issued shares of ADPDL for a consideration of HK\$8,840,870. The Acquisition was made pursuant to the terms of options granted to Mr. Ip as described in more details below.

DETAILS OF THE ACQUISITION

Date	8 June 2016
Purchaser	Amazing Sino International Limited, an indirect wholly-owned subsidiary of the Company and a shareholder of ADPDL holding 96.3% of the total issued shares of ADPDL as at the date hereof.
Seller	Mr. Ip, being a Non-executive Director of the Company and the Non-executive Chairman of the Group, the holder of the Sales Shares, representing 2.0% of the total issued Shares of ADPDL.
Asset acquired	The Sale Shares, representing 2.0% of the total issued shares of ADPDL. The original subscription price paid by the Seller in the years of 2007, 2008 and 2009 for subscription of the Sale Shares under exercise of options was HK\$2,166.88, in aggregate.
Consideration	The consideration is HK\$8,840,870, which was determined after arm's length negotiations between the Seller and the Purchaser pursuant to terms of options granted with reference to a multiple of the earnings per share pursuant to the audited financial statements of ADPDL for the year ended 31 March 2015.
Payment Terms	The consideration will be payable once stamping of the relevant instrument of transfer and bought and sold notes in respect of the Sale Shares is completed and will be satisfied by internal resources of the Group.

INFORMATION ON ADPDL

ADPDL is a private company incorporated in Hong Kong with limited liability and an indirect non-wholly subsidiary of the Company. It is principally engaged in the publication and selling of newspapers and selling of newspaper advertising space in Taiwan. It was incorporated by a wholly-owned subsidiary of the Company at a cost of HK\$10,000 and now has a total of 10,834,250 shares in issue. Prior to the completion of the Acquisition, the Company has an indirect interest of 96.3% in the total issued shares of ADPDL with remaining of 3.7% (including the 2.0% held by the Seller) held by the minority shareholders. The Sale Shares were allotted to the Seller upon his exercise of the options granted under the 2007 ADPDL Share Option Scheme at an exercise price of HK\$0.01 per share on 10 September 2007, 25 September 2008 and 21 December 2009 respectively. After the completion of the Acquisition, the Company will have an indirect interest of 98.3% in the total issued shares of ADPDL and the Seller will cease to have any shareholding interest in ADPDL.

Based on the audited financial statements of ADPDL for the years ended 31 March 2014 and 2015, the net assets of ADPDL as at 31 March 2014 and 2015 were HK\$420,777,829 and HK\$479,152,592 respectively, of which HK\$9,583,052 was attributable to the 216,688 Shares held by the Seller as at 31 March 2015. ADPDL's audited net profit (before tax) for the years ended 31 March 2014 and 2015 were HK\$170,044,043 and HK\$100,238,744 respectively, of which HK\$3,400,880 and HK\$2,004,774 were attributable to the Sale Shares; whereas the audited net profit (after tax) for the years ended 31 March 2014 and 2015 were HK\$133,770,107 and HK\$88,448,303 respectively, of which HK\$2,675,402 and HK\$1,768,966 were attributable to the Sale Shares.

INFORMATION ON THE GROUP

The Group's main business activities are publication in newspapers, magazines and books in Hong Kong and Taiwan in digital and printed forms. It also sells advertising space in those forms and receives subscriptions on the web versions. Furthermore, it provides printing and reprographic services and develops mobile and online games and apps.

INFORMATION OF THE SELLER

Mr. Ip, a Non-executive Director of the Company and Non-executive Chairman of the Group, has retired from all executive positions of the Group and ceased to be an employee of the Group with effect from 8 June 2016.

REASONS FOR THE ACQUISITION

The Sale Shares were issued and allotted to the Seller as a result of exercise of the options granted to him under the 2007 ADPDL Share Option Scheme. It is a term of options granted that the Seller will transfer the Sale Shares to one of the wholly-owned subsidiaries of the Group upon the happening of certain events, amongst others, his ceasing to be an employee of ADPDL, its subsidiaries, holding company or the subsidiaries of such holding company as the case may be.

The Directors considered that given the continuous revenue contribution of ADPDL to the Group, the Acquisition would enable the Group to reduce certain minority interests in ADPDL and therefore increase its share in the results of ADPDL. It is in the interest of the Group to hold interests in its subsidiary previously held by departing employees.

Having considered the terms of the sale and purchase of the Sale Shares and the reasons as aforesaid, the Directors, including the independent non-executive Directors, are of the view that the terms are fair and reasonable and are determined after arm's length negotiation and further that the Acquisition is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

The Seller, who has been re-designated as a Non-executive Director of the Company and appointed as the Non-executive Chairman of the Group on 8 June 2016, is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules for the Acquisition exceed 0.1% but fall below 5.0%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Other than Mr. Ip, none of the Directors has any material interest in this connected transaction. Mr. Ip has abstained from voting on the board resolution in respect of the Acquisition.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms below have the meanings set aside them.

“Acquisition”	the acquisition by the Purchaser of 216,688 Sale Shares in ADPDL, representing 2.0% of the total issued shares of ADPDL
“ADPDL”	Apple Daily Publication Development Limited, a company incorporated in Hong Kong with limited liability, which is a 96.3% indirect non-wholly owned subsidiary of the Company
“2007 ADPDL Share Option Scheme”	a share option scheme adopted by ADPDL and the Company on 30 July 2007 to grant to any of the full-time employees and directors of ADPDL or employees and directors of any of its subsidiaries options to subscribe for the shares in ADPDL
“Board”	the board of directors of the Company
“Company or Next Digital”	Next Digital Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Amazing Sino International Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Sale Shares”	216,688 shares in ADPDL held by the Seller
“Seller”	Mr. Ip Yut Kin, a Non-executive Director of the Company and the Non-executive Chairman of the Group
“Shares”	the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Republic of China
“%”	per cent

By Order of the Board
Cheung Ka Sing, Cassian
*Executive Director and
Chief Executive Officer*

Hong Kong, 8 June 2016

As at the date of this announcement, the Board comprises:

Non-executive Director:

Mr. Ip Yut Kin

(Non-executive Chairman)

Executive Directors:

Mr. Cheung Ka Sing, Cassian

(Chief Executive Officer)

Mr. Chow Tat Kuen, Royston

(Chief Financial Officer)

Independent Non-executive Directors:

Mr. Fok Kwong Hang, Terry

Mr. Wong Chi Hong, Frank

Dr. Lee Ka Yam, Danny

Dr. Bradley Jay Hamm