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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 the Company, you should at once hand this circular 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 transferee.

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**NEXT DIGITAL**  
**NEXT DIGITAL LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00282)**

**MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF PROPERTY**

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All capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 10 of this circular.

8 January 2021

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## DEFINITIONS

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*In this circular, the following terms or expressions shall have the meanings set out below unless the context requires otherwise:*

“Board”	the board of Directors of the Company
“Company”	Next Digital Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal by way of conveyance of the Property pursuant to the Sale and Purchase Agreement
“Conditions”	the conditions precedent to Completion
“Consideration”	consideration payable by the Purchaser to the Vendor for the sale and purchase of the Property pursuant to Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property subject to such terms and conditions as set out in the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving, inter alia, the Disposal and the transactions contemplated under the Sale and Purchase Agreement (if applicable)
“Escrow Account”	an escrow account opened by the Escrow Agent for the purpose of the Disposal
“Escrow Agent”	O-Bank Co., Ltd. (王道商業銀行股份有限公司), a company incorporated in Taiwan, which is jointly appointed by the Vendor and the Purchaser as escrow agent for the Disposal
“Escrow Agreement”	the agreement entered into between the Vendor, the Purchaser and the Escrow Agent for, among other things, the stakeholding and release of the Consideration
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	Individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules) any member of the Group, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates
“Latest Practicable Date”	7 January 2021, being the latest practicable date for ascertain certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lai”	Mr. Lai Chee Ying, the controlling Shareholder of the Company holding 1,878,657,165 Shares as at the Latest Practicable Date, representing approximately 71.26% of the total issued Shares
“NT\$”	New Taiwan Dollars, the lawful currency of Taiwan
“Property”	all that parcel of land with a total area of approximately 3,022.25 square metres located at Nos. 24-1, 24-2, 24-3, 24-9, Jiuzong Section, Neihu District, Taipei City 114, Taiwan and one block of office building with the total area of approximately 15,323.48 square metres constructed on No. 39, Lane 141, Xing’ai Road, Neihu District, Taipei City 114, Taiwan
“Purchaser”	Wanin International Co., Ltd. (網銀國際股份有限公司), a company incorporated in Taiwan with limited liability and the purchaser of the Property under the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the agreement entered into between the Vendor and the Purchaser dated 8 December 2020 for, among other things, the sale and purchase of the Property
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Taiwan, Republic of China
“Vendor”	Next Media Broadcasting Limited, a company incorporated in Taiwan with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

\* *This figure has been rounded to the nearest tenth of a million and, where applicable and unless otherwise specified, the exchange rate of HK\$1.0 = NT\$3.678 is used for the purpose of this circular for reference only.*

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## LETTER FROM THE BOARD

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**NEXTDIGITAL**  
**NEXT DIGITAL LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00282)**

*Non-Executive Director:*

Mr. Ip Yut Kin (*Chairman*)

*Executive Directors:*

Mr. Cheung Kim Hung

Mr. Chow Tat Kuen, Royston

Mr. Chang Yue Shing

*Registered Office:*

1/F., 8 Chun Ying Street

Tseung Kwan O Industrial Estate

Tseung Kwan O

New Territories

Hong Kong

*Independent Non-Executive Directors:*

Mr. Louis Gordon Crovitz

Dr. Mark Lambert Clifford

Mr. Lam Chung Yan, Elic

8 January 2021

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF PROPERTY**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 8 December 2020 in relation to the Sale and Purchase Agreement and the Disposal contemplated thereunder. The purpose of this circular is to provide you with further information on the Disposal.

**SALE AND PURCHASE AGREEMENT**

On 8 December 2020, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the Disposal. Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Property for a Consideration of NT\$1,750.0 million\* (equivalent to approximately HK\$475.8 million\*) (inclusive of business tax) subject to and upon, inter alia, the terms of the Sale and Purchase Agreement. A summary of the principal terms of the Sale and Purchase Agreement is set out below.

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## LETTER FROM THE BOARD

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**Date:** 8 December 2020

**Parties:** (1) Vendor, an indirect wholly-owned subsidiary of the Company  
(2) Purchaser

### **The Property**

The Property is the entire building located at No. 39, Lane 141, Xing'ai Road, Neihu District, Taipei City 114, Taiwan, together with a total of 92 car-parking spaces with the total area of approximately 15,323.48 square metres. Currently, the Property is principally being used by the Group for its business operations in Taiwan, with a small portion of the same (with a floor space of 614.88 square metres) being leased to an Independent Third Party. The Property will be delivered at Completion on an "as is" basis subject to the existing tenancy referred to above, which will continue on the same existing terms and assumed by the Purchaser as landlord.

The Property was constructed by the Group and the construction completed in around February 2010. Its carrying value (which was recognised based on historical construction costs in the Company audited consolidated financial statements as at 31 March 2020) amounted to HK\$278.6 million. Other fixed assets with carrying value of approximately HK\$3.8 million as recorded in the Company's consolidated financial statements for the year ended 31 March 2020 are included as part of the transaction.

Based on the audited financial statements (excluding intra-group transactions) of the Vendor for the two years ended 31 March 2020 and 31 March 2019, the net loss attributable to the Property for the financial years ended 31 March 2020 and 31 March 2019 were approximately HK\$8.4 million and HK\$9.2 million respectively both before and after taxation and extraordinary items. Rental income in the amounts of approximately HK\$2.3 million and HK\$2.3 million were generated from leasing of part of the Property for the financial years ended 31 March 2020 and 31 March 2019 respectively and the net operating expenses attributable to the Property of approximately HK\$10.7 million and HK\$11.5 million were incurred for the financial years ended 31 March 2020 and 31 March 2019 respectively, as reflected in the audited financial statements of the Vendor for the years ended 31 March 2020 and 31 March 2019.

Following Completion of the Disposal, the Group will relocate its business units currently operating at the Property to other leased properties of the Group in Taiwan. The Disposal is not expected to adversely affect the Group's existing business operations in Taiwan.

