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**NEXT DIGITAL**

**NEXT DIGITAL LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code : 00282)**

## **CONTINUING CONNECTED TRANSACTION LEASE OF PROPERTIES IN TAIWAN**

On 16 April 2019, the Taiwan Branch of EFP as the Lessor, an indirect wholly-owned subsidiary of the Company, entered into a Lease Agreement with the Taiwan Branch of NAS as the Lessee, pursuant to which the Lessor agreed to lease the Properties to the Lessee for a term commencing from 16 April 2019 to 15 April 2022 (both days inclusive).

As NAS is 100% beneficially owned by Mr. Lai, a non-executive Director and chairman as well as the controlling Shareholder of the Company holding 1,878,657,165 Shares as at the date of this announcement, representing approximately 71.26% of the total issued Shares of the Company, NAS is an associate of Mr. Lai and therefore a connected person of the Company. Accordingly, the entering into of the Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules for the rent payable under the Lease Agreement on an annual basis exceed 0.1% but fall below 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

### **LEASE AGREEMENT**

The principal terms of the Lease Agreement are set out below:

Date	16 April 2019
Parties	(1) The Taiwan Branch of EFP (as Lessor) (2) The Taiwan Branch of NAS (as Lessee)

Properties	The properties with a gross floor area of approximately 2,020.13 square metres located at (i) 2/F., Nos. 36, 38, 40 and 42 and (ii) 3/F., Nos. 40 and 42 on Lane 141, Xing'ai Road, Neihu District, Taipei City 114, Taiwan (including 3 car parking spaces)
Use	Office premises
Term	From 16 April 2019 to 15 April 2022 (both days inclusive)
Rent	NT\$654,033.00 (equivalent to approximately HK\$166,209.15) per month (inclusive of tax)
Rental Deposit	The Lessee is required to pay a deposit of NT\$1,962,099.00 (equivalent to approximately HK\$498,627.45) (inclusive of tax), being an amount which is equal to 3 months of rent, as guarantee of its performance of obligations under the Lease Agreement

## **ANNUAL CAPS**

The table below sets out the maximum caps for the annual rent payable by the Lessee for each of the 12-month period during the term of the Lease Agreement:

<b>Period</b>	<b>Annual Caps</b>
From 16 April 2019 to 15 April 2020 (both days inclusive)	NT\$7,848,396.00 (equivalent to approximately HK\$1,994,509.78)
From 16 April 2020 to 15 April 2021 (both days inclusive)	NT\$7,848,396.00 (equivalent to approximately HK\$1,994,509.78)
From 16 April 2021 to 15 April 2022 (both days inclusive)	NT\$7,848,396.00 (equivalent to approximately HK\$1,994,509.78)

The annual caps for each of the aforesaid periods are determined by reference to the monthly rent payable by the Lessee under the Lease Agreement.

## **INFORMATION OF THE PARTIES**

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 as well as provision of newspapers, books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia.

The Lessee is principally engaged in animation production, development and production of fast animated news, high quality original animation for delivery across media channels and innovative VR content in Taiwan, Hong Kong, Japan and the United States.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

The Board considered that the entering into of the Lease Agreement allows for more efficient use of the current resources and will not affect the business operation of the Group in Taiwan.

The rent under the Lease Agreement is determined after arm's length negotiations with reference to the prevailing market rates of comparable office premises in Neihu District, Taipei City in Taiwan and taking into account the rent payable by the Lessor under the Leaseback Tenancy Agreement.

The Board (including the independent non-executive Directors) also considered that the Lease Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Group, and that the terms of the Lease Agreement including the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As NAS is 100% beneficially owned by Mr. Lai, a non-executive Director and chairman as well as the controlling Shareholder of the Company holding 1,878,657,165 Shares as at the date of this announcement, representing approximately 71.26% of the total issued Shares of the Company, NAS is an associate of Mr. Lai and therefore a connected person of the Company. Accordingly, the entering into of the Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, except for Mr. Lai who has abstained from voting on the relevant Board resolutions for approving the Lease Agreement (including the annual caps) and the transactions contemplated thereunder, none of the Directors has interests in such transactions.

As the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules for the rent payable under the Lease Agreement on an annual basis exceed 0.1% but fall below 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Next Digital Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EFP”	Easy Finder Publishing Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“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
“Lease Agreement”	the lease agreement dated 16 April 2019 entered into between the Taiwan Branch of EFP, as lessor, and the Taiwan Branch of NAS, as lessee, in respect of the leasing of the Properties
“Leaseback Tenancy Agreement”	the leaseback of all the buildings and 107 car parking spaces located on the ground floor with the total gross floor area of approximately 8,957.10 square metres constructed on the parcel of land located at 2 <sup>nd</sup> – 5 <sup>th</sup> Floors, Nos. 36, 38, 40 and 42, Lane 141, Xing’ai Road, Neihu District, Taipei City 114, Taiwan, entered into between Taiwan Life Insurance Co., Ltd. as the lessor and EFP as the lessee on 11 January 2019 for a term of 10 years

“Lessee”	the Taiwan Branch of NAS
“Lessor”	the Taiwan Branch of EFP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lai”	Mr. Lai Chee Ying, a non-executive director and chairman as well as controlling Shareholder of the Company holding 1,878,657,165 Shares as at the date of this announcement, representing approximately 71.26% of the total issued Shares of the Company
“NAS”	Next Animation Studio Limited, a company incorporated in Hong Kong which is 100% beneficially owned by Mr. Lai
“NT\$”	New Taiwan Dollars, the lawful currency of Taiwan
“Properties”	the properties with a gross floor area of approximately 2,020.13 square metres located at (i) 2/F., Nos. 36, 38, 40 and 42 and (ii) 3/F., Nos. 40 and 42 on Lane 141, Xing’ai Road, Neihu District, Taipei City 114, Taiwan (including 3 car parking spaces)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Taiwan, Republic of China
“%”	per cent

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

Hong Kong, 16 April 2019

*In this announcement, the exchange rate of HK\$1.00 = NT\$3.935 is 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