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Telecom Digital Holdings Limited
電訊數碼控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6033)

CONTINUING CONNECTED TRANSACTIONS SURRENDER AGREEMENT

SURRENDER AGREEMENT

Reference is made to the announcement of the Company dated 31 March 2023 in relation to the 2023/24 Tenancy Agreements entered into between East-Asia Group and the Group in which setting out the terms and conditions for leasing of properties for a term up to 31 March 2024.

On 4 August 2023, TDS has entered into the Surrender Agreement with GEL to surrender the Surrendered Premise under the 2023/24 Tenancy Agreements. In accordance with the terms and conditions of the Surrender Agreement, TDS shall surrender the Surrendered Premise under the 2023/24 Tenancy Agreements to GEL on 12 August 2023, the tenancy of the Surrender Premise shall be absolutely ceased and terminated, and both parties shall release with each other from all liabilities and obligations regarding to the Surrender Premise thereof.

As at the date of this announcement, GEL is a wholly-owned subsidiary of East-Asia, and East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued shares of the Company. As such, each of East-Asia and GEL is a connected person of the Company under the Listing Rules and the Surrender Agreement constitutes continuing connected transaction for the Company. Accordingly, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fees with East-Asia Group are less than 5% but the revised aggregate annual fees are more than HK\$3,000,000, the revised aggregate annual fees for the transactions with East-Asia Group are subject to the announcement, annual review and reporting requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Details of the tenancy of the Surrender Premise under the Surrender Agreement are as follows:

Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
Unit 3602, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2023– 31 March 2024 <i>(tenancy to be terminated on 12 August 2023)</i>	72,017

TRANSACTIONS WITH EAST-ASIA GROUP

(i) *Details of the 2023/24 Tenancy Agreements and 2023/24 Licence Agreements after entering into the Surrender Agreement:*

(A) *2023/24 Tenancy Agreements*

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
1	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	TDS	GEL	Shop	1 April 2023– 31 March 2024	155,000
2	Room 3601 and Portion B of 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	13 August 2023– 31 March 2024	82,685
3	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2023– 31 March 2024	51,117
4	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2023– 31 March 2024	58,608

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
5	Shop A4, G/F., Kam Wah Mansion, No. 226-242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2023– 31 March 2024	98,000
6	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2023– 31 March 2024	53,500
7	19/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2023– 31 March 2024	413,424
8	Roof Level of Ho King Commercial Centre, 2-16 Fa Yuen Street, Mong Kok, Kowloon	CTL	TPIL	Cell site	1 April 2023– 31 March 2024	2,800
9	Unit A025, 1/F., Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2023– 31 March 2024	98,000
10	Shop C28 & C29, 1/F., Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2023– 31 March 2024	77,000
11	Roof Level of Flat E on 22/F. of Block 5, Hong Kong Garden (Phase 1), 101 Castle Peak Road, Tsing Lung Tau, New Territories	CTL	TSL	Cell site	1 April 2023– 31 March 2024	2,800
12	Shop 6, Wing Light Building, 68-76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2023– 31 March 2024	98,000
13	Portion A of Ground Floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong	TDS	SCL	Shop	1 April 2023– 31 March 2024	72,000
14	Unit 1801 to Unit 1809 and Unit 1812 to Unit 1820, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, The People's Republic of China	TDM	Marina	Customer service center and IT support office	1 April 2023– 31 March 2024	105,000

(B) 2023/24 Licence Agreements

Car-Parking Space	Address	Licensee	Licensor	Usage	Term	Monthly licence fee HK\$
1	Carparking Space Nos. 5, 6 and 7 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	TDS	GIL	Carparking space	1 April 2023– 31 March 2024	11,400
2	Carparking Space Nos. 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	TDS	GEL	Carparking space	1 April 2023– 31 March 2024	19,000

(ii) Provision of properties refurbishment, repair and maintenance services by SCL to TDS

SCL has been providing services to TDS for properties refurbishment, repair and maintenance for the retail shops of the Group. In consideration for such services, TDS will pay a fixed monthly service fee of HK\$60,000 to SCL which is determined with reference to the prevailing market rate of the similar services in market for the works to be required by the Group. The service fees charged by SCL shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The Group will consult with no less than two independent third parties for quotations and market transaction prices of the same type of services.