### **Consideration and payment terms**

The Consideration for the Disposal is NT\$1,750.0 million\* (equivalent to approximately HK\$475.8 million\*) (inclusive of business tax), which was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, the latest valuation of the Property as at 30 October 2020 of NT\$1,758.3 million\* (equivalent to approximately HK\$478.1 million\*) and the prevailing market conditions

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## LETTER FROM THE BOARD

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of the property market in Taiwan and taking into account current global pandemic situation. In determining the Consideration, the management of the Company has also considered recent offers from other potential buyers of the Property. As set out in the valuation report in Appendix II to this circular, the Property is situated at a relatively prime location in Taiwan, but as COVID-19 persists, the rental demand is estimated to drop. As the decrease in rental demand may in turn adversely affect the valuation of the Property, the Company's management considers it to be a good opportunity to optimize the workspace utilization for the Group's operations in Taiwan and realise the capital value of the Property, and the slight discount of the Consideration to the valuation of the Property is considered reasonable taking into account the ongoing global pandemic situation that continues after the effective date of the valuation.

The Consideration shall be payable by the Purchaser in three instalments in cash in the following manner:

- (1) First instalment of NT\$350.0 million\* (equivalent to approximately HK\$95.2 million\*), being 20% and part payment of the Consideration, shall be paid by the Purchaser into the Escrow Account upon execution of the Sale and Purchase Agreement and the depositing of the Property ownership document with the land administration agent appointed by the Purchaser;
- (2) Second instalment of NT\$175.0 million\* (equivalent to approximately HK\$47.6 million\*), being 10% and part payment of the Consideration, shall be paid by the Purchaser into the Escrow Account upon the approval of the Disposal by the Shareholders at the EGM (if applicable) and within 3 working days upon obtaining tax invoices in respect of the applicable land value increment tax and deed tax in respect of the Disposal; and
- (3) Third instalment of NT\$1,225.0 million\* (equivalent to approximately HK\$333.0 million\*), being 70% and part payment of the Consideration, shall be paid by the Purchaser's financing institution into the Escrow Account (with any shortfall to be met by cash payment by the Purchaser) within 3 days from the land administration agent's notification of completion of all title transfer registration procedures. The Vendor shall deposit a cashier's order in the sum of NT\$87.5 million\* (equivalent to approximately HK\$23.8 million\*) with the Purchaser as guarantee for Vendor's performance of its obligations at Completion. Upon the Vendor's delivery of the Property at Completion, the said cashier's order shall be returned to the Vendor.

The Vendor, the Purchaser and the Escrow Agent entered into the Escrow Agreement, pursuant to which the first instalment, second instalment and third instalment of the Consideration shall be paid by the Purchaser to O-Bank Co., Ltd., which shall be stakeheld and released by the Escrow Agent upon Completion in accordance with the terms of the Escrow Agreement.

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## LETTER FROM THE BOARD

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### **Taxation and charges**

Pursuant to the Sale and Purchase Agreement:

- (1) The taxation and charges (including house tax, land value tax, utility charges, utility fund, maintenance fees and management fees) payable in connection with the Property accrued on or before the date of the delivery of the Property shall be borne by the Vendor and those accrued on or after the date of delivery of the Property shall be borne by the Purchaser;
- (2) The stamp duty, registration charge and deed tax payable upon transfer of title of the Property shall be borne by the Purchaser;
- (3) The service fees for registration of the transfer in the title of the Property and creation of mortgage shall be borne by the Purchaser;
- (4) The service fees for release of mortgage (if any) and the land value increment tax payable upon transfer of the title to the Property shall be borne by the Vendor; and
- (5) The construction benefit fee (if any) (i) which has been assessed (including any portion that has not been collected) prior to the date of signing of the Sale and Purchase Agreement shall be paid by the Vendor; and (ii) which is not due prior to the date of signing of the Sale and Purchase Agreement shall be borne by the Vendor unless otherwise agreed by the Purchaser.

### **Conditions**

Completion is conditional upon, among others, (i) if applicable, the approval of the Disposal by the Shareholders at the EGM to be convened in accordance with the requirements of the Listing Rules, and (ii) obtaining of regulatory clearance on disclosure in relation to the Disposal.

If the Conditions cannot be fulfilled on or before 15 March 2021 or other date agreed by the Parties, the Sale and Purchase Agreement will cease to be legally binding and in such event, the Vendor and the Purchaser shall return to the other all documents, any part of the Consideration paid and other items delivered for the Disposal. Mr. Lai, the controlling Shareholder of the Company holding approximately 71.26% of the issued Shares as at the Latest Practicable Date, has given his written approval of the Disposal. No general meeting of the Company and therefore be convened to approve the Disposal.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE COMPANY AND THE VENDOR

The Company's principal activity is to operate as an investment holding company. The Group is principally engaged in internet advertising, internet subscription, content provision and development of mobile games and apps in Hong Kong, Taiwan and North America. It is also engaged in sales of newspapers, provision of newspapers, books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia.

As at the Latest Practicable Date, the Vendor, an indirect wholly-owned subsidiary of the Company, is principally engaged in the holding of the Property and the business of provision of property leasing.

### INFORMATION ON THE PURCHASER

The Purchaser is incorporated in Taiwan and is principally engaged in the development of gaming software and other software application, as well as operation of gaming platform. Based on information available to the Company, Mr. Hsiao Cheng Hao himself and through a company controlled by him, being the top two shareholders of the Purchaser, hold more than 60% of the issued shares of the Purchaser. The Purchaser has more than 10 shareholders but other than the top two shareholders identified above, none of them has a shareholding of more than 10% in the Purchaser. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the Latest Practicable Date.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors considered that the Disposal enables the Company to realize cash and unlock the asset value underlying the Property. The net proceeds to be received by the Vendor from the Disposal will strengthen the cashflow of the Group and enhance working capital condition of the Group to allow for reallocation of its resources for future development including enhancements of its existing subscription-based contents provision businesses and related marketing efforts / user base expansion. As at the Latest Practicable Date, the Company has not entered into any specific agreement in relation to, or identified any new business opportunity / investment target regarding the Company's future development.

