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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO DECUMULATOR CONTRACTS**

#### **THE TRANSACTIONS**

The Board announces that the Company, through MGL, a wholly-owned subsidiary of the Company, entered into three equity decumulator contracts with HSBC during the period from 28 June 2022 to 8 July 2022 with an aggregate nominal amount of approximately HK\$62,512,000.

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under the Listing Rules) for each of the equity decumulator contracts launched 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, the Decumulator Contracts were launched within a 12-month period and therefore shall be aggregated under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Decumulator Contracts, on aggregate basis, exceeded 5% but less than 25%, the launch of Decumulator Contracts 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 28 June 2022, 7 July 2022 and 8 July 2022, the Company, through MGL, a wholly-owned subsidiary of the Company, entered into three equity decumulator contracts with HSBC with an aggregate nominal amount of HK\$62,512,000.

## MAJOR TERMS OF DECUMULATOR CONTRACTS

The principal terms of the contracts are stated below:

	<u>Decumulator Contract-1</u>	<u>Decumulator Contract-2</u>	<u>Decumulator Contract-3</u>
Trade date:	28 June 2022	7 July 2022	8 July 2022
Buyer:	HSBC	HSBC	HSBC
Period start date:	29 June 2022	8 July 2022	11 July 2022
Underlying share:	HKEx	HKEx	HKEx
Nominal amount:	39,200 HKEx Shares, approximately HK\$18,220,000	49,200 HKEx Shares, approximately HK\$22,000,000	49,200 HKEx Shares, approximately HK\$22,292,000
Spot price:	HK\$387.4929	HK\$370.2000	HK\$376.0000
Strike price:	HK\$464.7977	HK\$447.1646	HK\$453.0800
Knock-out price:	HK\$368.1183	HK\$351.6900	HK\$357.2000
Tenor:	12 months (245 trading days)	12 months (246 trading days)	12 months (246 trading days)
Settlement:	Bi-weekly basis	Bi-weekly basis	Bi-weekly basis
Period end date:	27 June 2023	6 July 2023	7 July 2023

The nominal amount is determined based on the assumptions that (i) there is no Knock-out Event and (ii) the stock price is higher than the predetermined strike price throughout the contract period that the Company is required to sell twice the specified number of the HKEx Shares.

On 6 July 2022, Decumulator Contract-1 was terminated as a result of the occurrence of a Knock-out Event.

On the date of this announcement, MGL has sufficient number of HKEx Shares to fulfil the Decumulator Contracts.

Save as the aforementioned, the Group does not have any outstanding equity decumulator contracts as at the date of this announcement.

### Information of the Decumulator Contracts

- Decumulator contracts are non-guaranteed products, and their returns are linked to a single underlying share.
- The structure of each equity decumulator contracts is to sell a specific number of the underlying share on each scheduled date at the strike price until the relevant contract is redeemed due to (i) Knock-out Event (if applicable) or early termination event occurred or (ii) at maturity.
- The maximum risk exposure of the Company is the limitation of secondary market. The Group is required to hold the contract until maturity unless it is terminated as a result of the occurrence of a Knock-out Event or on the occurrence of an event of default or other circumstances specified in the contract. There is limited secondary market liquidity.

- The fair values are determined based on the valuation performed by an independent professionally qualified valuer.

### **Reasons and benefits of Entering into the Decumulator Contracts**

The Company considers that equity decumulator contracts can generate a targeted income on the disposal of the Group's financial assets. Therefore, the Company makes use of the available listed equity securities to launch the Decumulator Contracts to maximise the possible return for the Company accordingly.

The Company's investment objective is to generate stable additional income. The strategy of these investment is to make investments in the prospects of primarily reputable sizeable financial institutions 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 launch of Decumulator Contracts are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Decumulator Contracts were launched at the strike prices according to the terms of the Decumulator Contracts. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the counterparty financial institution of the Decumulator Contracts 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 Decumulator Contracts launched 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, the Decumulator Contracts were launched within a 12-month period and therefore shall be aggregated under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Decumulator Contracts, on aggregate basis, exceeded 5% but less than 25%, the launch of the Decumulator Contracts constituted a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules Rules.

## **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)
“Decumulator Contracts”	Decumulator Contract-1, Decumulator Contract-2 and Decumulator Contract-3
“Director(s)”	director(s) of the Company
“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”	The Hongkong and Shanghai Banking Corporation Limited
“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
“Knock-out Event”	the closing price of the underlying listed share on any specified trading day during the contract period is equal to or below the predetermined knock-out price
“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
“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, 8 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.*