Revised annual cap for the transactions with East-Asia Group

Reference is made to the announcement of the Company dated 31 March 2023 in relation to the continuing connected transactions of the Company. The annual cap for the above-mentioned transactions with East-Asia Group was HK\$18,370,000 for the year ending 31 March 2024.

After entering into the Surrender Agreement, it is expected that the revised aggregate annual fees to be paid/payable for the transactions with the East-Asia Group for the year ending 31 March 2024 will be decreased to not exceed HK\$17,830,000. For the purpose of compliance with the Listing Rules, the revised aggregate annual fee is treated as the annual cap of the transactions with East-Asia Group for the year ending 31 March 2024.

Reason and benefit for entering into Surrender Agreement

The Group is currently using the Subject Property as office. Given the uncertainties and challenges faced by the economies, the Group keeps implementing stricter financial control, streamlining structure and expenditure austerity. Therefore, the Group decided to streamline one of the backend offices of the Subject Property on August 2023. After surrender the Surrender Premise, the Group would keep the remaining portion of the Subject Property as defined under Property 2 above as office. The Surrender Agreement was entered to surrender the Surrendered Premise.

The terms of the Surrender Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The Directors (except the Cheung Brothers being the Directors who have material interests in the Surrender Agreement and who abstained from participating in the approval of the relevant Board resolutions due to conflict of interest), including the independent non-executive Directors, considered that the terms of the Surrender Agreement are fair and reasonable and the Surrender Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

Listing Rules Implications

As at the date of this announcement, GEL is a wholly-owned subsidiary of East-Asia, and East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued shares of the Company. As such, each of East-Asia and GEL is a connected person of the Company under the Listing Rules and the Surrender Agreement constitutes continuing connected transaction for the Company. Accordingly, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fees with East-Asia Group are less than 5% but the revised aggregate annual fees are more than HK\$3,000,000, the revised aggregate annual fees for the transactions with East-Asia Group are subject to the announcement, annual review and reporting requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is listed on Main Board of the Stock Exchange. The Group is principally engaged in the telecommunications and related business in Hong Kong, including (i) product business: sales of electronic devices, other consumer goods and related services; (ii) operation services: provision of operation services to Sun Mobile Limited, an associate owned as to 40% by the Group and as to 60% by HKT Limited; (iii) property investments in Hong Kong; and (iv) other segments: comprises mainly provision of paging and other communication services.

East-Asia, an investment holding company, is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued share capital of the Company. Therefore, East-Asia is a connected person of the Company.

GEL is a wholly-owned subsidiary of East-Asia and the principal business activities is properties investment.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2023/24 Licence Agreements”	the licence agreements dated 31 March 2023 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the terms for use of Carparking Spaces from 1 April 2023 to 31 March 2024
“2023/24 Tenancy Agreements”	all the separate individual tenancy agreements dated 31 March 2023 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the tenancy for the Properties from 1 April 2023 to 31 March 2024
“Board”	the board of Directors
“Carparking Spaces”	the carparking space nos. 5, 6, 7, 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
“Cheung Brothers”	Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny
“Cheung Family Trust”	a discretionary trust established for the benefit of the Cheung Brothers and their family members
“Company”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6033)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“East-Asia”	East-Asia Pacific Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly wholly-owned by the Cheung Family Trust and thus a connected person of the Company
“East-Asia Group”	East-Asia and its subsidiaries
“GEL”	Glossy Enterprises Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by East-Asia which is indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company

“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Property”	Room 3601-3602, and Portion B of 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories, Hong Kong
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Surrender Agreement”	the surrender agreement dated 4 August 2023 entered into between TDS and GEL in relation to the surrender of the Surrendered Premise
“Surrender Premise”	Room 3602, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories, Hong Kong
“TDS”	Telecom Digital Services Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“%”	per cent

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

By Order of the Board
Telecom Digital Holdings Limited
Cheung King Shek
Chairman

Hong Kong, 4 August 2023

As at the date of this announcement, the executive Directors are Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby, Mr. Cheung King Fung Sunny, Mr. Wong Wai Man and Ms. Mok Ngan Chu, and the independent non-executive Directors are Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing.

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.