The Directors have also reviewed the valuation report, including the valuation methodology and the assumptions set out therein, in respect of the latest valuation of the Property as at 30 October 2020 (a copy of the said valuation report, which is prepared in compliance with the requirements set out in Chapter 5 of the Listing Rules, is set out in Appendix II to this circular) and are of the view that while the latest valuation of the Property represents a slight premium at approximately 0.5% to the consideration under the Sale and Purchase Agreement, the consideration is reasonable taking into account current general market sentiment as impacted by the COVID-19 pandemic situation.

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## LETTER FROM THE BOARD

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The Directors considered that the Sale and Purchase Agreement is on normal commercial terms, its terms are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

### FINANCIAL EFFECTS OF THE DISPOSAL

The expected net proceeds from the Disposal is approximately HK\$462.0 million based on the expected gross proceeds from the Disposal of approximately HK\$475.8 million and the directly attributable expenses of approximately HK\$13.8 million. Taking into account the expected net proceeds and the carrying value (which represents the book value) of the Property and other fixed assets of approximately HK\$282.4 million as recorded in the audited consolidated financial statements of the Company as at 31 March 2020, a gain in the estimated sum of approximately HK\$179.6 million before profits tax is expected to accrue to the Group as a result of the Disposal. The rental income to the Group will be decreased by approximately HK\$2.3 million per annum upon completion of the Disposal. The Group's finance costs are expected to reduce by approximately HK\$4.8 million per annum after repayment of certain bank borrowings with proceeds from the Disposal.

### USE OF PROCEEDS

The expected net proceeds of approximately HK\$462.0 million to be received by the Vendor from the Disposal will improve the overall cash position of the Group for general working capital purpose as well as for future opportunities that may arise. Subject to actual circumstances and decision of the Board, the Company intends to apply (i) approximately NT\$634.8 million\* (equivalent of approximately HK\$172.6 million\*) for repaying the bank loans to O-Bank Co., Ltd. and discharging the charge over the Property and (ii) the remaining HK\$289.4 million for general working capital, which may be applied towards the operation and development of the Group's businesses, including the marketing and content development of the Group's businesses in Hong Kong and Taiwan, etc.

### IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposal contemplated under the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal contemplated under the Sale and Purchase Agreement and as such, no Shareholder is required to abstain from voting on the resolution to approve the Disposal, should the Disposal be put forward to the Shareholders for consideration and approval at a general meeting of the Company.

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## LETTER FROM THE BOARD

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Mr. Lai, the controlling Shareholder of the Company holding 1,878,657,165 Shares as at the Latest Practicable Date, representing approximately 71.26% of the total issued Shares, having the right to attend and vote at any general meeting of the Company, has given his written approval of the Disposal. The written shareholder's approval by Mr. Lai has been accepted in lieu of holding a general meeting and no general meeting of the Company is required to be convened for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Cheung Kim Hung**  
*Chief Executive Officer and Executive Director*

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2018, 2019 and 2020 and for the six months ended 30 September 2020 are disclosed in the following documents respectively which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.nextdigital.com.hk/investor](http://www.nextdigital.com.hk/investor)):

- the Company's annual report for the year ended 31 March 2018 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0626/lt20180626599.pdf>);
- the Company's annual report for the year ended 31 March 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0711/lt20190711539.pdf>);
- the Company's annual report for the year ended 31 March 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0714/2020071400871.pdf>); and
- the Company's interim report for the six months ended 30 September 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1201/2020120102573.pdf>).

## 2. INDEBTEDNESS

### Borrowings

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group had bank loans with the aggregate outstanding amount of approximately HK\$267.8 million which were secured by certain land and buildings of the Group. All the bank loans were guaranteed by the Company or one of the Company's subsidiaries.

As at 30 November 2020, the Group had outstanding loan from a shareholder with the aggregate outstanding principal amount of HK\$651.4 million, which are unsecured, interest free and repayable on the date falling 36 months from the respective dates of drawdowns of the loan.

### Guarantees

As at 30 November 2020, the Group provided guarantees to the aggregate extent of HK\$36.4 million for the banking facilities granted to different parties, of which HK\$3.5 million was granted to a customer of the Group; approximately HK\$5.3 million was granted to online subscribers; and approximately HK\$27.6 million was granted to the buyer of certain properties previously sold by the Group in Taiwan.

**Pending Litigations**

As at 30 November 2020, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business, of which aggregate provision amounted to approximately HK\$45.3 million has been made as at that date. The provision was made based on best estimate of the management of the Group after consultation with certain legal counsels on possible outcome of such proceedings.

**Lease liabilities**

As at the close of business on 30 November 2020, the Group had outstanding lease liabilities amounting to HK\$51.4 million, which were substantially secured by rental deposits paid by the Group.

**General**

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or any term loans (secured, unsecured, guaranteed or otherwise), any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and any liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments (guaranteed, unguaranteed, secured or otherwise), mortgages, charges, other material contingent liabilities or guarantees, as at the close of business on 30 November 2020.

For the purpose of the preparation of the indebtedness statement, part of the bank loans, loan from a shareholder, and guarantees denominated in New Taiwan Dollar (“NT\$”) are translated into Hong Kong dollars at the exchange rates of NT\$3.678: HK\$1.0, being the exchange rate prevailing at 30 November 2020.

**3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the net proceeds from the Disposal and the financial resources available to the Group, including internally generated cash flows and existing bank facilities available, the Group has sufficient working capital for its requirements for at least 12 months from the date of this Circular.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in internet advertising, internet subscription, content provision and development of mobile games and apps in Hong Kong, Taiwan and North America. It is also engaged in sales of newspapers, books and magazines and provision of newspapers, books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia.

The Disposal will enable the Company to realize cash and unlock the asset value underlying the Property and enhance working capital condition of the Company to allow for reallocation of its resources for future development, particularly in online content creation, developing its digital content collaboration offering for advertisers and increasing its data analysis.

