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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)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF EQUITY LINKED FIXED COUPON NOTES**

**ACQUISITION OF FCNS**

The Board announces that on 31 August 2021, 17 December 2021 and 14 January 2022, the Company through MGL, a wholly-owned subsidiary of the Company, acquired three equity linked fixed coupon notes for a principal amount of HK\$15,000,000.00, HK\$12,000,000.00 and HK\$10,000,000.00 respectively (exclusive of transaction costs).

**IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the acquisition of FCNs is 5% or more but less than 25%, as such, the acquisition of FCNs constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirement under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board announces that on 31 August 2021, 17 December 2021 and 14 January 2022, the Company through MGL, a wholly-owned subsidiary of the Company, acquired FCNs in a principal amount of HK\$15,000,000.00, HK\$12,000,000.00 and HK\$10,000,000.00 respectively (exclusive of transaction costs).

## MAJOR TERMS OF FCNS

The principal terms of FCNs are stated below:

	<u>FCN-1</u>	<u>FCN-2</u>	<u>FCN-3</u>
Trade date:	31 August 2021	17 December 2021	14 January 2022
Issue date:	14 September 2021	3 January 2022	28 January 2022
Issuer:	HSBC	HSBC	HSBC
Linked equity:	(1) HKEx; and (2) HKT-SS	(1) HKEx; and (2) LINK REIT	(1) CCB; and (2) CM BANK
Principal amount:	HK\$15,000,000.00	HK\$12,000,000.00	HK\$10,000,000.00
Issued price:	(1) HKEx: HK\$492.9575 (2) HKT-SS: HK\$10.6000	(1) HKEx: HK\$454.4821 (2) LINK REIT: HK\$66.8500	(1) CCB: HK\$5.8900 (2) CM BANK: HK\$61.8500
Strike price:	(1) HKEx: HK\$430.8452 (2) HKT-SS: HK\$9.2644	(1) HKEx: HK\$400.7169 (2) LINK REIT: HK\$58.9416	(1) CCB: HK\$4.7014 (2) CM BANK: HK\$49.3687
Tenor:	6 months	6 months	6 months
Coupon rate:	8.01% p.a.	8.01% p.a.	8.01% p.a.
1st valuation date:	13 October 2021	31 January 2022	25 February 2022
2nd valuation date:	12 November 2021	3 March 2022	30 March 2022
3rd valuation date:	14 December 2021	1 April 2022	28 April 2022
4th valuation date:	13 January 2022	4 May 2022	30 May 2022
5th valuation date:	14 February 2022	1 June 2022	29 June 2022
Final valuation date:	14 March 2022	4 July 2022	28 July 2022
Maturity date:	16 March 2022	6 July 2022	1 August 2022

The acquisition of FCNs were funded by internal resources of the Group.

As at the date of this announcement, the Group acquired FCNs in the total principal amount of HK\$37,000,000.00 issued by HSBC when aggregated, of which the underlying share price of FCN-1 and FCN-2 closed below the strike price on 16 March 2022 and 6 July 2022 respectively, MGL was obligated to take delivery of 64,728 HKEx Shares at the strike price according to the terms of the FCN for an aggregate consideration of approximately HK\$26,986,000.00 (exclusive of transaction costs).

Save as the aforementioned, the Company does not acquire or hold any equity linked fixed coupon notes issued by HSBC outstanding as at the date of this announcement.

### Information of Equity Linked Fixed Coupon Notes

- Equity linked fixed coupon notes (“FCN”) are non-guaranteed products, and their returns are linked to a basket of underlying shares.
- The structure of each FCN is to receive the fixed coupon on the/each scheduled coupon payment date until relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the FCN are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the Group is required to redeem the laggard underlying at the put strike price.
- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each FCN.
- The fair values are determined based on the quoted price provided by banks.

## **Reasons and benefits of the acquisition of the FCNs**

The Group maintained a healthy liquidity position and used to have bank deposits to earn interest income. The Company considers that FCNs has the attractive coupon rate and can generate potentially higher interest income than the fixed deposit in banks. In addition, the FCNs has a relatively flexible option in the underlying equity, strike price and tenors. Therefore, the Company makes use of the available funds to acquire the FCNs to maximise the possible return for the Company accordingly.

Having considered the above factors and the terms of the FCNs, the market conditions of the stock market and the track records of HKEx, HKT-SS, LINK REIT, CCB and CM BANK, the Directors (including the independent non-executive Directors) are of the view that the acquisition of FCNs is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The FCNs were acquired from HSBC. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the issuer(s) of the FCNs and their respective ultimate beneficial owners are Independent Third Parties to the Company.

## **Information of HKEx**

According to the public information available to the Board, the HKEx is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 388). HKEx is a recognised exchange controller under the SFO. HKEx operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong. In collaboration with the Shanghai and Shenzhen stock exchanges, HKEx operates Stock Connect, which gives investors in the Hong Kong and Mainland securities markets access to each other's markets. HKEx also operates recognised clearing houses in Hong Kong and provides integrated clearing and settlement services as well as depository and nominee services to their participants. HKEx also provides market data through its data dissemination entity.

## **Information of HKT-SS**

According to the public information available to the Board, the HKT Trust was established as a fixed single investment trust with the activities limited to investing in HKT and anything necessary or desirable for or in connection with investing in HKT. HKT is a company incorporated in Cayman Islands with limited liability and its principal activity is investment holding, and the principal activities of its Group are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, media entertainment, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world. The shares stapled units of HKT Trust and HKT are listed on the Main Board of the Stock Exchange (Stock Code: 6823).

