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NEXT DIGITAL

NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code : 00282)

CONNECTED TRANSACTION INVOLVING AWARD OF NEW SHARES TO DIRECTORS

The Board announces that it has, on the Award Date, conditionally awarded the Award Shares to Mr. Cheung and Mr. Chow, being all the executive Directors, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

A circular containing advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM is expected to be despatched to Shareholders by no later than 17 December 2018.

The Board announces that it has, on the Award Date, conditionally awarded the Award Shares to Mr. Cheung and Mr. Chow, being all the executive Directors, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE SHARE AWARDS

The key terms of the proposed issue of Award Shares are set out below.

1. Mr. Cheung Kim Hung

Number of new Shares : 1,117,699 Shares, representing approximately conditionally awarded 0.04% of the existing total issued Shares and 0.04% of the total issued Shares as enlarged by the issue of all the Award Shares (assuming no change in the total issued Shares between the date of this announcement and the date of issue of all Award Shares)

Subscription price : As the Shares are to be issued as awards, a nominal amount of HK\$10.00 will be payable by Mr. Cheung on the issue of Award Shares

Value of Award Shares : Approximately HK\$252,600 in aggregate which is calculated using the closing price of the Share of HK\$0.226 on the Award Date

Conditions and timing of issue : The proposed issue of Award Shares is subject to the following conditions:

- (a) Independent Shareholders approving the issue of the Award Shares; and
- (b) the Stock Exchange granting the listing of and permission to deal in the Award Shares.

Subject to Mr. Cheung remaining as a Director on the issue date, 1,117,699 new Shares will be issued on the date of EGM upon obtaining Independent Shareholders' approval.

2. Mr. Chow Tat Kuen, Royston

Number of new Shares conditionally awarded : 924,539 Shares, representing approximately 0.04% of the existing total issued Shares and 0.04% of the total issued Shares as enlarged by the issue of all the Award Shares (assuming no change in the total issued Shares between the date of this announcement and the date of issue of all Award Shares)

Subscription price : As the Shares are to be issued as awards, a nominal amount of HK\$10.00 will be payable by Mr. Chow on the issue of Award Shares

Value of Award Shares : Approximately HK\$208,946 in aggregate which is calculated using the closing price of the Share of HK\$0.226 on the Award Date

Conditions and timing of issue : The proposed issue of Award Shares is subject to the following conditions:

- (a) Independent Shareholders approving the issue of the Award Shares; and
- (b) the Stock Exchange granting the listing of and permission to deal in the Award Shares.

Subject to Mr. Chow remaining as a Director on the issue date, 924,539 new Shares will be issued on the date of EGM upon obtaining Independent Shareholders' approval.

For the purposes of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Cheung does not have any interest in the Shares of the Company as at the date of this announcement. Mr. Chow is interested in 300,000 Shares of the Company and holds outstanding options exercisable into 1,500,000 Shares, which in aggregate representing approximately 0.07% of the total issued Shares as at the date of this announcement.

A total of HK\$20.00 is payable by Mr. Cheung and Mr. Chow for subscription of all the Award Shares. There will be no net proceeds (and therefore no net price per Award Share) from issue of the Award Shares after deduction of expenses. Based on aggregate gross proceeds of HK\$20.00 and a total of 2,042,238 Award Shares, the issue price per Award Share is HK\$0.226.

Assuming there is no change in the total issued Shares after the date of this announcement, the 2,042,238 Award Shares in total represent approximately 0.08% of the total issued Shares as at the date of this announcement and approximately 0.08% of the total issued Shares as enlarged by the issue of all the Award Shares.

Pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 27 July 2018, the Directors are authorized to allot and issue up to 263,416,948 new Shares, representing 10% of the entire issued Shares on the date of passing of the relevant resolution at such annual general meeting. The proposed issue of Award Shares, if so approved, shall be issued under the said general mandate, which has not been utilized since the date of its grant.