For the six months ended 30 September 2020, the print business division recorded a segment loss of HK\$102.6 million, compared with the segment loss of HK\$245.3 million recorded in the same period of 2019. This was primarily attributable to effective cost control during the period. On the other hand, the Group's digital business division recorded a segment loss of HK\$31.7 million during the six months ended 30 September 2020, compared with a segment loss of HK\$65.0 million in the previous corresponding period, representing a decrease in loss amount of 51.2% or HK\$33.3 million. The reduction in loss amount was achieved through the measures taken by the Group to enhance revenue growth as well as cost savings arising from the restructuring of the Group's Taiwan operations.

In respect of the operational prospects of the Group in the current financial year, the Group will be planning for the relocation of its business units currently operating at the Property to the other leased properties of the Group in Taiwan, and that the Disposal is not expected to adversely affect the Group's existing business operations in Taiwan.

The shockwaves of the COVID-19 pandemic is expected to continue to pummel the regional economy and media sector, but citizens' desire to be informed, educated and entertained will remain undimmed. One year after it took the bold step of radically reimagining its core business model, the Group has now established a solid foothold from which to push forward through uncharted terrain and forge a path to profitability.

For the remainder of the current financial year, the Group's primary focus will be to build on the early successes of its digital subscription model by leveraging its unprecedented data-driven personalisation capabilities and superior editorial content. Setting its sights higher still, it will steadily improve online subscription income and advertising revenues through the dedication and savvy of its Customer Growth and Retention and sales teams.

The Group will grow its online subscription income by continuing to invest in cutting-edge digital content capabilities and cementing its reputation for creating attention-grabbing content, attracting new readers and fostering customer loyalty. It will also pursue further opportunities in English language editorial, laying the foundations of a potential future subscription model.

Hyper-personalisation technologies and data-driven insight will become an ever more important source of competitive advantage for the Group. As its cutting-edge Data Management Platform system progressively captures and analyses more audience activity, it will be able to generate reader profiles and parse audience behaviour with ever greater precision, allowing the Group to create market-beating targeted placement opportunities for advertisers. The migration to the cutting-edge ARC publishing system, meanwhile, will enhance the Group's ability to produce tailor-made advertising opportunities in the second half of the year, sharpening its edge over local peers.

Traditional print remains the cornerstone of the Group's business. The Group will continue to make appropriate investments in print content while adopting a differentiated editorial strategy focused on high-profile interviews, investigations, analysis, commentary, supplements and special projects.

For the remainder of the current financial year, the economies of Hong Kong and Taiwan are expected to continue to suffer from the effects of the COVID-19 pandemic, causing further downward pressures on advertising expenditure. However, the Group has decisively aligned its strategy and operations with the contemporary demands of the digital landscape while staying true to its evergreen purpose of serving the public with compelling editorial. Buoyed by the strong momentum of Apple Daily's digital platform, the Group will work harder and smarter than ever before to realise the full potential of its paid digital subscription model.

## **5. MATERIAL ADVERSE CHANGE**

The Directors confirmed that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

*The following is a summary of valuation and valuation certificate received from Global Vision Real Estate Appraisers Firm<sup>#</sup> (遠見不動產估價師事務所) in connection with their valuation as at 11 December 2020 of the Property, which is prepared for inclusion in this circular.*

Global Vision Real Estate Appraisers Firm<sup>#</sup>  
(遠見不動產估價師事務所)  
10/F, No. 215, Section 3, Nanjing East Road,  
Zhongshan District, Taipei, Taiwan  
Tel.: (886) 02-6608-0202  
Fax: (886) 02-6608-0248  
www.globalvision.com.tw



8 January 2021

The Board of Directors  
Next Digital Limited  
1/F, 8 Chun Ying Street  
Tseung Kwan O Industrial Estate  
Tseung Kwan O, New Territories, Hong Kong

Dear Sir/Madam,

## INTRODUCTION

In accordance with the instructions from the management of Next Digital Limited for us to carry out a valuation of the property interest located in Taiwan to be disposed of by the Company, we confirm that we have carried out site inspection and made relevant enquiries and property searches, as well as obtained such other information as we considered necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 October 2020 (the “**Date of Valuation**”).

## BASIS OF VALUATION

Market price: The reasonable value of a marketable property expressed as a monetary amount, reached between a willing buyer and seller after proper marketing and in normal trading condition on the basis of professional knowledge and prudent actions, and under no duress.

In valuing the property interest, we have complied with the Real Estate Appraisal Technical Rules promulgated via the Ministry of the Interior Order No.(90)-Tai-Neidi-9077692 of the Republic of China (中華民國內政部(90)台內地字第9077692號令) dated 17 October 2001, the Real Estate Appraisers Law promulgated via Presidential Order No.(2000)-Hua-Tzung-(1)-Yi-8900237130 of the Republic of China (總統(2000)華總一義字第8900237130號令) dated 4 October 2000 and all the provisions contained in the communiqué issued by the Republic of China National Federation of Real Estate Appraisers. The decrees and communiqué promulgated and implemented are formulated following the International Valuation

Standards (IVS). The existing contents of the decrees and communiqué are subject to revision following the updated contents of the International Valuation Standards (IVS). The decrees have been amended three times and the communiqué has been amended four times since their promulgation and implementation, and compared to the IVS formulated in 2017 and the Taiwan decrees and communiqué, the overall evaluation principles and structure are the same. Hence, the contents of the decrees and communiqué are subject to change with reference to current international standards. The preparation of this report is in compliance with the disclosure requirements for a valuation report under the main board Listing Rules of the Stock Exchange of Hong Kong.

### **VALUATION ASSUMPTIONS**

- (1) Unless otherwise stated in the report, title to the subject property of valuation was deemed to be in a normal and marketable condition.
- (2) Unless otherwise stated in the report, the valuation process has been carried out without taking into account the creation of a property mortgage or other rights.
- (3) This report has been prepared on the assumption that all owners of the property are responsible and reliable and that the management of the property will remain stable.
- (4) The information quoted in the report regarding other party has been verified by the appraiser on a best effort basis to be reliable.
- (5) The land and any superstructure thereon constituting the subject property of valuation in the report are considered to be in normal condition and there are no unseen or undiscovered factors which may affect the value of the property. Therefore, this valuation report is not responsible for these conditions that cannot be seen or discovered in a general inspection.

