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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 CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of Telecom Digital Holdings Limited (the “Company”) dated 28 March 2024 in relation to the continuing connected transactions with Sun Asia Group (the “First Announcement”) and dated 25 September 2024 in relation to the revision of annual cap for the continuing connected transactions with Sun Asia Group for the year ending 31 March 2025 from HK\$10,860,000 to HK\$10,995,000 (the “Revised Annual Cap”) (the “Second Announcement”, together with the First Announcement, collectively the “Announcements”) for the year ending 31 March 2025 from HK\$10,860,000 to HK\$10,995,000 (the “Revised Annual Cap”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

In addition to the information disclosed in the Announcements, the Company would like to provide further details regarding the principal terms of the transactions with Sun Asia Group, calculation basis of the Revised Annual Cap and the payments to be made thereunder and reasons for entering into the transactions with Sun Asia Group.

TRANSACTIONS WITH SUN ASIA GROUP

As disclosed in the First Announcement, the scope of the continuing connected transactions with Sun Asia Group, for a term of one year commencing from 1 April 2024 and expiring on 31 March 2025, includes (i) leasing of a property by CTL to TKS; (ii) leasing of the properties by OIL to TKC, CKKJP, CKC F&B and CKK Cafe; (iii) provision of streaming real-time quote service by TDD to TKS; (iv) consignment of KRL Group’s products by TDS and Mango Mall for KRL Group; and (v) purchasing KRL Group’s coupons from KRL Group to TDS. The annual caps for the transactions with Sun Asia Group is fixed based on the aggregate annual fees and the goods to be purchased or sold for the respective transactions for the year ending 31 March 2025 to HK\$10,860,000. On 25 September 2024, the Group has an additional transaction with Sun Asia Group which involve leasing of a property by Onbo to TKS. The Board expects that the existing annual cap for the continuing connected transactions with Sun Asia Group for the year ending 31 March 2025 in the amount of HK\$10,860,000 will be insufficient, and has therefore resolved to revise the annual cap to HK\$10,995,000.

Details of the continuing connected transactions with Sun Asia Group are set out below: -

(i) *Leasing of a property by CTL to TKS*

CTL leased the property 15 to TKS as office for a term of six months from 1 April 2024 to 30 September 2024. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. TKS 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 historical amounts of rental for Property 15 were in the amount of approximately HK\$904,000, HK\$904,000 and HK\$904,000 for the years ended 31 March 2022, 2023 and 2024, respectively. For the six months ended 30 September 2024, TKS paid an aggregate amount of approximately HK\$356,000 to CTL.

(ii) *Leasing of properties by OIL to TKC, CKKJP, CKC F&B and CKK Cafe*

OIL has leased the Property 16, 17, 18 and 19 to TKC, CKKJP, CKC F&B and CKK Cafe as office and restaurants for a term of one year commencing from 1 April 2024 and expiring on 31 March 2025 respectively.

The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. TKC, CKKJP, CKC F&B and CKK Cafe paid the monthly rental in accordance with the tenancy agreements and in the same manner as the tenancy agreements with independent third parties.

The historical amounts of rental for Property 16, 17, 18 and 19 were in the amount of approximately HK\$718,000 and HK\$5,663,000 for the years ended 31 March 2023 and 2024, respectively.

During the term of the rental period, the parties shall provide reasonable estimates of the transactions amount (including total rental amount involved in the leases entered into under the tenancy 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 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	Room 401, 4/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	TKC	OIL	Office	1 April 2024– 31 March 2025	1,000
17	Unit A, 1/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKKJP	OIL	Restaurant	1 April 2024– 31 March 2025	205,370
18	3/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKC F&B	OIL	Restaurant	1 April 2024– 31 March 2025	215,908
19	4/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKK Cafe	OIL	Restaurant	1 April 2024– 31 March 2025	161,304

(iii) *Provision of streaming real-time quote service by TDD to TKS*

TDD shares the streaming real-time quote services provided by HKEx Information Services Limited with TKS 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 annual cap for streaming real-time quote services fees paid by TKS to TDD for the period from 1 April 2024 to 31 March 2025 is HK\$1,000,000, which was determined with reference to the historical amounts for provision of streaming real-time quote services fees paid by TSK to TDD in the amount of approximately HK\$1,202,000, HK\$1,041,000 and HK\$913,000 for the years ended 31 March 2022, 2023 and 2024, respectively.