The Award Shares have no nominal value and, if and when issued and fully paid, will be free and clear of all liens, encumbrances, equities or other third parties rights and will rank *pari passu* in all respects among themselves and with all other Shares in issue at that time, with the right to receive all dividends and other distributions on the Award Shares declared, made or paid on or after the date of allotment, and the Award Shares are not subject to any vesting condition. Mr. Cheung and Mr. Chow will have the right to dispose the Award Shares and/or exercise the rights underlying the Award Shares in accordance with their own wishes once the Award Shares are issued and allotted to them.

REASONS FOR THE ISSUE OF AWARD SHARES

Currently, the Board comprises two executive Directors, namely Mr. Cheung and Mr. Chow. As connected persons of the Company, they were not eligible for the Employee Share Award Scheme which was adopted in June 2018 even though they are in fact employees of the Group. The proposed issue of the Award Shares provides an additional form of reward for their contribution to the Group, roughly representing the latest monthly salary of Mr. Cheung and Mr. Chow as recorded by the Group and is comparable to the Employee Share Award Scheme. The number of Award Shares was determined by the Board taking into consideration the terms and the number of Shares awarded under the Employee Share Award Scheme and recommendation of the Remuneration Committee of the Company. The Board (excluding the executive Directors) is of the view that the terms of issue of the Award Shares to Mr. Cheung and Mr. Chow are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Cheung and Mr. Chow, being Directors, are connected persons of the Company. Accordingly, the proposed issue of Award Shares is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened at which Independent Shareholders will consider and vote by way of poll on the proposed issue of the Award Shares to Mr. Cheung and Mr. Chow respectively. Each of Mr. Cheung and Mr. Chow, and their respective associates, are required to abstain from voting on the relevant resolution in respect of proposed issue of the Award Shares. An Independent Financial Adviser has been appointed to advise the Independent Board Committee as to whether the terms of issue of the Award Shares are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and the Independent Board Committee will advise the Independent Shareholders as to how to vote on the resolution approving the issue of the Award Shares at the EGM.

Mr. Cheung and Mr. Chow, being the awardees of the Award Shares, are considered as having material interests in the proposed issue and therefore, each of Mr. Cheung and Mr. Chow has abstained from voting on the Board resolution approving his award.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Award Shares to be issued to Mr. Cheung and Mr. Chow.

A circular containing advice from an Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM is expected to be despatched to Shareholders by no later than 17 December 2018.

GENERAL

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 Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

DEFINITIONS

The following terms in this announcement have the meanings as set out below opposite to them:-

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Award Date”	26 November 2018, being the date on which new Shares are conditionally awarded to Mr. Cheung and Mr. Chow
“Award Shares”	an aggregate of 2,042,238 new Shares to be allotted and issued to Mr. Cheung and Mr. Chow
“Board”	the board of Directors of the Company
“Company”	Next Digital Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the issue of the Award Shares
“Employee Share Award Scheme”	the one-off employee share award scheme of the Company adopted on 12 June 2018
“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 People’s Republic of China
“Independent Board Committee”	an independent board committee comprising Mr. Louis Gordon Crovitz, Mr. Mark Lambert Clifford and Mr. Lam Chung Yan, Elic, being all independent non-executive Directors, which is formed to advise to the Independent Shareholders in respect of the issue of the Award Shares

“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the issue of the Award Shares
“Independent Shareholders”	all Shareholders other than Mr. Cheung, Mr. Chow and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Kim Hung, being an executive Director of the Company and chief executive officer of the Group
“Mr. Chow”	Mr. Chow Tat Kuen, Royston, being an executive Director and company secretary of the Company as well as chief financial officer of the Group
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Chow Tat Kuen, Royston
Executive Director

Hong Kong, 26 November 2018

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

Non-executive Directors:

Mr. Lai Chee Ying
(Non-executive Chairman)
Mr. Ip Yut Kin

Independent Non-executive Directors:

Mr. Louis Gordon Crovitz
Mr. Mark Lambert Clifford
Mr. Lam Chung Yan, Elic

Executive Directors:

Mr. Cheung Kim Hung
Mr. Chow Tat Kuen, Royston