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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

TRANSACTIONS WITH EAST-ASIA GROUP

On 1 April 2022, GEL, GIL, Marina, SCL, TPIL and TSL (wholly-owned subsidiaries of East-Asia) as landlords have entered into the 2022/23 Tenancy Agreements and 2022/23 Licence Agreements with CTL, TDM and TDS (wholly-owned subsidiaries of the Company) as tenants respectively in relation to the tenancy of the Properties and the Carparking Spaces. In addition, the provision of properties refurbishment, repair and maintenance services by SCL to TDS for a term of one year will be commenced from 1 April 2022.

East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued share capital of the Company. Therefore, each of the GEL, GIL, Marina, SCL, TPIL and TSL, being a party to the 2022/23 Tenancy Agreements and 2022/23 Licence Agreements and for the provision of properties refurbishment, repair and maintenance services, is a connected person of the Company. Accordingly, the 2022/23 Tenancy Agreements, 2022/23 Licence Agreements and the provision of properties refurbishment, repair and maintenance services constitute continuing connected transactions for the Company.

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 2023 will not exceed HK\$18,467,000. For the purpose of compliance with the Listing Rules, the aggregate annual fees are treated as the annual cap of the transactions.

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees are less than 5% but aggregate annual fees are more than HK\$3,000,000, the 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.

TRANSACTIONS WITH SUN ASIA GROUP

The Group will continue various transactions with Sun Asia Group for a term of one year commencing on 1 April 2022 and the scope of transactions includes (i) leasing of a property by CTL to TDKS; (ii) provision of streaming real-time quote service by TDD to TDKS; (iii) provision of IT support services by TDS to TDKS; (iv) leasing of a property by CKKP to CKKCK; (v) sales of Mango Mall's products to TDKS and KRL Group; (vi) consignment of Cheung Kung Koon's festive products by Mango Mall from KRL Group; (vii) purchase of face masks and disinfection products by Mango Mall from Gold Mask; and (viii) provision of financial advisory services by TDKC to the Company. The annual caps for the transactions with Sun Asia Group is fixed based on the aggregate annual fees and the amount of goods to be purchased or sold for respective transactions for the year ending 31 March 2023 to HK7,400,000.

TDKS, KRL Group and Gold Mask are wholly-owned subsidiaries of Sun Asia. TDKC is indirectly owned as to 70% by Sun Asia, which is ultimately owned by the Cheung Brothers (the beneficiary of the Cheung Family Trust), and as to 30% by Ms. WONG Shin Yee Freda who is a director of TDKC. Therefore, each of TDKS, KRL Group, Gold Mask and TDKC is an associate of the Cheung Brothers and thus a connected person of the Company. Accordingly, the transactions with Sun Asia Group constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees for the transactions with Sun Asia Group are less than 5% but aggregate annual fee is more than HK\$3,000,000, the aggregate annual fee and the transactions with Sun 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.

TRANSACTIONS WITH EAST-ASIA GROUP

(i) 2022/23 Tenancy Agreements and 2022/23 Licence Agreements

References are made to the announcements of the Company dated 1 April 2021, 26 April 2021, 18 May 2021 and 15 September 2021 in relation to the 2021/22 Tenancy Agreements and 2021/22 Licence Agreements entered into between the East-Asia Group and the Group in which setting out the terms and conditions for leasing of properties in Hong Kong and PRC for a term up to 31 March 2022.

On 1 April 2022, GEL, GIL, Marina, SCL, TPIL and TSL (wholly-owned subsidiaries of East-Asia) as landlords have entered into the 2022/23 Tenancy Agreements and 2022/23 Licence Agreements with CTL, TDM and TDS (wholly-owned subsidiaries of the Company) as tenants respectively in relation to the tenancy of the Properties and the Carparking Spaces.

The Group has been leasing properties in Hong Kong and PRC from certain subsidiaries of East-Asia for the use by the Group as head office, shops, cell sites, customer service center and IT support office and car parks for logistic team. The monthly rentals under the tenancy agreements and licence agreements, which were determined with reference to the prevailing market rentals of comparable properties in the nearby locations, were set out in the respective tenancy agreements and licence agreements.

The Group paid the monthly rental in accordance with the tenancy agreements and licence agreements, and in the same manner as the tenancy agreements and licence agreements with independent third parties.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount involved in the leases entered into under the tenancy agreements and licence agreements each year (if applicable)) for the following year on the basis of the properties supply plan to be agreed between the parties at the same time. The estimated rent and licence fee shall be determined by both parties through negotiation by reference to the prevailing market rates for comparable properties in the vicinity of the leased properties.

