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ADOPTION OF SHARE AWARD SCHEME AND GRANT OF AWARD SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that it has on 12 June 2018 adopted the Scheme, which is an incentive measure with a view to aligning the interests of Selected Employees directly to that of the Shareholders' through ownership of Shares, and thereby encouraging employees' further contribution to the Group.

The Award Shares are unconditional awards to the Selected Employees in addition to their normal monthly salary. The subscription money for the Award Shares will be fully paid by member(s) of the Group.

The Award Shares will be issued pursuant to a general mandate granted by Shareholders at the Company's annual general meeting held on 28 July 2017.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in, the Award Shares.

The Board is pleased to announce that it has adopted the Scheme on the Adoption Date. A summary of some of the principal terms of the Scheme is set out below:

THE SCHEME

Purpose of the scheme and duration

The Scheme has been adopted as an incentive measure with a view to aligning the interests of Selected Employees directly to that of the Shareholders' through ownership of Shares, and thereby encouraging employees' further contribution to the Group.

In addition, there will not be and actual cash outflow by the Group in respect of paying up the Award Shares granted under the Scheme to provide incentives to the Selected Employees. In this regard, the Directors consider that the terms of the Scheme are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Scheme is a one-off incentive scheme and shall lapse after allotment and issuance by the Company of all the Award Shares in accordance with the Scheme rules.

The Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the rules of the Scheme. The decisions of the Board as to all matters relating to the Scheme or its interpretation shall be final and binding.

Grantees under the Scheme and particulars of issuance

All Selected Employees who are in full-time employment with the Group are entitled to Award Shares PROVIDED THAT no connected person of the Company shall be eligible to participate in the Scheme. The Selected Employees' entitlements under the Scheme are as follows:-

- (i) For Selected Employees who have attained employment with any member of the Group for one year or more as at the Reference Date: each of them will receive an offer for Award Shares allotted and issued in his/her name which are valued, by reference to the issue price of the Award Shares, to be approximately the same as his/her latest monthly salary as recorded by the Group; and
- (ii) For Selected Employees who have attained employment with any member of the Group for less than one year as at the Reference Date: each of them will receive an offer for Award Shares allotted and issued in his/her name which are valued, by reference to the issue price of the Award Shares, to be approximately the same as one half of his/her latest monthly salary as recorded by the Group.

The Award Shares are unconditional awards to the Selected Employees in addition to their normal monthly salary.

The subscription money for the Award Shares will be fully paid by member(s) of the Group and the Selected Employees are not required to contribute any subscription money after confirming acceptance and accordingly, no funds will be raised for the Group as a result of the allotment and issue of the Award Shares.

The Awards Shares, once issued, will rank equal to all other Shares in issue at that time and the Award Shares are not subject to any vesting condition. The Selected Employees will therefore have the right to receive dividends on the Awards Shares, dispose of the Award Shares and/or exercise the rights underlying the Award Shares as per his/her own wishes once they are issued.

Issue price and number of Award Shares to be issued

The closing price of the Shares of HK\$0.250 has been adopted as the issue price of the Award Shares under the Scheme. It represents:

- (i) no premium over or discount to the closing price of the Shares of HK\$0.250 as at the Adoption Date;
- (ii) a premium of approximately 1.215% over the average closing price in the 5 consecutive trading days immediately prior to the Adoption Date; and

(iii) a premium of approximately 1.215% over the average closing price in the 10 consecutive trading days immediately prior to the Adoption Date.

For illustration purpose, based on the total of 2,485 Selected Employees and their respective latest monthly salary, the issue price of the Award Shares as stated above, and assuming full acceptances, the Company estimates that a total of 204,586,920 Award Shares will be issued under the Scheme, representing 8.412% of the total number of Shares in issue as at the date of this announcement, and 7.759% of the total number of issued Shares on an as-enlarged basis assuming no other changes to the number of Shares in issue. An aggregate amount of approximately HK\$51,146,730 is expected to be recorded as fully paid in respect of the Award Shares to be issued.

At the Company's annual general meeting held on 28 July 2017, the Shareholders granted the Board a general mandate pursuant to an ordinary resolution passed at the meeting, authorizing the Board to allot and issue a maximum of 486,365,376 Shares. The Award Shares are to be issued under the said general mandate, which has not yet been fully utilized since the date of its grant, and accordingly, the issuance of the Award Shares under the Scheme does not require separate approval by the Shareholders.

TERMINATION

The Scheme shall terminate upon allotment and issuance of all Award Shares to all Selected Employees who accepted the offer of Award Shares granted in accordance with the Scheme.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in, the Award Shares.

The Company has not undertaken any fundraising by way of issue of equity securities during the 12 months immediately preceding the date of this announcement.

The Award Shares under the Scheme will not be issued to connected persons of the Company and do not form part of any other equity incentives scheme of the Company. The Scheme is an one-time incentive program and as such, no further Awards will be made under the Scheme. Having said that, the Directors place great emphasis on the Group's employees and therefore are open to providing further incentive in the form of equity in the future based on the Company's performance. Such incentive will only be made under programs other than the Scheme.

DEFINITIONS

“Adoption Date”	12 June 2018
“Award Shares”	those award shares to be awarded to the Selected Employees under the subject to the terms and conditions of the Scheme
“Board”	the board of Directors
“Company”	Next Digital Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong))
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reference Date”	12 June 2018, which is determined by the Board as the reference date on which an award under the Scheme is made
“Scheme”	the employee share award scheme of the Company adopted by the Board on the Adoption Date
“Selected Employee(s)”	Full-time employee(s) of any member of the Group as selected by the Board in its discretion to be eligible to participate in the Scheme, who is/are not a connected person, and whose employment with the Group is/are not subject to contractual renewal or the subject of any employment termination notice as at the Reference Date
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 12 June 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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Mark Lambert Clifford
Mr. Louis Gordon Crovitz
Dr. Bradley Jay Hamm
Mr. Lam Chung Yan, Elic