## **Information of LINK REIT**

According to the public information available to the Board, LINK REIT is a collective investment scheme authorised under section 104 of the SFO and is governed by a First Amending and Restating Deed entered into on 8 February 2021, its shares are listed on the Main Board of the Stock Exchange (Stock Code: 823). The principal activity of LINK REIT and its subsidiaries is investing in real estate and may be undertaking property development and related activities in respect of all types of developments.

## **Information of CCB**

According to the public information available to the Board, CCB is a joint stock company incorporated in PRC with limited liability and its H shares are listed on the Main Board of the Stock Exchange (Stock Code: 939). The principal activities of CCB and its subsidiaries are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

## **Information of CM BANK**

According to the public information available to the Board, CM BANK is a joint stock company incorporated in PRC with limited liability and its H shares are listed on the Main Board of the Stock Exchange (Stock Code: 3968). The principal activities of CM BANK and its subsidiaries are the provision of corporate and personal banking services, conducting treasury business, and the provision of asset management and other financial services.

## **Information of the Company and the Group**

The Company is listed on Main Board of the Stock Exchange (Stock Code: 6033) and is principally engaged in investment holding. The principal activities of the Group are retail sales of mobile phones and other consumer goods and related services, distribution business in mobile phones and provision of operation services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the acquisition of FCNs is 5% or more but less than 25%, as such, the acquisition of FCNs constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirement under Chapter 14 of the Listing Rules.

## **REASONS FOR THE DELAY TO PUBLISH ANNOUNCEMENT**

The Company through MGL purchased fixed coupon notes from HSBC on 31 August 2021, 17 December 2021 and 14 January 2022 (“HSBC Transactions”). The purchase of fixed coupon notes from the same issuer are required to be aggregated under Chapter 14 of the Listing Rules. The principal amount of the HSBC Transactions is HK\$37,000,000 (exclusive of transaction costs). As the assets ratio (as defined under the Listing Rules) in respect of the acquisition of the HSBC Transactions already reached 5% but is less than 25% in aggregate, it constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirement under Chapter 14 of the Listing Rules.

However, when reviewing the size test of the HSBC Transactions, the Company omitted to adjust the second interim dividend proposed in the interim result. Therefore, the Company has failed to comply with rule 14.34 of the Listing Rules to timely disclose the HSBC Transactions.

### **Implications and breach of the Listing Rules**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of the HSBC Transactions is 5% or more but less than 25%, the Company is required to comply with the announcement requirements under Chapter 14 of the Listing Rules. The Company's failure to comply with the announcement requirement under Chapter 14 of the Listing Rules in respect of the HSBC Transactions constituted a breach of the Listing Rules.

### **Measures adopted by the Company for future compliance**

After the Company was listed on 30 May 2014, save as the above oversight, the Company had supervised and managed disclosable transactions so as to comply with the requirements under the Listing Rules in a timely manner. When the Group entered into investment transactions, the Group had reviewed the relevant applicable ratios and strictly complied with the announcement requirements under the Listing Rules.

In order to avoid any occurrence of similar oversight as above in the future, the Company has assigned two senior finance managers to prepare the size test and cross check separately, and the compliance team of the Company shall continue to oversee and monitor the Company's on-going compliance with the Listing Rules, so as to facilitate the Company to monitor the relevant transactions and comply with the requirements under the Listing Rules in a timely manner.

### **DEFINITIONS**

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

“Board”	board of the Directors
“Company”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 6033)
“CCB”	China Construction Bank Corporation, a joint stock company incorporated in PRC with limited liability
“CCB Shares”	the H shares of CCB listed on the Main Board of the Stock Exchange (Stock Code: 939) and traded in HK\$
“CM BANK”	China Merchants Bank, a joint stock company incorporated in PRC with limited liability

“CM BANK Shares”	the H shares of CM BANK listed on the Main Board of the Stock Exchange (Stock Code: 3968) and traded in HK\$
“Director(s)”	director(s) of the Company
“FCNs”	FCN-1, FCN-2 and FCN-3
“FCN-1”	A FCN linked to HKEx Shares and HKT-SS Shares issued by HSBC
“FCN-2”	A FCN linked to HKEx Shares and LINK REIT Shares issued by HSBC
“FCN-3”	A FCN linked to CCB Shares and CM BANK Shares issued by HSBC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability
“HKEx Shares”	the shares of HKEx listed on the Main Board of the Stock Exchange (Stock Code: 388) and traded in HK\$
“HKT-SS”	HKT Limited, a company incorporated in the Cayman Islands with limited liability
“HKT-SS Shares”	the shares stapled units of HKT Trust and HKT are listed on the Stock Exchange (Stock Code: 6823) and traded in HK\$
“HKT Trust”	HKT Trust, a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“HSBC”	HSBC Bank Plc, a limited company incorporated in England, which is ultimately owned by HSBC Holdings Plc (Stock Code: 5)
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company

“LINK REIT”	Link Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“LINK REIT Shares”	the shares of LINK REIT listed on the Main Board of the Stock Exchange (Stock Code: 823) and traded in HK\$
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“MGL”	Mango Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 19 July 2022

*As at the date of this announcement, the executive directors of the Company 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 of the Company 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.*