### **INSPECTION OF PROPERTY**

We have inspected the exterior and, where possible, the interior of the property. Unless specifically stated in the valuation report, hazardous factors that may or may not be present in the subject property of valuation are not included as part of the valuer's inspection. The property appraiser does not have the ability or knowledge to understand the inner components or potential hazards of the property, nor he/she is qualified to test for these substances. The present of matters such as asbestos, urea, amine/formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The valuation report assumes the absence of any materials in the subject property of valuation that would result in its devaluation. The valuation report is not responsible for these conditions or the professional or engineering knowledge required to discover them. If necessary, the user of the valuation report should engage separate experts in relevant fields to carry out analysis. However, it has been assumed in the valuation that the exterior and interior of the property are in satisfactory conditions as at the Date of Valuation and that there are no unauthorised constructions or structural alterations.

## VALUATION METHODOLOGY

Due to the unique nature of the building in question, the purpose of this commission is to serve as a value reference of the entire building. Therefore, instead of the general pricing method based on gross floor area in an individual sale, the average selling price of the entire building is adopted in this valuation. However, due to the scarcity of leases for an entire building in the market, it is not possible to evaluate the unit price of the lease for the entire building with the income approach. Thus, this valuation was performed mainly by the comparison approach and cost approach as appraisal approaches. Furthermore, car-parking spaces were evaluated by the comparison approach only.

Comparison approach: based on the comparable transaction prices of whole-building transactions collected from neighbouring or similar districts, comparison and analysis of conditions and price adjustment are made to the valued property to obtain comparable prices for the whole building of the valued subject. In addition, cases of land transactions in technological and industrial areas from the neighbouring or similar districts are collected, and used for condition comparison and analysis and price adjustment with the valued land to obtain comparable prices of the valued land.

Items	The entire building	Comparative subject 1	Comparative subject 2	Comparative subject 3
County/City	Taipei City	Taipei City	Taipei City	Taipei City
Township	Neihu District	Neihu District	Neihu District	Neihu District
Address	The entire building located at No. 39, Lane 141, Xing'ai Road	1-6/F, No. 241-270 Xinqu 3rd Road	1-7/F, No. 1-30, Lane 146, Xinqu 2nd Road	1-6/F, No. 121-150 Xing'ai Road
Nature of the price		Transaction price	Transaction price	Transaction price
Price	Evaluation/Total transaction price (NT\$)	1,789,109,681	2,370,000,000	1,450,000,000
	Evaluation/Total price of car-parking spaces (NT\$)	106,000,000	337,500,000	76,500,000
	Evaluation/Total price of property (NT\$)	1,683,109,681	2,032,500,000	1,373,500,000
Area	Evaluation/Transaction area (ping)	4,635.35	7,234.30	3,689.92
	Evaluation/Car-parking space area (ping)	886.78	2,134.03	540.09
	Evaluation/Building area (ping)	3,748.57	5,100.27	3,149.83
	Evaluation/Unit price (NT\$/ping)	449,000	398,508	436,055
Date of inspection	10 December 2020	10 December 2020	10 December 2020	10 December 2020

Items	The entire building	Comparative subject 1	Comparative subject 2	Comparative subject 3
Date of value	30 October 2020	20 April 2018	15 April 2019	29 July 2019
Land use zone	Technology Industrial Zone (Zone C)	Technology Industrial Zone (Zone C)	Technology Industrial Zone (Zone C)	Technology Industrial Zone (Zone C)
Storeys of building	9-storeys	6-storeys	7-storeys	6-storeys
Storeys of comparative subjects	1-9	1-6	1-7	1-6
Date of construction	26 February 2010	30 July 2003	23 March 2011	19 June 2009
Age of property	10.7 years	14.8 years	8.1 years	10.1 years
Structure	Reinforced concrete	Reinforced concrete	Steel structure	Reinforced concrete
Road frontage ( <i>M</i> )	12	15	12	20
Traffic conditions	Alley	Secondary road	Alley	Secondary road
Public facilities	Comprehensive	Comprehensive	Comprehensive	Comprehensive
General conditions	Fair	Fair	Fair	Fair
Types of car-parking spaces		Ramp plane parking spaces (225)	Ramp plane parking spaces (51)	Lifting plane/ mechanical parking space (25)
Case name		-	-	-
Source of information		Actual price filings	Actual price filings	Actual price filings
Remarks		The price and area of car-parking space are excluded from the above transaction unit price	The price and area of car-parking space are excluded from the above transaction unit price	The price and area of car-parking space are excluded from the above transaction unit price

*Notes:*(NT\$/m<sup>2</sup>)1 m<sup>2</sup> = 0.3025 ping

Cost approach: the approach to infer the price of the subject of evaluation by obtaining the reconstruction costs or relocation costs of the subject of evaluation on the pricing date and deduct from which the accumulated depreciation amounts or other deductible accruals. The amount of which shall be sum of the construction cost approach and land cost approach set out below. The price obtained by the aforementioned approach shall be the cost price.

- (A) Construction cost approach: Obtain the construction cost for the subject building based on the construction costs required for reconstructing an identical building with the same or similar construction materials, with reference to the standards for construction or building costs stipulated in the Fourth Communiqué (第四號公報) issued by the Republic of China Real Estate Appraisers Association (中華民國不動產估價師公會全國聯合會) on 15 November 2018, together with other indirect overheads, capital interest and profit, with the deduction of depreciation. The calculation of the construction cost is based on the selling price of new housing in the area where the subject building is located, and the construction cost range is determined by taking into account the total number of floors built in the target building in question. The unit prices within the construction cost range reflect the structural, electrical and mechanical, and renovation costs of the building; indirect costs include fees for advertising, sales, management, and taxation, the rates of which are also based on the standards stipulated in the Fourth Communiqué; the calculation of capital interest is based on the average one-year fixed deposit rate and lending rate of the five major banks in the Republic of China, namely Bank of Taiwan, Taiwan Cooperative Bank, First Bank, Hua Nan Bank and Land Bank of Taiwan; the profit is also based on the “development or construction profit margin” stipulated in the Fourth Communiqué.
- (B) Land cost approach: Obtain the price of the plot of land as a vacant lot by comparison approach and land development approach, NT\$1,000,000 for each ping, and further obtain the land cost taking into account the expenses incurred during the development and construction process, including advertising and sales cost, management fee, taxation, capital interest and development profit. The aforementioned rates for advertising and sales cost, management fee, taxation, capital interest and development profit are also calculated based on the rates stipulated in the Fourth Communiqué and the average fixed deposit rates and lending rates of the five major banks.