(iv) *Consignment of KRL Group's products by TDS and Mango Mall for KRL Group*

Mango Mall and TDS have allowed KRL Group to sell KRL Group's products (mainly food products) 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 2% to 15%, of the selling price of the consigned goods, shall be paid by KRL Group to Mango Mall and TDS for the consignment arrangement.

Such consignment fee has been determined by KRL Group, Mango Mall and TDS 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 and retail shops of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of other comparable products by the Group on its online shopping platform and shops would be taken. The annual consignment fees for the year ending 31 March 2025 based on the amount and value of the products which are expected to be sold by Mango Mall and TDS have been fixed to be HK\$500,000, which was determined with reference to the historical amounts of consignment fee in the amount of approximately HK\$445,000, HK\$738,000 and HK\$401,000 for the years ended 31 March 2022, 2023 and 2024, respectively.

(v) *Purchasing KRL Group’s coupons from KRL Group to TDS*

TDS distributes the KRL Group’s coupons (mainly food and beverage cash coupon) (“Coupon”) to the retail shops of the Group, on a gift basis, who purchased the Group’s mobile products from the retail shops of the Group. The amount of the Coupon, which is based on the selling performance of the mobile phones, shall be paid by TDS to KRL Group. The annual budget of the Coupon for the year ending 31 March 2025 determined based on the amount of the Coupons which are expected to be gave-away by TDS has been fixed to be HK\$2,000,000, which is a new transaction with Sun Asia Group for the year ending 31 March 2025 and no historical amount.

(vi) *Leasing of a property by Onbo to TKS*

On 25 September 2024, Onbo as landlord, entered into the Tenancy Agreement with TKS as tenant, in relation to the Property. The rental was determined by both parties through negotiation with reference to the prevailing market rent of similar properties in nearby location. The annual cap for the year ending 31 March 2025 is fixed to HK\$135,000. The principle terms of the Tenancy Agreement is set out below:

Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
Unit 1202, 12/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	TKS	Onbo	Office	1 October 2024 - 31 March 2025	22,490

Reasons and benefits of the continuing connected transactions with Sun Asia Group

For the original continuing connected transactions with Sun Asia Group, TKS considers that the property 15 is suitable for its business while the property 16, 17, 18 and 19 have been rented by TKC, CKKJP, CKC F&B and CKK Cafe for the use as office and restaurants premises respectively, all of them considers that the properties’ locations are suitable for their business operation. In relation to the provision of streaming real-time quote services, TDD has the unique technical support experience for the business of TKS, therefore, TKS appointed TDD to provide such services in order to accommodate the development of its businesses. TDS has been purchasing a wide range of products and KRL Group’s Coupons for its retail shops and different kinds of food products for choices of their customers. KRL Group being the suppliers to provide food products to TDS who have been sourcing suitable products for their promotion programme.

The additional transaction between TSK and Onbo is a new transaction with Sun Asia Group and therefore, there is no historical amount which forms the basis of Revised Annual Cap. The Revised Annual Cap is determined by the anticipated additional amounts payable from TKS to Onbo under the additional transaction which was estimated with reference to the prevailing market rent of similar properties in nearby location. The payment expected to be paid by TKS to Onbo amounts to HK\$135,000 for the year ending 31 March 2025.

Onbo is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company, which is principally engaged in property investment and being the registered owner of the Property. The additional transaction with Sun Asia Group is arrived at after arm's length negotiation and is on normal commercial terms. The rental under the Tenancy Agreement was determined with reference to the prevailing market rent of similar properties in the nearby locations. The Group will receive the monthly rental in accordance with the Tenancy Agreement, and in the same manner as the tenancy agreements with independent third parties. The Directors also consider that it is in the commercial interests of the Company since Onbo receives recurring rentals in connection with the office premises.

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 additional transaction with Sun Asia Group and revision of annual cap are in the ordinary and usual course of business of the Company, and that the transactions with Sun Asia Group including the revision of annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As at the date of the Second Announcement and this announcement, the original annual cap for the continuing connected transactions with Sun Asia Group for year ending 31 March 2025 in the amount of HK\$10,860,000 has not been exceeded.

Save as stated above, all other information set out in the Announcement remains unchanged.

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

Hong Kong, 2 October 2024

As at the date of this announcement, the executive Directors are Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby, CHEUNG King Fung Sunny, WONG Wai Man and Ms. MOK Ngan Chu, and the independent non-executive Directors are Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing.

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