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RESIGNATIONS OF DIRECTORS
AND
CONTINUED SUSPENSION OF
TRADING

The board of directors (“Board”) of Next Digital Limited (the “Company” or “Next Digital” and together with its subsidiaries, the “Group”) hereby announces the resignations of all the directors of the Company with effect from 23:59 (Hong Kong time) on 5 September 2021.

RESIGNATIONS OF DIRECTORS

Mr. Ip Yut Kin has tendered his resignation as a non-executive director and chairman of the Company and Mr. Louis Gordon Crovitz, Dr. Mark Lambert Clifford and Mr. Lam Chung Yan, Elic have tendered their resignations as independent non-executive directors of the Company, all with effect from 23:59 (Hong Kong time) on 5 September 2021. Please refer to the appendix to this announcement for the Board’s statement.

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, 5 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

Appendix

Board's statement

STATEMENT BY THE MEMBERS OF THE
BOARD OF DIRECTORS OF NEXT DIGITAL

5 SEPTEMBER 2021

The four members of the Next Digital Board of Directors are stepping down from their roles in order best to protect shareholders, creditors, employees and former employees.

A timeline of events will help explain the reasons for this decision: The trading of shares in Next Digital have been suspended since 17 June 2021. On this day, two members of the Board of directors were arrested in Hong Kong and charged with violating the National Security Law. The same day, the Hong Kong Secretary for Security cited the National Security Law to freeze company bank accounts, including those for Apple Daily newspaper in Hong Kong and its digital operations. The Secretary for Security further instructed that it would be a crime for the Company to use its funds in other accounts to pay any expenses on behalf of these operations. This meant the Company could no longer legally pay Apple Daily's staff, including reporters, and the Company was also banned from paying costs of doing business such as buying ink and keeping the electricity on. The Company has assets, but was prohibited from using them. No court order was required to freeze assets under the terms of the National Security Law. As a result, the Board determined that it must close down the Apple Daily operations in Hong Kong. On 24 June 2021, Apple Daily and its digital operations ceased publishing.

Following the arrests of the two directors of the Company and last year of founder Jimmy Lai, seven former Next Digital executives, editors and editorial writers have also been arrested under the National Security Law. The Hong Kong government has never indicated which articles published by Apple Daily allegedly violated the National Security Law. This uncertainty created a climate of fear, resulting in many resignations among the remaining staff at the Company in Hong Kong, including those responsible for the regulatory compliance duties of a publicly traded company.

We observe that the events affecting the Company and its people following the invocation of the National Security Law occurred despite there having been no trials and no convictions. Under this new law, a company can be forced into liquidation without the involvement of the courts.

We have concluded that the best interests of shareholders, creditors, employees and other stakeholders will be served by an orderly liquidation, which we hope will result in liquidators being allowed by the Hong Kong government to authorize payments that directors were banned from approving, including for creditors and for former staff. We also hope that liquidators will be able to conclude value-creating transactions that would generate funds to benefit creditors. As has been disclosed by the Company, several parties have expressed interest in acquiring the operations of Apple Daily in Taiwan. There is also value in assets such as the unique intellectual property created since Apple Daily was founded in 1995.

We would like to take this opportunity to thank the shareholders of Next Digital for their support. Media reports indicate that there was a significant increase in the purchase of shares in May 2021, following the invocation of the National Security Law to freeze founder Jimmy Lai's bank accounts and deny him the right to vote his 71% of the shares in the Company.

We would also like to thank the many businesses and service providers that worked with Next Digital over the years, including advertisers that continued to place ads in Apple Daily despite political pressures to comply with an advertising boycott.

We are grateful for the professionalism and personal bravery of our staff, from journalists to drivers and from accountants to security personnel. We deeply regret the loss of employment of hundreds of people in Hong Kong.

Most importantly, we thank the readers of Apple Daily. You put your trust in the work of our journalists, and you understand that a free society and free markets depend on the free flow of information. As Apple

Daily often observed, Hong Kong people have a collective memory of what life was like elsewhere when freedom of speech was denied: No other rights are safe. In 2019, when Apple Daily launched its program of charging a subscription price for access to its website and mobile products, more than 500,000 Hong Kong people quickly subscribed out of the total population of 7.5 million—by far the greatest penetration of digital subscribers of any news publisher in the world. More than one million copies were printed of the final print issue of Apple Daily. Loyal readers reaffirmed Apple Daily’s editorial commitment to Hong Kong values of the rule of law, open markets, greater democracy and individual opportunity.

We are confident that the Company’s founder, majority shareholder and former chairman, Jimmy Lai, would join us in these expressions of gratitude if he were able to communicate from his prison cell.

Finally, the communication required by the Stock Exchange of Hong Kong upon the resignation of directors: None of the four directors has any disagreement with the Board, and there are no matters needed to be brought to the attention of the shareholders of the Company in relation to the resignations. The Board is not aware of any other matters in relation to these resignations that would need to be brought to the attention of the shareholders of the Company.

Mr. Ip Yut Kin, Chairman
Dr. Mark Lambert Clifford
Mr. Louis Gordon Crovitz
Mr. Lam Chung Yan, Elic