

ASX Announcement

11 April 2016

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

By e-lodgement

RIGHTS ISSUE - CLEANSING NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Asia Pacific Digital Limited ACN 000 386 685 (**ASX : DIG**) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**Act**).

On 8 April 2016 the Company announced a non-renounceable pro-rata rights issue of up to approximately 19,181,824 fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.30 per New Share on the basis of 1 New Share for every 5 existing Shares to raise up to approximately \$5.75 million (**Rights Issue**).

The Rights Issue is fully underwritten by North Ridge Partners Pty Ltd, a related party to and the majority shareholder in the Company (**Underwriter**). The Underwriter has entered into arrangements to sub-underwrite the Rights Issue with:

- Wentworth Financial Pty Ltd (**Wentworth**), which is a related party to the majority shareholder of the Company and trustee of a family trust associated with its Chairman, Roger Sharp;
- VBS Investments Pty Ltd (**VBS Investments**), which is a related party and associate of the Underwriter.

For the purposes of section 708AA(7) of the Act, the Company advises that:

- 1 the New Shares will be offered for issue without disclosure under part 6D.2 of the Act as notionally modified by CO 08/35;
- 2 this notice is being given under section 708AA(2)(f) of the Act as notionally modified by CO 08/35;
- 3 as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act;
- 5 as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act that is required to be disclosed by the Company under section 708AA(7)(d) of the Act as notionally modified by CO 08/35; and
- 6 the potential effect the issue of the New Shares will have on the control of the Company, and the consequences of that effect, is dependent on the extent to which eligible shareholders take up their entitlement for New Shares and whether or not they subscribe for additional New Shares under the shortfall facility. Given the structure of the Rights Issue as a fully underwritten pro-

rata offer with a shortfall facility, the potential effect that the issue of New Shares will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their New Shares under the Rights Issue, then each Eligible Shareholders' percentage holding in the Company will remain and the Rights Issue will not have a significant effect on the control of the Company;
- (b) to the extent that a Shareholder does not or is not eligible to take up their entitlement under the Rights Issue, that Shareholder's percentage holding in the Company will be diluted; and
- (c) if none of the Eligible Shareholders take up their entitlements for New Shares and therefore no New Shares under the Shortfall Facility, all of the Shortfall Shares will be subscribed for by the Underwriter under the Underwriting Agreement. The Underwriter is an associate of the Company's majority shareholder, the Co-Investor No. 1 Fund and the Co-Investor No. 3 PIPE Fund. If none of the New Shares were taken up by Eligible Shareholders, then the Underwriter will be required to subscribe for all of the 19,181,824 New Shares. If this occurs, the Underwriter will increase its direct percentage holding to 2.2% (up from 0.0%). The Underwriter has entered into sub-underwriting agreements with Wentworth and VBS Investments and the direct percentage holdings that each of them might acquire under the sub-underwriting agreements in this scenario are as per the table below:

| Substantial shareholder and its associates | As at Record Date | | After completion of Rights Issue * | |
|---|-----------------------|------------------------------|------------------------------------|------------------------------|
| | Number of Shares held | Percentage of voting power** | Number of Shares held | Percentage of voting power** |
| North Ridge Partners as trustee of the Co-Investor No. 1 Fund | 3,929,513 | 4.1% | 3,929,513 | 3.4% |
| Valuestream as trustee of the Co-Investor No. 3 PIPE Fund | 57,803,973 | 60.3% | 57,803,973 | 50.2% |
| North Ridge Partners Pty Ltd (Underwriter) *** | 5,250 | 0.0% | 2,520,250 | 2.2% |
| Christine Catherine Sharp | 3,220,425 | 3.4% | 3,220,425 | 2.8% |
| Pyvis Nominees Pty Ltd as trustee of the Pyvis Trust | 994,236 | 1.0% | 994,236 | 0.9% |
| Wentworth Financial as trustee of the Wentworth Trust | 1,438,753 | 1.5% | 9,772,165 | 8.5% |
| VBS Investments Pty Ltd | - | - | 8,333,412 | 7.2% |
| Total | 67,392,150 | 70.3% | 86,573,974 | 75.2% |

(*) on the assumption that none of the Eligible Shareholders take up any of the New Shares and that all Shortfall Shares are subscribed for by the Underwriter (or the sub-underwriters as the case may be).

(**) rounded to one decimal point

(***) the Underwriter has entered into sub-underwriting agreements with Wentworth and VBS Investments. Each of these parties are related parties and associates of the Underwriter.

Yours faithfully



Campbell Nicholas
Company Secretary