The value of the Property is assessed with reference to relevant experience and practical elements. The process for its pricing inference revealed that cost approach was performed based on land cost and construction cost derived from the price level of newly completed buildings in the district and information about various construction costs. The cost information used in each of the inference processes was sufficient and the assessed conditions of land for development were solid. Therefore, the price derived from the cost approach is highly reliable. Furthermore, all of the transaction cases selected based on the comparison approach were transactions for the entire buildings, and adjustments have been made to the difference between the cases and the subject building. Therefore, the price derived from the comparison approach is also highly reliable. Comparing the final prices derived from these two evaluation approaches, there is a

3.5% difference, which proves that both approaches are highly reliable and therefore the prices derived from the comparison approach and cost approach are each given 50% of weight.

**SOURCE OF INFORMATION**

- (I) The status of the Property was based on the electronic transcriptions issued by Taipei City Zhongshan Land Office of Republic of China as at 9 December 2020 and the photocopy of lease provided by the principal.
- (II) Information regarding specific conditions and regional environment of the Property were gathered through on-site investigation in person, and verified by checking records of relevant information, such as urban planning and cadastre.
- (III) The price of the Property was assessed by way of on-site visits to obtain information on the transactions, income and cost of the valued subject, which were compiled with reference to the archives of our firm.
- (IV) The valued subject refers to 8 units including No.39, Lane 141, Xing'ai Road, 28 ramped parking spaces and 64 mechanical parking spaces on the second basement level, and part of No. 39, Lane 141, Xing'ai Road, with an area of approximately 186 ping, has been leased. Save for such lease, the whole building is occupied by Next Digital Group for its own use, with usage of each floor as follows: the 1/F is mainly used as studios of the TV station and magazines; the 2/F to 6/F are mainly used as office areas of Next Digital Group; and the 7/F is the staff canteen.

**TITLE INVESTIGATION**

We have conducted a title investigation in respect of the property located in Taiwan at Zhongshan Land Office in Taipei City, Republic of China. Where possible, we have reviewed the original documents to verify the current status of title to the property interest in Taiwan and any material encumbrances that may attach to the property interest.

**CURRENCY AND EXCHANGE RATE**

Unless otherwise stated, all amounts in this report are presented in New Taiwan Dollars (NT\$). A summary of the valuation and a valuation certificate are enclosed.

Yours faithfully,

For and on behalf of

**Global Vision Real Estate Appraisers Firm<sup>#</sup>**

(遠見不動產估價師事務所)

**Chen Chen**

*Real Estate Appraiser*

*Director of Global Vision Real Estate Appraisers Firm<sup>#</sup>*

(遠見不動產估價師事務所)

*Note:* Mr. Chen Chen is a professional real estate appraiser who has passed the Examination for Real Estate Appraiser of the Republic of China and has been certified by the Ministry of the Interior of the Republic of China under the law as a real estate appraiser with over 40 years of experience in valuation in the People's Republic of China, Taiwan, the United States and other Asian-Pacific regions. The firm incorporated by Mr. Chen is on the list of real estate appraisers for listed companies, over-the-counter companies and banks etc. in Taiwan, and is a registered and certified real estate appraiser with the Taiwan Real Estate Appraisers Association.

Valuations in Taiwan are conducted by Global Vision Real Estate Appraisers Firm<sup>#</sup> (遠見不動產估價師事務所) under the direction of Mr. Chen Chen (Taipei Real Estate Appraisers Association Membership Certificate: (109) Bei Shi Gu Zheng Zi No. 009). The valuation report was issued by the firm.

## VALUATION SUMMARY

## Property interests owned by the Group in Taiwan

No.	Property		Market value in existing state as at 30 October 2020	Interests attributable to the Group	Market value in existing state attributable to the Group as at 30 October 2020
1.	8 units including No. 39, Lane 141, Xing'ai Road, Neihu District, Taipei City, Taiwan	3,748.57 ping	NT\$1,652,265,030	100%	NT\$1,652,265,030
2.	28 ramped parking spaces on the second basement level, 64 mechanical parking spaces on the third basement level	886.78 ping	NT\$106,000,000	100%	NT\$106,000,000
	Total:	<u>4,635.35 ping</u>	<u>NT\$1,758,265,030</u>		<u>NT\$1,758,265,030</u>

## VALUATION CERTIFICATE

## Property interests owned by the Group in Taiwan

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 30 October 2020	Market value in existing state attributable to the Group as at 30 October 2020
8 units including No. 39, Lane 141, Xing'ai Road, Neihu District, Taipei City, Taiwan and 28 ramped parking spaces on the second basement level and 64 mechanical parking spaces	The Property comprises No. 39, 3rd floor of No. 39, 5th floor of No. 39, 6th floor of No. 39, 7th floor of No. 39, 8th floor of No. 39, 9th floor of No. 39, 28 ramped parking spaces and 64 mechanical parking spaces on the 1st and 2nd basement levels of No. 39, Lane 141, Xing'ai Road, Neihu District, Taipei City, Taiwan	With the exception of No. 39, Lane 141, Xing'ai Road, with an area of approximately 186 ping for lease, the rest are for self-use	NT\$ 1,758,265,030	NT\$ 1,758,265,030
	Premium tax is levied from 1 January to 31 December each year, and the latest premium tax was NT\$1,233,520 (2019/1/1 to 2019/12/31). Housing tax is levied from 1 July to 30 June each year, and the latest housing tax was NT\$2,006,658 (2018/7/1 to 2019/6/30)			

*Notes:*

According to the Land and Building Registration Transcriptions No. 642183 dated 9 December 2020, the registered owner of the Property (land registered as Lot Nos. 24-1, 24-2, 24-3, 24-9, etc. in Jiuzong Section, Neihu District, Taipei City and building registered as Lot Nos. 3874-3881 in Jiuzong Section, Neihu District, Taipei City) is Next Media Broadcasting Limited.

