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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 TRANSACTION TENANCY AGREEMENT

On 15 September 2021, SCL as landlord entered into the Tenancy Agreement with TDS as tenant in relation to the tenancy of the Property.

SCL is a wholly-owned subsidiary of East-Asia. East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the shares of the Company in issue. As such, each of East-Asia and SCL is a connected person of the Company under the Listing Rules.

Accordingly, the transaction contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Tenancy Agreement is required to be aggregated with the existing transactions with East-Asia Group (which are also continuing connected transactions for the Company).

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees to the transactions with East-Asia Group for the year ending 31 March 2022 are less than 5% but the aggregate annual fees are more than HK\$3,000,000, the transactions with East-Asia Group and the aggregate annual fees for the year ending 31 March 2022 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.

Pursuant to HKFRS 16 "Leases", the Company will recognise leases that having a lease term of 12 months or less as short-term leases. Accordingly, the rental payment to be made by the Group under the Tenancy Agreement will be recognised as expenses in the consolidated statement of profit or loss of the Group.

On 15 September 2021, SCL as landlord entered into the Tenancy Agreement with TDS as tenant in relation to the tenancy of the Property.

TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are set out below:-

Landlord	:	SCL
Tenant	:	TDS
Property	:	Portion A of Ground Floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong
Usage	:	Shop
Area	:	152 square feet
Term	:	from 16 September 2021 to 31 March 2022 (both days inclusive)
Rent	:	HK\$72,000 per month (all fees exclusive)

REVISED ANNUAL CAP FOR TRANSACTIONS WITH EAST-ASIA GROUP

Reference is made to the announcements of the Company dated 1 April 2021, 26 April 2021 and 18 May 2021 in relation to the continuing connected transactions of the Company. The annual cap for the transactions with East-Asia Group was HK\$17,740,000 for the year ending 31 March 2022.

After entering into the Tenancy Agreement, it is expected that the aggregate annual fees for the transactions with East-Asia Group to be paid/payable by the Group to the East-Asia Group for the year ending 31 March 2022 will not exceed HK\$18,210,000. For the purpose of compliance with the Listing Rules, the aggregate annual fees are treated as the annual cap of the transactions for the year ending 31 March 2022.

EXISTING TRANSACTIONS WITH EAST-ASIA GROUP

(A) 2021/22 Tenancy Agreements

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
1	Roof of 17/F, Cheron Court, Hung Hom, Kowloon	CTL	GEL	Cell site	1 April 2021– 31 March 2022	4,700
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	TDS	GEL	Shop	1 April 2021– 31 March 2022	155,000
3	Units 1–2 and Portion B of Unit 12, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2021– 31 March 2022	154,702
4	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2021– 31 March 2022	51,117

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
5	Portion A of Unit 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2021– 31 May 2021	40,505
6	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2021– 31 March 2022	58,608
7	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2021– 31 March 2022	98,000
8	Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2021– 31 March 2022	53,500
9	19/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2021– 31 March 2022	413,424
10	Room & Roof top of Flat G, 5/F., Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	CTL	TPIL	Cell site	1 April 2021– 31 March 2022	11,300
11	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2021– 31 March 2022	98,000
12	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2021– 31 March 2022	77,000
13	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 2021– 31 March 2022	2,800
14	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2021– 31 March 2022	98,000

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
15	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 2021– 31 March 2022	105,000

(B) 2021/22 Licence Agreements

Carparking Space	Address	Usage	Term	Monthly rent 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	Carparking space	1 April 2021– 31 March 2022	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	Carparking space	1 April 2021– 31 March 2022	19,000

(C) 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 of such services for the year ending 31 March 2022, 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.

REASONS AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENT

The Property will be rented by TDS for the use as a retail shop of the Group. The Board is satisfied with the location of the Property in terms of exposure to shoppers and volume of pedestrian flow. Therefore, renting the Property as retail shop of the Group is beneficial to the development of the Group's business.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rentals under the Tenancy Agreement were determined with reference to the prevailing market rent of similar properties in the nearby locations. The Group will pay the monthly rental in accordance with the Tenancy Agreement, and in the same manner as the tenancy agreements with independent third parties.

The Directors (except the Cheung Brothers being the Directors who have material interests in the Tenancy Agreement and who abstained from participating in the approval of the relevant Board resolutions due to conflict of interests), including the independent non-executive Directors, considered that the terms of the Tenancy Agreement are fair and reasonable and in the ordinary and

usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

SCL is a wholly-owned subsidiary of East-Asia. East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the shares of the Company in issue. As such, each of East-Asia and SCL is a connected person of the Company under the Listing Rules.

Accordingly, the transaction contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Tenancy Agreement is required to be aggregated with the existing transactions with East-Asia Group (which are also continuing connected transactions for the Company).

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees to the transactions with East-Asia Group for the year ending 31 March 2022 are less than 5% but the aggregate annual fees are more than HK\$3,000,000, the transactions with East-Asia Group and the aggregate annual fees for the year ending 31 March 2022 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.

Pursuant to HKFRS 16 "Leases", the Company will recognise leases that having a lease term of 12 months or less as short-term leases. Accordingly, the rental payment to be made by the Group under the Tenancy Agreement will be recognised as expenses in the consolidated statement of profit or loss of the Group.

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) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to Sun Mobile Limited, an associate owned as to 40% by the Group and as to 60% by HKT Limited.

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

DEFINITIONS

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

"2021/22 Licence Agreements"	the licence agreements dated 1 April 2021 entered into between a subsidiary of the Company and the subsidiaries of East-Asia in respect of the terms for use of Carparking Spaces from 1 April 2021 to 31 March 2022
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“2021/22 Tenancy Agreements”	all the separate individual tenancy agreements dated 1 April 2021 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of leasing the properties listed under sub-heading “(A) 2021/22 Tenancy Agreements” above from 1 April 2021 to 31 March 2022
“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 certain family members of the Cheung family, the discretionary beneficiary includes Cheung Brothers, all being the Directors
“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(s)”	has the meaning ascribed to it under the Listing Rules
“CTL”	Carries Technology Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“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

“GIL”	Glossy Investment 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
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	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
“Marina”	Marina Trading Inc., a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company
“Property”	Portion A of Ground Floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong
“SCL”	Silicon Creation 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Tenancy Agreement”	the tenancy agreement dated 15 September 2021 entered into between SCL and TDS in respect of the tenancy for the Property
“TDM”	Telecom Digital Mobile Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“TDS”	Telecom Digital Services Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“TPIL”	Telecom Properties Investment 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
“TSL”	Telecom Service 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
“%”	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, 15 September 2021

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.