The principle terms of the 2022/23 Tenancy Agreements and 2022/23 Licence Agreements are set out below:

(A) 2022/23 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 2022– 31 March 2023	155,000
2	Room 1–2 and Portion B of Unit 12, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2022– 31 March 2023	154,702
3	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2022– 31 March 2023	51,117
4	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2022– 31 March 2023	58,608
5	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2022– 31 March 2023	98,000
6	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2022– 31 March 2023	53,500
7	19/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2022– 31 March 2023	413,424

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
8	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 2022– 31 March 2023	11,300
9	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2022– 31 March 2023	98,000
10	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2022– 31 March 2023	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 2022– 31 March 2023	2,800
12	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2022– 31 March 2023	98,000
13	Portion A of Ground Floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong	TDS	SCL	Shop	1 April 2022– 31 March 2023	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 2022– 31 March 2023	105,000

(B) 2022/23 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 2022– 31 March 2023	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 2022– 31 March 2023	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.

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 will not exceed HK\$18,467,000. For the purpose of compliance with the Listing Rules, the aggregate annual fees are treated as the aggregate annual cap of the transactions with East-Asia Group.

Reasons and benefits for entering into 2022/23 Tenancy Agreements and 2022/23 Licence Agreements and provision of properties refurbishment, repair and maintenance services

The Properties have been rented by the Group for the use as shops, cell sites, customer service center and IT support office and office premises. The Group considers that the Properties are suitable for the business of the Group. Thus, the Group entered into the 2022/23 Tenancy Agreements to secure the continuous use of the Properties as shops, cell sites, customer service center and IT support office and office premises.

The Group has been using the offices located at YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong as headquarters of its operations. Thus, the Company entered into the 2022/23 Licence Agreements to secure the continuous use of the carparking spaces at YHC Tower for use by the Group's logistic vehicle fleet.

SCL employed a team of licenced workers who has the experience in conducting properties refurbishment, repair and maintenance services. The Group operated a total of 82 shops as at 31 March 2022. Therefore, the Group engaged SCL to carry out the properties refurbishment, repair and maintenance works for the retail shops of the Group.

The terms of the 2022/23 Tenancy Agreements, the 2022/23 Licence Agreements and for provision of properties refurbishment, repair and maintenance services are arrived at after arm's length negotiation and are on normal commercial terms. The rental under the 2022/23 Tenancy Agreements were determined with reference to the prevailing market rent of similar properties in the nearby locations. The licence fees under the 2022/23 Licence Agreements were determined with reference to the prevailing market licence fees of the carparking spaces located at YHC Tower and similar properties in the nearby locations. The service fees for provision of properties refurbishment, repair and maintenance services are determined with reference to the cost of the similar services in market. The Directors (except the Cheung Brothers being the Directors who have material interests in the 2022/23 Tenancy Agreements, 2022/23 Licence Agreements and provision of properties refurbishment, repair and maintenance services will abstain 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 2022/23 Tenancy Agreements, 2022/23 Licence Agreements and provision of properties refurbishment, repair and maintenance services are fair and reasonable and 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.

Implications under the Listing Rules

East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued share capital of the Company. Therefore, each of GEL, GIL, Marina, SCL, TPIL and TSL, being a party to the 2022/23 Tenancy Agreements, 2022/23 Licence Agreements and for provision of properties refurbishment, repair and maintenance services, is a connected person of the Company. Accordingly, the 2022/23 Tenancy Agreements, 2022/23 Licence Agreements and provision of properties refurbishment, repair and maintenance services constitute continuing connected transactions of the Company.

Pursuant to Hong Kong Financial Reporting Standard 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 and licence fee to be made by the Group under the tenancy agreements and licence agreements will be recognised as expenses in the consolidated statement of profit or loss of the Group.

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees are less than 5% but aggregate annual fees are more than HK\$3,000,000, the 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.

TRANSACTIONS WITH SUN ASIA GROUP

The Group will continue various transactions with Sun Asia Group for a term of one year commencing on 1 April 2022 and the scope of transactions includes (i) leasing of a property by CTL to TDKS; (ii) provision of streaming real-time quote service by TDD to TDKS; (iii) provision of IT support services by TDS to TDKS; (iv) leasing of a property by CKKP to CKKCK; (v) sales of Mango Mall’s products to TDKS and KRL Group; (vi) consignment of Cheung Kung Koon’s festive products by Mango Mall from KRL Group; (vii) purchase of face masks and disinfection products by Mango Mall from Gold Mask; and (viii) provision of financial advisory services by TDKC to the Company. The annual caps for the transactions with Sun Asia Group is fixed based on the aggregate annual fees and the amount of goods to be purchased or sold for respective transactions for the year ending 31 March 2023 to HK\$7,400,000.