1. This property is located in Neihu Technology Industrial Park, which is the first urban high-tech park developed with private investment in accordance with the current trend and profitability and as a result of the government's efforts to encourage entry into the industry. The park is replete with information, communication and biotechnology industries, and is home to the operating headquarters, affiliates, and R&D centres of many world-renowned companies such as Lite-On, Compal and BenQ. The three major fixed-line operators and the headquarters of the emerging IPS and SDC are also situated there. With its excellent geographical location, sound living facilities, active transportation network, advanced information network and efficient professional services portals, the park has attracted high value-added industries such as manufacturing, information, communication, biotechnology, etc, and has invited companies to establish their operating headquarters in the

park. It has developed into a technology hub with a wealth of capital, technology and talent. Currently, there are more than 3,500 companies in the park, and its turnover over in the past five years has grown at an average rate of nearly 30% per year, making it the technology park with the highest turnover in Taiwan.

According to a survey conducted by Sinyi Global with respect to Neihu Technology Industrial Park, in the face of the scarcity of commercial office space and the return of high-end capacity in the technology industry to Taiwan, construction companies and life insurers have continued to increase their efforts to replenish land reserves. In addition to traditional large construction companies such as Changhong, Huaku, Highwealth, Hong Pu and Farglory, many developers have joined the office/factory product boom, with nearly 20 commercial office buildings to be completed in the next seven years. The average selling price of office space in Taipei is NT\$852,000, with a rental capitalisation rate of 2.54%. In the Neihu-Tech<sup>#</sup> (內科) market, the average selling price is NT\$527,000, with a rental capitalisation rate of 2.71%. The overall average vacancy rate for the Neihu-Tech market remained at NT\$1,188/ping, with a vacancy rate of 4.62%.

According to a current intention survey of Asia-Pacific enterprise lessees published in April by CBRE, a commercial real estate industry player, due to the impact of the novel coronavirus, 51% of the enterprises were pessimistic about the economic momentum in the second half of the year. CBRE estimated that the demand for additional lease of commercial office space in Taipei would weaken if the pandemic continued to worsen. Further, according to “Emerging Trends in Real Estate Asia Pacific 2021” co-published by PwC Global and the Urban Land Institute in December, it is demonstrated in the report that the real estate market in Taiwan had posted satisfactory performance. In the recent two years, home purchasers had stopped waiting for a further price decrease and proceeded with their purchases, while more flat owners in old apartments were relocating to new residential buildings with elevators, thereby facilitating pre-sales and sales-through in certain newly completed residential buildings and resulting in an apparently bullish market. However, it was in essence a mere recovery from the previous drastic decrease, with property prices rebounding to a level comparable to that in 2014.

2. The Property is classified according to its use as a property held for investment and its use is for leasing to third parties and for internal use.
3. As stated in the usage license, the building in question is approved to be used for the purpose of G2 strategic industry and studios. Other relevant regulations shall comply with “Article 5 of Taipei City Land Use Zoning Control Regulations – Use Items of Land and Building Usage Groups\*” (台北市土地使用分區管制規則第五條土地及建築物使用組之使用項目).
4. According to the Land and Building Registration Transcription No. 642183 dated 9 December 2020, apart from two maximum mortgages in favour of O-Bank Co., Ltd., with a total value of NT\$1,116,000,000, the target building in question is not subject to restrictions on registration such as notice or court seizure. In addition, as notified by the principal’s legal adviser, there is no litigation or other matters in relation to the Property.
5. In the absence of any apparent reason to suspect potential contamination or any restrictions on the Property and to the best of our knowledge and belief, the Property is considered to be in compliance with the requirements of relevant environmental protection regulations and is not subject to any restrictions.
6. Part of the Property has been contracted for leasing on the following terms:

No. 39, Lane 141, Xing’ai Road is leased to Next TV Broadcasting Limited for a term of 10 years commencing from 1 June 2013 and expiring on 31 May 2023 at a monthly rent of approximately NT\$783,947 (inclusive of tax).

Rent review clause: The rent of the subject property shall be increased in the fourth lease year and the seventh lease year, respectively. The rent shall be increased in accordance with the cumulative average annual rate of increase of the Consumer Price Index (Rent Category) published by the General Accounting Office of the Executive Yuan for the preceding year (i.e., from January to December of 2015 and from January to December of 2018).

Right of priority to lease: If the lessor intends to lease the subject property to a third party after the expiry of the term of this lease (including the period of extension), the lessor shall notify the lessee in writing of the rent, the term of the lease and other important contractual conditions of the subject property proposed by such third party. If the lessee intends to lease the subject property on the same terms, the lessee shall, within 10 days of receipt of the written notice from the lessor, communicate in writing to the lessor the lessee’s intention to exercise its right of priority to lease, upon which the parties shall thereafter enter into another lease agreement on the same terms. If the lessor does not receive the notice from the lessee after the deadline, the lessee shall be deemed not to have exercised the right of priority to lease.

<sup>#</sup> For identification purpose only

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules were as follows:

### Long positions in ordinary Shares and underlying Shares

Name of Directors	Number of Shares held				Number of underlying Shares held under equity derivatives	Total Shares	Percentage of Issued Shares
	Personal interests	Family interests	Corporate interests	Other interests			
Cheung Kim Hung	1,117,699	-	-	-	15,693,430 (Notes 1&2)	16,811,129	0.64
Chow Tat Kuen, Royston	1,224,539	-	-	-	14,273,722 (Notes 1&2)	15,498,261	0.59
Chan Yue Shing	536,480	-	-	-	-	536,480	0.02
Ip Yut Kin	10,200,377	2,630,000	-	-	-	12,830,377	0.49

*Notes:*

- These interests represented options granted to the grantees as beneficial owners under the share option scheme adopted by the Company on 31 July 2014.

