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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 a loss for the year ended 31 March 2016 as compared to a profit for the last year.

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 a loss for the year ended 31 March 2016 as compared to a profit for the last year. Based on the information currently available to the Board, the anticipated loss for the year ended 31 March 2016 was mainly attributable to the following reasons:

- (i) Substantial decrease in print advertising revenue, circulation income and other revenue of the Group’s publications due to the adverse business environment during the year;
- (ii) The expenses incurred for the downsizing and restructuring of the Group’s operations, in particularly, the Books and Magazines Publication and Printing Division resulting from the cessation of publication of *Sudden Weekly*, *Next+ONE* and *FACE* in Hong Kong, during the year;

- (iii) The impairment of the masthead and publishing right of *Sudden Weekly* in the amount of HK\$96.9 million as a result of the cessation of its publication in August 2015; and
- (iv) Based on the valuation report of the Group's mastheads and publishing rights in respect of the year ended 31 March 2016, the recoverable amount of the masthead and publishing right of *Eat & Travel Weekly* is less than its carrying amount and therefore, an impairment in the amount of HK\$20.4 million has been made for the year.

The impairment in respect of the mastheads and publishing rights of *Sudden Weekly* and *Eat & Travel Weekly* as mentioned in items (iii) and (iv) above are non-cash items and do 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 2016. 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 2016 which is expected to be released in June 2016.

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
*Interim Chairman and
Chief Executive Officer*

Hong Kong, 27 May 2016

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

Executive Directors:

Mr. Cheung Ka Sing, Cassian
(Interim Chairman)
Mr. Ip Yut Kin
Mr. Chow Tat Kuen, Royston

Independent Non-executive Directors:

Mr. Fok Kwong Hang, Terry
Mr. Wong Chi Hong, Frank
Dr. Lee Ka Yam, Danny
Dr. Bradley Jay Hamm