

# Security Bureau clarifies key facts to prevent members of the public from being misled

â€‹The Security Bureau today (September 6) considers it necessary to clarify the key facts as regards the misleading remarks made by members of the Board of Directors of Next Digital Limited (Stock Exchange of Hong Kong Stock Code:282) in their announcement of stepping down from their roles, so as to prevent members of the public from being misled.

First, any prosecution and other law enforcement actions taken by the law enforcement agencies are based on evidence, strictly according to the law, and for the acts of the persons or entities concerned. The prosecution case (covering acts, statements and articles alleged to be relevant to the charge) has already been stipulated clearly in the allegations submitted by the prosecution to the court in writing during the legal proceedings and supplied to the defendants. During the stage of mention hearing, the prosecution case will only be disclosed to the defendants (including their legal representatives) but not the general public. It is the prevailing arrangement in criminal proceedings, so as to ensure that future hearing could be conducted fairly.

Second, as regards decisions on freezing properties, the Secretary for Security issued notices for freezing of property in writing pursuant to the relevant provisions of Schedule 3 to the Implementation Rules under the Hong Kong National Security Law on two occasions, respectively freezing in May 2021 the shares of Next Digital Limited held by Lai Chee-ying and the property in the local bank accounts of three overseas companies owned by Lai, and freezing in June the property in the local bank accounts (amounting to around HKD 18 million) of three subsidiaries related to the publication and online businesses of the Apple Daily (i.e. Apple Daily Limited, Apple Daily Printing Limited and AD Internet Limited) respectively.

The Security Bureau emphasises that the written notices for freezing of property issued in June only include the three subsidiaries mentioned above. Moreover, "offence related property", which can be subject to freezing actions, is clearly defined under Schedule 3 to the Implementation Rules of the Hong Kong National Security Law. Law enforcement authorities exercise their powers conferred to them by the Hong Kong National Security Law, Implementation Rules and other relevant laws strictly in accordance with the law and relevant procedures.

Third, in its announcement in May 2021, Next Digital Limited stated that the group had sufficient liquidity, and as at March 31, 2021, the group had a working capital of approximately HKD 520 million, which would be sufficient for the operation of Next Digital Limited for 18 months from April 2021 onwards. Next Digital Limited subsequently made an announcement in July 2021, disclosing that it had made an early loan repayment of HKD 150 million to its

former chairman and major shareholder. The above situation shows that there is no such thing as Next Digital Limited being forced into liquidation due to a lack of funds arising from enforcement actions. By putting the blame of its operational decision on law enforcement actions, Next Digital Limited is trying to shift its responsibility, with law enforcement authorities which act in accordance with the law as scapegoat, and maliciously smearing the Hong Kong National Security Law.

Members of the public should instead pay attention to the previous financial reports of Next Digital Limited, which stated that there was still considerable time to go before the loan concerned was due. This casts doubt as to whether such repayment was potentially intended to defraud the company's creditors. The Security Bureau notes that this particular point was one of the key concerns raised when the Financial Secretary earlier announced the appointment of the Inspector pursuant to the Companies Ordinance to investigate into the affairs of Next Digital Limited.

The Security Bureau expresses regret over the misleading statements by the members concerned of the Board of Directors of Next Digital Limited. The law enforcement authorities will continue to handle the case and pursue legal action strictly in accordance with the law. Members of the public should recognise the facts and avoid being misled.