2. Details of the Directors' interests in the underlying Shares pursuant to share options granted by the Company under the share option scheme adopted in 2014 are set out below:

Name of Directors	Exercise period	Exercise price (HK\$)	Number of outstanding options
Cheung Kim Hung	29.11.2019–30.07.2024	0.274	15,693,430
Chow Tat Kuen, Royston	04.02.2016–30.07.2024	0.420	1,500,000
	29.11.2019–30.07.2024	0.274	12,773,722

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following person (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Names	Number of Shares/ Underlying Shares held	Percentage of issued shares
Mr. Lai	1,878,657,165 (Note 1)	71.26
Li Wan Kam, Teresa	1,878,657,165 (Note 2)	71.26

Notes:

1. This comprises 1,720,594,935 Shares in which Mr. Lai beneficially owns, 93,124,000 Shares held by Wisdom Click Limited, a BVI-incorporated company wholly-owned by Mr. Lai and 64,938,230 Shares held by a trust of which Mr. Lai is a trustee and is deemed to be interested pursuant to Part XV of the SFO.

2. These Shares represent the same total number of Shares in which Mr. Lai is interested under Part XV of the SFO. Ms. Li Wan Kam, Teresa is the spouse of Mr. Lai and is deemed to be interested in these Shares.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

#### **4. COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates (within the meaning of the Listing Rules) had an interest in any business that competes with or is likely to compete, directly or indirectly, with the business of the Group.

#### **5. INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2020 (being the date to which the latest published audited accounts of the Company were made up).

#### **6. INTERESTS IN CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, there was no contract or arrangement in which any Director was materially interested in and which was significant in relation to the business of the Group.

#### **7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## 8. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation, arbitration or administration proceedings of material importance and there was no litigation, arbitration, administration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 9. MATERIAL CONTRACTS

The members of the Group had, within the date of two years immediately preceding the Latest Practicable Date, entered into the following contracts which were or might be material, other than contracts in the ordinary course of business of the Group:

- (i) the Sale and Purchase Agreement and the Escrow Agreement;
- (ii) Sale and purchase agreement dated 28 February 2019 entered into between Apple Daily Publication Development Limited (the Company's indirect wholly-owned subsidiary) as vendor and Rich Sou Technology Co., Ltd. in relation to the disposal by the Group of the land parcels situated at 68 Bengong 5th Road, Gangshan District, Kaohsiung City, Taiwan and the 3-storey building thereon at a consideration of NT\$310.0 million, further particulars of which are set out in the Company's announcement dated 28 February 2019;
- (iii) Lease agreement dated 16 April 2019 entered into between the Taiwan Branch of Easy Finder Publishing Limited (the Company's indirect wholly-owned subsidiary) and the Taiwan Branch of Next Animation Studio Limited (a company wholly-owned by Mr. Lai) in respect of leasing the properties in Taiwan at a monthly rent of NT\$654,033.0 (inclusive of tax) for a term commencing from 16 April 2019 to 15 April 2022, both dates inclusive, details of which are set out in the Company's announcement date 16 April 2019;
- (iv) three supplemental agreements to the shareholder loan agreement dated 8 November 2018 entered into between Mr. Lai and the Company on 15 November 2019, 10 June 2020 and 16 November 2020 respectively, in respect of Mr. Lai agreed to provide an unsecured term loan facility in an aggregate amount of HK\$756.0 million to the Company;
- (v) a deed of settlement dated 8 November 2019 entered into between the Company as guarantor, Next Media Magazine Limited (the Company's indirect wholly-owned subsidiary) as seller A, Ideal Vegas Limited (the Company's another indirect wholly-owned subsidiary) as seller B and Gossip Daily Limited as the buyer in respect of the settlement of any claims in connection with the sale and purchase agreement dated 25 August 2017 among the parties;

- (vi) business framework agreement dated 30 March 2020 entered into between the Company and Next Animation Studio Limited in respect of the provision of animation services, advertising services and supporting services for a term of three years commencing from 1 April 2020 and ending on 31 March 2023, both dates inclusive, details of which are set out in the Company's announcement dated 30 March 2020; and
- (vii) intellectual properties revenue sharing agreement dated 30 March 2020 entered into between the Company and Next Animation Studio Limited in respect of a revenue sharing arrangement relating to intellectual properties for a term of three years commencing from 1 April 2020 and ending on 31 March 2023, both dates inclusive details of which are set out in the Company's announcement dated 30 March 2020.

## 10. EXPERT'S QUALIFICATION AND CONSENT

The following expert has been named in this circular or has given opinion or advice which are contained in this circular.

<b>Name</b>	<b>Qualification</b>
Global Vision Real Estate Appraisers Firm <sup>#</sup> (遠見不動産估價師事務所)	Independent property valuer

The expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and the references to its names in the form and context in which they appear.

As at the Latest Practicable Date, the expert named above was not beneficially interested in any direct or indirect shareholdings in any member of the Group, or had any right to subscribe for or to nominate persons to subscribe for shares in any members of the Group, or had any interests, directly or indirectly, in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up.

**11. GENERAL**

- (i) The company secretary of the Company is Mr. Chow Tat Kuen, Royston, a fellow member of The Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of Australia.
- (ii) The registered office and principal place of business of the Company is situated at 1/F., 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the place of business of the Company in Hong Kong at 1/F., 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong, during normal business hours on any business day from the date of this circular up to and including 22 January 2021:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for the two years ended 31 March 2019 and 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;
- (iii) the material contracts referred to in the section headed “9. Material Contracts” in this Appendix;
- (iv) the consent letter referred to in the section headed “10. Expert’s Qualification and Consent” in this Appendix;
- (v) the valuation certificate and report of the Property prepared by Global Vision Real Estate Appraisers Firm<sup>#</sup> (遠見不動產估價師事務所), the text of which is set out in Appendix II to this circular; and
- (vi) this circular.

<sup>#</sup> For identification purpose only