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NEXT DIGITAL

NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**INSIDE INFORMATION -
LETTER OF INTENT IN RELATION TO
THE PROPOSED DISPOSAL OF THE PROPERTY
AND
RESUMPTION OF TRADING**

This announcement is made by Next Digital Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 21 February 2019, Apple Daily Publication Development Limited (the “**Vendor**”), an indirect non wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent (referred to as 附停止條件定金(斡旋金)委託書 in Chinese) (the “**LOI**”) with a potential purchaser (the “**Purchaser**”) in relation to the possible disposal (the “**Possible Disposal**”) of all that parcel of land with a gross floor area of approximately 6,538.3 square metres located at 68 Bengong 5th Road, Gangshan District, Kaohsiung City, Taiwan (Republic of China) and the 3-storey building thereon with the total gross floor area of approximately 7,829.5 square metres (the “**Property**”).

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 third parties independent of the Company and not connected with the Company or any of its subsidiaries and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

PRINCIPAL TERMS OF THE LOI

Consideration for the Possible Disposal

Subject to the Sale and Purchase Agreement, the consideration (the “**Consideration**”) for the Possible Disposal is NT\$310.0 million* (equivalent to approximately HK\$78.9 million*) on the basis the Property to be sold free from encumbrances.

The consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the economic factors and the development potential of the Property. The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and its shareholders (“**Shareholders**”) as a whole.

Binding effect and validity of the LOI

The LOI contains certain legally binding provisions such as the Consideration and the forfeiture of deposit. However, the LOI is not legally binding in respect of the Possible Disposal and its terms. The LOI shall be valid until 28 February 2019 (unless extended by mutual agreement between the Vendor and the Purchaser) pending the signing of the formal sale and purchase agreement in relation to the Possible Disposal (the “**Sale and Purchase Agreement**”), otherwise the LOI shall lapse.

INFORMATION ON THE PROPERTY AND REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

The Property is one of the two premises used for the print business operation of the Company in Taiwan but due to the decline of the print business overall, the Property has been idled since April 2018. In view of the current trend of digitalization in the media industry, the other premise of the Company in Taoyuan should be sufficient for its print business operation in Taiwan.

A loan facility (the “**Loan**”) in the amount of NT\$400.0 million* (equivalent to approximately HK\$101.9 million*), which was obtained by the Vendor from Taichung Commercial Bank Co., Ltd. for the purpose of financing the general working capital of the Company and its subsidiaries, is secured, *inter alia*, by a charge over the Property (the “**Charge**”).

The Directors considered that the Possible Disposal enables the Company to realize cash and unlock the value in its investment in the Property at fair market value. Subject to actual circumstances and decision of the Board, the net proceeds to be received by the Vendor from the Possible Disposal will be primarily used to repay the Loan and discharge the Charge which would reduce the finance costs after repayment of certain bank borrowings and more significantly, the operation costs to be saved for disposing the idle Property are estimated to amount to approximately NT\$20.7 million* (approximately HK\$5.3 million*) per annum.

The Directors considered that the LOI is of normal commercial terms, fair and reasonable, and the Possible Disposal is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE VENDOR

The Vendor, an indirect non wholly-owned subsidiary of the Company, is principally engaged in the business of publication and wholesale and retail sale of newspapers as well as provision of general advertising services in Taiwan.

GENERAL

The LOI is not intended to be legally binding. If the Purchaser proceeds with the Possible Disposal, it will enter into the Sale and Purchase Agreement with the Vendor in respect of the Possible Disposal. The final terms of the Sale and Purchase Agreement are subject to further negotiations between the Vendor and the Purchaser and have yet to be finalized, and may therefore deviate from those set out in the LOI. The Possible Disposal, if materializes, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board wishes to emphasize that the Possible Disposal may or may not proceed and that the Company or the Vendor has not entered into any legally binding agreement in relation to the Possible Disposal as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company (the “Shares”). The Company will make further announcement in respect of the Possible Disposal as and when appropriate in compliance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on 22 February 2019 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 February 2019.

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

Hong Kong, 25 February 2019

** 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\$3.927 is used for the purpose of this announcement for reference only.*

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