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

**RESUMPTION GUIDANCE
AND
CONTINUED SUSPENSION OF TRADING**

This announcement is made by Next Digital Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

RESUMPTION GUIDANCE

The Company has on 31 August 2021 received a letter (“**Resumption Guidance Letter**”) from the listing division of the Stock Exchange (“**Listing Division**”) providing, among other things, resumption guidance. The Company has been requested to reproduce in this announcement verbatim certain paragraphs of the Resumption Guidance Letter. In the Resumption Guidance Letter, the Listing Division stated, among others, the matters below.

“Background

1. Trading in the Company's shares has been suspended since 17 June 2021 pending release of inside information.
2. On the same day, the Government of the HKSAR announced that certain directors of the Company had been arrested by the Hong Kong Police for collusion with a foreign country or with external elements to endanger national security, contravening Article 29 of the National Security Law. In this connection, the bank accounts of the Company's three subsidiaries were frozen by the Hong Kong Police.

It is noted that for the same reasons, other individuals including Mr. Lai Chee Ying (former executive director and chairman and current controlling shareholder of the Company) were also arrested on 10 August 2020. They were also suspected of conspiracy to defraud.

3. On 28 July 2021,
 - (a) The Government announced its appointment of an inspector under the Companies Ordinance to investigate the Company's affairs. As stated in the announcement, it appears that (i) the Company has been run in a manner

unfairly prejudicial to the interests of its shareholders and creditors; (ii) the officers of the Company have used the Company to conduct unlawful activities and have themselves been involved in various alleged fraud offences and misconduct closely associated with the Company's affairs; (iii) the senior officers of the Company have breached their fiduciary duties and failed to observe proper standards of care in the performance of their duties and failed to observe proper standards of care in the performance of their duties; and (iv) the Company's governance has seriously fallen short of that expected of a listed company.

- (b) The Securities and Futures Commission issued a statement that it had also been making enquiries of the Company for matters subject to the Securities and Futures Ordinance.
4. On 18 August 2021, the Financial Reporting Council announced that it would initiate (i) an enquiry into the Company's financial statements for the two years ended 31 March 2019 and 2020 and the six months ended 30 September 2020 and (ii) an investigation into Deloitte Touche Tohmatsu and CCTH CPA Limited, both former auditors of the Company.
5. Other developments include:
- (a) On 24 June 2021, Hong Kong Apple Daily and Next Magazine in their digital form ceased updating and Hong Kong Apple Daily printed its last edition.
 - (b) On 25 June 2021, the Company announced the delay in publishing its annual results for the year ended 31 March 2021 (the **2021 Annual Results**). The delay was due to additional time required for its auditor to perform audit work and assess the financial impact on the 2021 Annual Results due to recent investigation issues of the Company.
 - (c) On 30 June 2021, the Company signed a letter of intent with an independent potential purchaser for a possible disposal of its subsidiary that operates the online edition of Taiwan Apple Daily. The Company did not announce a definitive timeline.
 - (d) On 14 July 2021, the Company entered into an agreement to sell 15 parcels of land and 5 buildings thereon located in Taiwan. The disposal proceeds would be used to repay bank loans and as general working capital.
 - (e) On 9 August 2021, the Company announced that it had issued a surrender notice to the Hong Kong Science and Technology Parks Corporation to offer to surrender the lease in respect of its business premises in Tseung Kwan O Industrial Estate.
 - (f) After trading suspension, the two executive directors of the Company resigned from their positions as directors and other positions within the Company
6. On 17 June 2021, the Exchange requested the Company to provide an assessment on whether it maintains a sufficient level of operations and assets to warrant its continued listing status under Rule 13.24 of the Listing Rules. Despite the Exchange's repeated requests, the Company has been unable to provide a substantive reply.

Issues and Resumption Guidance

7. Given the above, the following issues have arisen:
 - (a) The Company might have failed to comply with Rule 8.02 which, as a basic condition for continued listing, requires the Company to be in conformity with the laws of the place of its incorporation (Hong Kong). There is also an issue that the directors of the Company (including ex-directors who remain to have substantial influence over the Company) might have failed to fulfil fiduciary duties and duties of skill, care and diligence as required under Rule 3.08 and might not have the character, integrity and be able to demonstrate a standard of competence as required under Rule 3.09.
 - (b) With the Company having failed to publish the 2021 Annual Results as required under the Listing Rules, the Exchange has been unable to monitor the Company's business activities, operation status and financial performance to assess whether it complies with its continuing listing obligation under Rule 13.24. This issue is particularly concerning given the Company's inability to provide its assessment on its compliance with the Rule and the fact that it has ceased its businesses in Hong Kong and signed a letter of intent to dispose of its operation of the online edition of Taiwan Apple Daily, among other developments mentioned in the Background above.

These issues, individually or collectively, give rise to an issue as to whether the Company remains suitable for continued listing. For reference, see our Guidance Letter (GL96-18), in particular paragraphs 16 to 18 (on suitability issues concerning directors or persons with substantial influence) and paragraphs 23 to 24 (on non-compliance with laws and regulations).

8. In these circumstances, we consider it appropriate to set out the following resumption guidance for the Company:
 - (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
 - (b) demonstrate the Company's compliance with Rule 13.24;
 - (c) demonstrate that the business and affairs of the Company are conducted in conformity with the applicable laws;
 - (d) demonstrate that each of the Company's directors (including any ex-director who remains to have substantial influence over the Company) fulfils the requirements under Rule 3.09 and has the ability to meet the duties set out in Rule 3.08; and
 - (e) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.
9. For the avoidance of doubt, the Company must remedy all the issue(s) causing its trading suspension that may arise from time to time and fully comply with the Listing Rules to the Exchange's satisfaction before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The above resumption guidance was set for the purpose of assisting the Company and may be modified or supplemented if the Company's situation changes.

10. Under Rule 6.01A, the Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on **16 December 2022**. If the Company fails to remedy the issue(s) causing its trading suspension, fulfill the resumption guidance and fully comply with the Rules to the Exchange's satisfaction and resume trading in its shares by **16 December 2022**, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing.
11. In the meantime, the Exchange reserves all its rights under the Listing Rules. Such rights include, among others, the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately under Rules 6.01 and 6.10 at any time as it considers appropriate.”

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 17 June 2021 and will remain suspended until further notice.

By Order of the Board
Ip Yut Kin
Chairman

Hong Kong, 3 September 2021

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

Non-executive Director:
Mr. Ip Yut Kin (*Chairman*)

Independent Non-executive Directors:
Mr. Louis Gordon Crovitz
Dr. Mark Lambert Clifford
Mr. Lam Chung Yan, Elic