(i) Leasing of a property by CTL to TDKS

CTL will continue to lease the property 15 to TDKS as office for a term of one year commencing from 1 April 2022. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. TDKS paid the monthly rental in accordance with the tenancy agreement and in the same manner as the tenancy agreement with independent third parties.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount involved in the leases entered into under the tenancy agreement each year (if applicable)) for the following year on the basis of the property supply plan to be agreed between the parties at the same time. The estimated rent shall be determined by both parties through negotiation by reference to the prevailing market rates for comparable properties in the vicinity of the leased property.

The principle terms of the tenancy are set out below:

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
15	Unit A, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDKS	CTL	Office	1 April 2022– 31 March 2023	75,339

(ii) *Provision of streaming real-time quote services by TDD to TDKS*

TDD shares the streaming real-time quote services provided by HKEx Information Services Limited with TDKS via mobile applications. The fee shall be determined at arm's length negotiation between the parties and is calculated on a per-user basis with reference to the prevailing market rate of the said services. The market price of the services shall be determined according to the price charged by TDD to independent third parties for the provision of same kind of services.

The historical amounts for provision of streaming real-time quote services fees paid by TDKS to TDD for the previous years were set out below:-

	<i>HK\$</i>
Year ended 31 March 2020	1,097,000
Year ended 31 March 2021	909,000
For the nine months ended 31 December 2021	901,000

(iii) *Provision of IT support services by TDS to TDKS*

TDS assists TDKS to develop software applications and provide related information technology support. In consideration for such services, TDS receives a fixed monthly service fee determined with reference to the remuneration cost of the relevant personnel designated for the provision of the IT support. The monthly service fees of HK\$50,000 would be received by TDS from TDKS for such services.

(iv) *Leasing of a property by CKKP to CKKCK*

CKKP will continue to lease the property 16 to CKKCK as food factory for a term of one year commencing from 1 April 2022. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. CKKCK paid the monthly rental in accordance with the tenancy agreement and in the same manner as the tenancy agreement with independent third parties.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount involved in the leases entered into under the tenancy agreement each year (if applicable)) for the following year on the basis of the property supply plan to be agreed between the parties at the same time. The estimated rent shall be determined by both parties through negotiation by reference to the prevailing market rates of comparable properties in the vicinity of the leased property.

The principle terms of the tenancy are set out below:

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
16	Portion A of Unit 905, 9/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	CKKCK	CKKP	Food Factory	1 April 2022– 31 March 2023	15,700

(v) *Sales of Mango Mall's products to TDKS and KRL Group*

TDKS and KRL Group launched a promotion programme. Customers who meet the requirements will be rewarded during the promotion period. TDKS and KRL Group purchase Mango Mall's products for such promotion programme. The selling prices of the products which are sold by Mango Mall to TDKS and KRL Group are same as the selling prices of those products offered by Mango Mall to other independent external customers. The annual sales amounts for the year ending 31 March 2023 is expected to be HK\$1,000,000, which is determined based on the forecast and estimation on the numbers of eligible customers of TDKS and KRL Group.

The amount for the sales of Mango Mall's products paid by TDKS and KRL Group to Mango Mall for the previous year were set out below:-

	<i>HK\$</i>
Year ended 31 March 2021	51,000
For the nine months ended 31 December 2021	69,000

(vi) *Consignment of Cheung Kung Koon's festive products by Mango Mall from KRL Group*

Mango Mall has allowed KRL Group to sell the festive food products in the brand of Cheung Kung Koon at the online shopping platform and retail shops of the Group on a consignment basis in consideration of a consignment fee. The consignment fee, which is based on a fixed percentage, ranging from 8% to 31%, of the selling price of the consigned goods, shall be paid by KRL Group to Mango Mall for the consignment arrangement. Such consignment fee has been determined by KRL Group and Mango Mall with reference to the consignment fees, which also amount to fixed percentages of the selling prices of the consigned goods, charged by the Group to independent third parties which sell their comparable consigned goods on the online shopping platform of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of other comparable food products by the Group on its online shopping platform would be taken. The annual consignment fees for the year ending 31 March 2023 determined based on the amount and value of the products which are expected to be sold by Mango Mall has been fixed to be HK\$1,000,000.

