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NEXT DIGITAL

NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record an increase in loss for the year ended 31 March 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Next Digital Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record an increase in loss for the year ended 31 March 2017. Based on the information currently available to the Board, the anticipated increase in loss for the year ended 31 March 2017 was mainly attributable to the following reasons:

- (i) An approximately 23.4% fall in the overall advertising revenue and circulation income of the Group’s publications due to the sluggish economy and overall declining market trend for print publications both Hong Kong and Taiwan during the year;

- (ii) The expenses incurred for the downsizing of the Group's operations, in particular, the restructuring of *Taiwan Apple Daily* and *Taiwan Next Magazine* and *Apple Daily* and *Next Magazine* in Hong Kong during the year under review, including the payment in lieu of notice amounting to HK\$40.0 million for layoff of the relevant employees of the Group; and
- (iii) Based on the valuation report of the Group's mastheads and publishing rights in respect of *Apple Daily* the year ended 31 March 2017, the recoverable amount of the masthead and publishing right of *Apple Daily* is less than its carrying amount and therefore, an impairment in the amount of HK\$202.4 million has been made for the year.

The impairment in respect of the masthead and publishing rights of *Apply Daily* as mentioned in item (iii) above is non-cash item and does not have any impact on the Group's cash flow position.

The Company is in the process of finalizing the Group's audited financial results for the year ended 31 March 2017. The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the current unaudited consolidated management accounts of the Group, and such information has not been reviewed by the Company's auditor. Shareholders of the Company and potential investors are advised to refer to the details of the Group's audited financial results for the year ended 31 March 2017 which is expected to be released in mid-June 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 June 2017

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

Mr. Chow Tat Kuen, Royston

Independent Non-executive Directors:

Mr. Wong Chi Hong, Frank

Dr. Lee Ka Yam, Danny

Dr. Bradley Jay Hamm