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Telecom Digital Holdings Limited

電訊數碼控有有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6033)

**DISCLOSEABLE TRANSACTION
AGGREGATE TRANSACTION OF LISTED SECURITIES**

THE TRANSACTIONS

The Board announces that the Company, through MGL, a wholly-owned subsidiary of the Company, was obligated to take delivery a total of 120,504 HKEx Shares in a series of transactions conducted during the period from 16 March 2022 to 6 July 2022 (the “Relevant Period”), at an average strike price of approximately HK\$414.73 per HKEx Shares for an aggregate gross amount paid of approximately HK\$49,977,000 (exclusive of transaction costs).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) for each of the transactions of the HKEx Shares during the Relevant Period made by the Group on a standalone basis was less than 5% and therefore did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

However, each of the transactions of the HKEx Shares made during the Relevant Period was within a 12-month period and shall be aggregated. As one of the applicable percentage ratios (as defined under the Listing Rules) for the Transactions during the Relevant Period, on aggregate basis, exceeded 5% but less than 25%, the Transactions constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 31 August 2021, 2 September 2021, 3 September 2021, 15 September 2021 and 17 December 2021, the Company, through MGL, a wholly-owned subsidiary of the Company, acquired FCNs in a total principal amount of HK\$50,000,000.00 (exclusive of transaction costs).

MAJOR TERMS OF THE FCNS

The principal terms of FCNs are summarised as follows:

	FCN-1	FCN-2	FCN-3	FCN-4	FCN-5
Trade date:	31/8/2021	2/9/2021	3/9/2021	15/9/2021	17/12/2021
Issuer:	HSBC	Barclays	BNP	Barclays	HSBC
Linked equity:	(1) HKEX; and (2) HKT-SS	(1) HKEX; and (2) SWIRE PACIFIC A	(1) HKEX; and (2) NEW WORLD DEV	(1) HKEX; and (2) AIA	(1) HKEX; and (2) LINK REIT
Principal amount:	HK\$15,000,000	HK\$8,000,000	HK\$7,000,000	HK\$8,000,000	HK\$12,000,000
Issued price	(1) HKEX: HK\$492.9575 (2) HKT-SS: HK\$10.6000	(1) HKEX: HK\$498.6000 (2) SWIRE PACIFIC A: HK\$53.4000	(1) HKEX: HK\$486.5000 (2) NEW WORLD DEV: HK\$36.7000	(1) HKEX: HK\$504.0000 (2) AIA: HK\$90.1000	(1) HKEX: HK\$454.4821 (2) LINK REIT: HK\$66.8500
Strike price:	(1) HKEX: HK\$430.8452 (2) HKT-SS: HK\$9.2644	(1) HKEX: HK\$413.5887 (2) SWIRE PACIFIC A: HK\$44.2953	(1) HKEX: HK\$408.4654 (2) NEW WORLD DEV: HK\$30.8133	(1) HKEX: HK\$414.0864 (2) AIA: HK\$74.0262	(1) HKEX: HK\$400.7169 (2) LINK REIT: HK\$58.9416
Tenor:	6 months	6 months	6 months	6 months	6 months
Coupon rate:	8.01% p.a.	8.01% p.a.	8.01% p.a.	8.01% p.a.	8.01% p.a.
1st valuation date:	13/10/2021	18/10/2021	18/10/2021	29/10/2021	31/1/2022
2nd valuation date:	12/11/2021	16/11/2021	17/11/2021	29/11/2021	3/3/2022
3rd valuation date:	14/12/2021	16/12/2021	17/12/2021	29/12/2021	1/4/2022
4th valuation date:	13/1/2022	17/1/2022	17/1/2022	31/1/2022	4/5/2022
5th valuation date:	14/2/2022	16/2/2022	17/2/2022	28/2/2022	1/6/2022
Final valuation date:	14/3/2022	16/3/2022	17/3/2022	29/3/2022	4/7/2022
Maturity date:	16/3/2022	18/3/2022	21/3/2022	31/3/2022	6/7/2022

Note:

Stock short name	Stock code	Company name
AIA	01299.HK	AIA Group Limited
HKEX	00388.HK	Hong Kong Exchanges and Clearing Limited
HKT-SS	06823.HK	HKT Trust and HKT Limited
LINK REIT	00823.HK	Link Real Estate Investment Trust
NEW WORLD DEV	00017.HK	New World Development Co Ltd
SWIRE PACIFIC A	00019.HK	Swire Pacific Ltd

Information of Equity Linked Fixed Coupon Notes

- Equity linked fixed coupon notes are non-guaranteed products, and their returns are linked to (i) a single underlying share or (ii) a basket of underlying shares.
- The structure of each fixed coupon notes is to receive the fixed coupon on the / each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the equity linked fixed coupon notes 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 holder will need 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 equity linked fixed coupon notes.
- The fair values are determined using with the quoted price provided by banks.

The Transactions

As the shares price of HKEx closed below the strike price of HK\$400.7169 on 6 July 2022, MGL, a wholly-owned subsidiary of the Company, was obligated to take delivery of 29,928 HKEx Shares at the strike price according to the terms of the FCN-5 for an aggregate consideration of approximately HK\$11,993,000 (exclusive of transaction costs), representing approximately HK\$400.72 per share.

Prior to the New Transaction, MGL has entered into the Previous Transactions, which was obligated to take delivery in aggregate of 90,576 HKEx Shares prior to the date of the New Transaction according to the terms of the FCN-1, FCN-2, FCN-3 and FCN-4 for an aggregate consideration of approximately HK\$37,984,000 (exclusive of transaction costs), representing approximately HK\$419.36 per share.

After the Transactions, the Group holds 120,504 HKEx Shares for an aggregate consideration of approximately HK\$49,977,000 (exclusive of transaction costs), representing approximately 0.01% of the total issued share capital of HKEx as at the date of this announcement.

Reasons and benefits of the Transactions

The Group maintained a healthy liquidity position and used to have bank deposits to earn interest income. The Company considers that FCN has the attractive coupon rate and can generate potentially higher interest income than the fixed deposit in banks. In addition, FCN 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.

The Company's investment objective is to generate stable additional interest income. The strategy of these investment is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decision: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

Having considered the present market conditions of the stock market and the track records of HKEx, the Company considers that the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the Transactions were made at the strike prices according to the terms of the FCNs, and the Company does not aware of the identities of the issuer(s) of the FCNs. 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, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). 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.

The following information is extracted from the public documents of HKEx:

	For the year ended 31 December	
	2021	2020
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Total assets	399,304	399,106
Profit before taxation	14,841	13,332
Profit for the year	12,498	11,487
Profit attributable to shareholders of HKEx	12,535	11,505

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 the applicable percentage ratios (as defined under the Listing Rules) for each of the transactions of the HKEx Shares during the Relevant Period made by the Group on a standalone basis was less than 5% and therefore did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

However, each of the transactions of the HKEx Shares made during the Relevant Period was within a 12-month period and shall be aggregated. As one of the applicable percentage ratios (as defined under the Listing Rules) for the Transactions during the Relevant Period, on aggregate basis, exceeded 5% but less than 25%, the Transactions constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Barclays”	Barclays Bank PLC
“BNP”	BNP Paribas
“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)
“Director(s)”	director(s) of the Company
“FCN”	Fixed coupon notes linked to a basket of underlying shares
“FCNs”	FCN-1, FCN-2, FCN-3, FCN-4 and FCN-5
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 388)
“HKEx Shares”	shares in the share capital of HKEx listed on the main board of the Stock Exchange and traded in HK\$
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	HSBC Bank Plc
“Independent Third Parties”	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
“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

“New Transaction”	MGL was obligated to take delivery of 29,928 HKEx Shares on 6 July 2022 according to the terms of the FCN-5 for an aggregate consideration of approximately HK\$11,993,000 (exclusive of transaction costs)
“Previous Transactions”	The underlying shares price of FCN-1, FCN-2, FCN-3 and FCN-4 closed below the strike price on 16 March 2022, 18 March 2022, 21 March 2022 and 31 March 2022, MGL was obligated to take delivery of 90,576 HKEx Shares at the strike price according to the terms of the FCN for an aggregate consideration of approximately HK\$37,984,000 (exclusive of transaction costs)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the New Transaction and the Previous Transactions
“%”	per cent.

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

Hong Kong, 6 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.