The consignment fees received by Mango Mall from KRL Group for the previous year were set out below:-

	<i>HK\$</i>
Year ended 31 March 2021	498,000
For the nine months ended 31 December 2021	372,000

(vii) Purchase of face masks and disinfection products by Mango Mall from Gold Mask

On 1 April 2021, Mango Mall commences business transactions with Gold Mask in which Mango Mall would purchase face masks and disinfection products from Gold Mask for sales on the online shopping platform and retail shops of the Group. The prices of the products are determined by Mango Mall and Gold Mask from time to time on an arm's length basis and with reference to the prevailing market rates of similar products. In this regard, the project manager and the accounting manager of Mango Mall are designated to be responsible to monitor the purchase price and ensure that the purchase price is comparable to the prevailing market rate of same or similar products and the terms of the transaction (including the market rates) are no less favourable than the terms offered to the Group from independent third parties. The Group will get no less than two quotations from independent third parties providing the same kind of products under normal commercial terms for reference. Based on the forecast and estimation of market demand on disinfection products and the amounts paid by Mango Mall in the previous year, the annual purchase amounts for the year ending 31 March 2023 has been fixed to HK\$2,000,000.

The amount for purchase of relevant face masks and disinfection products paid by Mango Mall for the previous year were set out below:-

	<i>HK\$</i>
Year ended 31 March 2021	4,410,000
For the nine months ended 31 December 2021	1,086,000

(viii) Provision of financial advisory services by TDKC to the Company

TDKC would provide the financial advisory services to the Company in the corporate financial exercise. In consideration for such services, the Company will pay a services fee which is determined with reference to the prevailing market rate of similar services in market for the works to be required by the Company. The service fees charged by TDKC shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The Company has consulted with no less than two independent third parties for quotations and market transaction prices of the same type of services. The annual services fee for the year ending 31 March 2023 determined based on the forecast and estimation on the works to be required by the Company is expected to be HK\$500,000.

Reasons and benefits of the transactions with Sun Asia Group

The property 15 would be rented by TDKS for the use as office premises. TDKS considers that the property 15 is suitable for its business. In relation to the provision of streaming real-time quote services and IT support services, TDD and TDS have the unique technical support experience for the business of TDKS, therefore, TDKS appointed TDD and TDS to provide such services in order to accommodate the development of its businesses. CKKCK will continue to rent the property 16 because its considers that is suitable for its business to run a food factory. Mango Mall has been purchasing a wide range of products for its online platform. Therefore, Mango Mall sourced a wide variety of festive products, face masks and disinfection products for choices of its customers. KRL Group and Gold Mask are one of its suppliers. TDKS and KRL Group have been sourcing suitable products for their promotion programme and Mango Mall is one of the vendors. The Company engaged TDKC to carry out the financial advisory services because TDKC employed a team of qualified professional staff who has the experience in financial advisory services and also the knowledge of the Company.

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

Implications under Listing Rules

TDKS, KRL Group and Gold Mask are wholly-owned subsidiaries of Sun Asia. TDKC is indirectly owned as to 70% by Sun Asia, which is ultimately owned by the Cheung Brothers (the beneficiary of the Cheung Family Trust), and as to 30% by Ms. WONG Shin Yee Freda who is a director of TDKC. Therefore, each of TDKS, KRL Group, Gold Mask and TDKC is an associate of the Cheung Brothers and thus a connected person of the Company. Accordingly, the transactions with Sun Asia Group constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual fees for the transactions with Sun Asia Group are less than 5% but aggregate annual fee is more than HK\$3,000,000, the aggregate annual fee and the transactions with Sun 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.

PRICING POLICY AND MECHANISMS IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS

Under the pricing policy of the Group in relation to continuing connected transactions, the Group shall determine, review and evaluate the amounts payable under the respective continuing connected transactions with East-Asia Group and Sun Asia Group with reference to the rates quoted by or to other independent third parties of comparable goods or services, in order to ensure that the amounts under such transactions are determined and conducted on normal commercial terms. Where it is impracticable to refer to the rates offered by or to independent third parties for comparable goods or services, the Group shall take into consideration the specifications of the goods or services, cost structure, profit margin, transaction amount, market condition and past performance of historical transactions between the Group and the respective connected persons in determining the rate for the amounts payable for the goods or services contemplated under for the respective continuing connected transactions with East-Asia Group and Sun Asia Group. In such circumstance, if the Group provides or acquires such goods or services to or from independent third parties in the future, the abovementioned methods, procedures and considerations for determining the price and transaction terms shall be also applicable to such transactions with independent third parties, so that the continuing connected transactions will still be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the shareholders as a whole.

