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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 28 September 2018, Marina as landlord entered into the Tenancy Agreement with TDM as tenant in relation to the tenancy of the Property.

Marina 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 Marina is a connected person of the Company under the Listing Rules. Accordingly, the Tenancy Agreement constitutes continuing connected transaction for the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Tenancy Agreement is required to be aggregated with the transactions under the Existing Tenancy and Licence Agreements (which are also continuing connected transactions for the Company). As all applicable percentage ratios (other than the profits ratio) in respect of the total annual rentals and licence fees for the year ending 31 March 2019 under the Tenancy Agreement and the Existing Tenancy and Licence Agreements are less than 5% but total annual rentals and licence fees are more than HK\$3,000,000, the Tenancy Agreement, Existing Tenancy and Licence Agreements, the total annual rentals and licence fees for the year ending 31 March 2019 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.

As all applicable percentage ratios (other than the profits ratio) in respect of the total annual rentals under the Tenancy Agreement for the year ending 31 March 2020 are less than 5% and the total annual rentals are less than HK\$3,000,000, the total annual rentals for the year ending 31 March 2020 are fully exempted from the announcement, annual review, reporting requirements and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 28 September 2018, Marina as landlord entered into the Tenancy Agreement with TDM as tenant in relation to the tenancy of the Property.

TENANCY AGREEMENT

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

Landlord	:	Marina
Tenant	:	TDM
Property	:	Unit 1801 to Unit 1809 and Unit 1812 to Unit 1820, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, PRC (中國深圳市福田區福強路 1045 號深榮大廈 1801 室至 1809 室及 1812 室至 1820 室)
Usage	:	Customer service center and IT support office
Area	:	871 square metres
Term	:	from 1 October 2018 to 31 March 2020 (both dates inclusive)
Rent	:	HK\$100,000 per month (all fees exclusive)
Deposit	:	HK\$300,000

REVISED AGGREGATE ANNUAL CAP FOR TENANCY AGREEMENT AND EXISTING TENANCY AND LICENCE AGREEMENTS

Reference is made to the announcement of the Company dated 29 March 2018 in relation to the continuing connected transactions of the Company. The annual cap for the transactions under the 2018/19 Tenancy Agreements and 2018/19 Licence Agreements was HK\$15,467,000 for the year ending 31 March 2019.

After entering into the Tenancy Agreement, it is expected that the aggregate annual rentals and the licence fees to be paid/payable by the Group to the East-Asia Group under the Tenancy Agreement and the Existing Tenancy and Licence Agreements for year ending 31 March 2019 will not exceed HK\$16,067,000. For the purpose of compliance with the Listing Rules, the aggregate annual rentals and licence fees are treated as the annual cap of the transactions. The annual cap for the transactions under the Tenancy Agreement will be HK\$1,200,000 for the year ending 31 March 2020.

EXISTING TENANCY AND LICENCE AGREEMENTS

(A) 2018/19 Tenancy Agreements

Details of the 2018/19 Tenancy Agreements are set out below:-

Property	Address	Tenants	Landlords	Usage	Term	Monthly rent HK\$
1	Roof of 17/F, Cheron Court, Hunghom, Kowloon	CTL	GEL	Cell site	1 April 2018– 31 March 2019	4,200
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	TDS	GEL	Shop	1 April 2018– 31 March 2019	145,000
3	Room 1–2, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2018– 31 March 2019	160,116

Property	Address	Tenants	Landlords	Usage	Term	Monthly rent HK\$
4	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2018– 31 March 2019	46,470
5	Portion B of Unit 3608-3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	MGL	GEL	Office	1 April 2018– 31 March 2019	69,948
6	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2018– 31 March 2019	53,280
7	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2018– 31 March 2019	88,000
8	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2018– 31 March 2019	48,000
9	19/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2018– 31 March 2019	375,840
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 2018– 31 March 2019	10,000
11	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2018– 31 March 2019	88,000
12	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2018– 31 March 2019	71,500
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 2018– 31 March 2019	2,500
14	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2018– 31 March 2019	88,000

Property	Address	Tenants	Landlords	Usage	Term	Monthly rent <i>HK\$</i>
15	Rua de Pequim, n°s 170–174, Edifício Centro Comercial Kong Fat, 16° andar E, Macau	TML	HKMag	Office	1 April 2018– 31 March 2019	10,000

(B) 2018/19 Licence Agreements

The principal terms of the 2018/19 Licence Agreements are set out below:-

Carparking Space	Address	Usage	Term	Monthly rent <i>HK\$</i>
16	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 2018– 31 March 2019	10,500
17	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 2018– 31 March 2019	17,500

REASONS AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENT

The Property will be rented by TDM for the use as a customer service center and IT support office for the Group. To cope with the Group’s expansion strategy and to strengthen its service quality, the Group considers that the Property is suitable for the expansion and to enhance the customer service and back end support.

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 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 the Tenancy Agreement are 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 LISTING RULES

Marina 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 Marina is a connected person of the Company under the Listing Rules. Accordingly, the Tenancy Agreement constitutes continuing connected transaction for the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Tenancy Agreement is required to be aggregated with the transactions under the Existing Tenancy and Licence Agreements (which are also continuing connected transactions for the Company). As all applicable percentage ratios (other than the profits ratio) in respect of the total annual rentals and

licence fees for the year ending 31 March 2019 under the Tenancy Agreement and the Existing Tenancy and Licence Agreements are less than 5% but total annual rentals and licence fees are more than HK\$3,000,000, the Tenancy Agreement, Existing Tenancy and Licence Agreements, the total annual rentals and licence fees for the year ending 31 March 2019 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.

As all applicable percentage ratios (other than the profits ratio) in respect of the total annual rentals for the year ending 31 March 2020 under the Tenancy Agreement are less than 5% and the total annual rentals are less than HK\$3,000,000, the total annual rentals for the year ending 31 March 2020 are fully exempted from the announcement, annual review, reporting requirements and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 pre-paid SIM cards 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:

“2018/19 Licence Agreements”	the licence agreements dated 29 March 2018 entered into between the Group and the subsidiaries of East-Asia in respect of the terms for use of the Carparking Spaces for a term from 1 April 2018 to 31 March 2019
“2018/19 Tenancy Agreements”	the separate individual tenancy agreement dated 29 March 2018 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the tenancies for the Properties listed under sub-heading “(A) 2018/19 Tenancy Agreements” above for a term from 1 April 2018 to 31 March 2019
“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 objects of which include Cheung Brothers
“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
“Existing Tenancy and Licence Agreements”	all the separate individual agreement under 2018/19 Tenancy Agreements and 2018/19 Licence Agreements
“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
“HKMag”	H.K. Magnetronic Company 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

“Hong Kong”	The 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
“MGL”	Mango Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“Property”	Unit 1801 to Unit 1809 and Unit 1812 to Unit 1820, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, PRC (中國深圳市福田區福強路 1045 號深榮大廈 1801 室至 1809 室及 1812 室至 1820 室)
“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 28 September 2018 entered into between Marina and TDM 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
“TML”	Telecom (Macau) Limited, a company incorporated in Macau Special Administrative Region of the People’s Republic of China 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, 28 September 2018

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. Hui Ying Bun, Mr. Lam Yu Lung and Mr. Lau Hing Wah.

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.