INTERNAL CONTROL PROCEDURES

The abovementioned amount will be submitted to the independent non-executive Directors for their annual review on the pricing so as to ensure its fairness and reasonableness. The Directors consider such methods and procedures detailed above can ensure that the transactions will be conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders.

In order to ensure the effectiveness of the control procedures and that the transactions are in fact conducted on normal commercial terms and the transaction amounts do not exceed annual caps, the Company adopts the following mechanism:

- project managers are designated to collect the market rate from transactions between the Group and the independent third parties or public domain by conducting online research and/or obtaining quotations from independent third parties from time to time;
- the accounting manager of the Company is designated to check whether the transaction amounts recorded in the accounting system of the Company are consistent with the pricing mechanism monthly;
- in order to ensure that the transaction amounts do not exceed annual caps, the accounting manager is designated and responsible to review and check in the second week of each month the aggregate transaction amounts of continuing connected transactions in the preceding months during the financial year. When the aggregate transaction amounts exceeded 80% of the annual caps, the chief financial officer will liaise with the project managers to consider if revision of annual caps is required and appropriate actions shall be taken accordingly;
- the independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions to confirm that such transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- the Company's external auditors will conduct an annual review on the continuing connected transactions.

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; and (iii) 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 issued share capital of the Company. Therefore, East-Asia is a connected person of the Company.

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

Mango Mall, a wholly-owned subsidiary of the Company, is principally engaged in e-commerce business.

TDKS, a wholly-owned subsidiary of Sun Asia, is a licensed corporation under the Hong Kong Securities and Futures Ordinance and is licensed for dealing in securities and futures contracts. The principal activities of TDKS are provision of securities and futures contracts dealing agency service.

KRL and CKKCK, wholly-owned subsidiaries of Sun Asia, are principally engaged in the operation of a Chinese restaurant and a food factory in Hong Kong in the brand name of “Cheung Kung Koon”.

Gold Mask, wholly-owned subsidiary of Sun Asia, is principally engaged in the manufacturing and trading of face masks and disinfection products.

TDKC, indirectly owned as to 70% by Cheung Brothers and as to 30% by Ms. WONG Shin Yee Freda, is principally engaged in provision of securities and corporate finance advisory services.

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 the subsidiaries 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
“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 the tenancy for the Properties from 1 April 2021 to 31 March 2022
“2022/23 Licence Agreements”	the licence agreements dated 1 April 2022 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 2022 to 31 March 2023
“2022/23 Tenancy Agreements”	all the separate individual tenancy agreements dated 1 April 2022 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 2022 to 31 March 2023
“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

“CKKCK”	CKK Central Kitchen Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of KRL and in turn wholly-owned by Sun Asia which is ultimately owned by the Cheung Brothers who are the beneficiary of the Cheung Family Trust and thus a connected person of the Company
“CKKP”	CKK Properties Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“KRL”	King’s Restaurant Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Sun Asia which is ultimately owned by the Cheung Brothers who are the beneficiary of the Cheung Family Trust and thus a connected person of the Company
“KRL Group”	KRL and its subsidiaries
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Mango Mall”	Mango Mall Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Marina”	Marina Trading Inc., a company incorporated in the British Virgin Islands 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
“PRC”	The People’s Republic of China
“Properties”	the Property 1 to Property 14
“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)
“Sun Asia”	Sun Asia Pacific Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately owned by the Cheung Brothers who are the beneficiary of the Cheung Family Trust and thus a connected person of the Company
“Sun Asia Group”	Sun Asia and its subsidiaries
“TDD”	Telecom Digital Data Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“TDKC”	TD King Capital Limited, a company incorporated in Hong Kong and owned as to 70% by Sun Asia, which is ultimately owned by the Cheung Brothers. Therefore, TDKC is an associate of the Cheung Brothers and thus a connected person of the Company

“TDKS”	TD King Securities Limited, a company incorporated in Hong Kong and wholly-owned by Sun Asia, which is ultimately owned by the Cheung Brothers. Therefore, TDKS is an associate of the Cheung Brothers and thus a connected person of the Company
“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
“Gold Mask”	Gold Mask Limited (formerly known as YoHm Health Tech Limited), a company incorporated in Hong Kong and wholly-owned by Sun Asia, which is ultimately owned by the Cheung Brothers. Therefore, Gold Mask is an associate of the Cheung Brothers 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, 1 April 2022

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.