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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 TRANSACTIONS**  
**(1) REVISION OF ANNUAL CAP FOR TRANSACTIONS WITH TSO**  
**(2) TRANSACTIONS WITH YOHM**  
**(3) SURRENDER AGREEMENT**

**REVISION OF ANNUAL CAP FOR TRANSACTIONS WITH TSO**

On 31 March 2020, TDD, TDS, TSN and D1 entered into the separate individual services agreements for 2020/21 with TSO in respect of the (a) provision of repair and refurbishment services for pagers by TSO to TDD; (b) consignment of accessories for mobile phones and personal electronic products of TSO by TDS; (c) provision of logistic services to TSO by TSN, (d) provision of repair and refurbishment services for a brand of mobile phones by TSO to D1 and (e) provision of grading and refurbishment services for used mobile phones by TSO to TDS respectively for a term of one year commencing on 1 April 2020 and fixed the Existing Annual Cap for the year ending 31 March 2021 for the above transactions with TSO to HK\$4,500,000.

Based on the amount of the consignment fees paid by TSO to TDS for the period from 1 April 2020 to 30 October 2020, it is anticipated that the Existing Annual Cap will be insufficient for the aggregate annual fees payable for/receivable from the transactions with TSO for the year ending 31 March 2021. Therefore, the Board resolved to revise the Existing Annual Cap for the transactions with TSO to HK\$7,000,000 for the year ending 31 March 2021.

As at the date of this announcement, TSO is a wholly-owned subsidiary of TSOH which is indirectly owned by the Cheung Family Trust as to 51.43%. As the Cheung Family Trust indirectly holds 54.49% of the issued share capital of the Company, TSO is a connected person of the Company under the Listing Rules. Accordingly, the transactions with TSO constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the Revised Annual Cap for (a) provision of repair and refurbishment services for pagers by TSO to TDD; (b) consignment of accessories for mobile phones and personal electronic products of TSO by TDS; (c) provision of logistic services to TSO by TSN, (d) provision of repair and refurbishment services for a brand of mobile phones by TSO to D1 and (e) provision of grading and refurbishment services for used mobile phones by TSO to TDS are less than 25% and the aggregate annual fee is less than HK\$10,000,000, the aggregate annual fee, the transactions with TSO and the Revised Annual Cap are subject to the announcement, annual review and reporting requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **TRANSACTIONS WITH YOHM**

Mango Mall has been commencing business transactions with YoHm since April 2020 in which Mango Mall would purchase face masks and disinfection products from YoHm for sales on the online platform and retail shops of the Group. The annual cap is determined based on the forecast and estimation of market demand on disinfection products for the year ending 31 March 2021 to HK\$3,500,000.

As at the date of this announcement, YoHm is indirectly held as to 60% by Ms. Cheung Lap Yee Lizamarie, daughter of Mr. Cheung King Shan who is the executive Director and controlling shareholder of the Company and holds directly and indirectly approximately 59.57% of the issued share capital of the Company. Therefore, each of YoHm and Ms. Cheung Lap Yee Lizamarie is an associate of Mr. Cheung King Shan and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions between YoHm and Mango Mall constitute a continuing connected transaction for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the estimated annual purchase with YoHm for the year ending 31 March 2021 are less than 5% but such purchase amount is more than HK\$3,000,000, the transactions with YoHm is subject to the announcement, annual review and reporting requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SURRENDER AGREEMENT**

On 4 December 2020, TDS has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises under the 2020/21 Tenancy Agreements.

As at the date of this announcement, GEL 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 GEL is a connected person of the Company under the Listing Rules. Accordingly, the Surrender Agreement constitutes continuing connected transaction for the Company.

Pursuant to the Surrender Agreement, TDS shall surrender the Surrendered Premises under the 2020/21 Tenancy Agreements to GEL on 4 December 2020. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual rental and licence fees under the 2020/21 Tenancy Agreements and 2020/21 Licence Agreements are less than 5% but the revised aggregate annual rental and licence fees are more than HK\$3,000,000, such tenancy agreements, licence agreements, the revised aggregate annual rental and licence fees 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.

## **REVISION OF ANNUAL CAP FOR TRANSACTIONS WITH TSO**

Reference is made to the announcement of the Company dated 31 March 2020 regarding the separate individual services agreements entered into between TDD, TDS, TSN and D1 with TSO for the transactions between TSO and the Group for a term up to 31 March 2021. The Existing Annual Cap for the transactions with TSO for the year ending 31 March 2021 was fixed to HK\$4,500,000.

Based on the amount for the consignment fees paid by TSO to TDS for the period from 1 April 2020 to 30 October 2020, it is anticipated that the Existing Annual Cap will be insufficient for the aggregate annual fees payable for/receivable from the transactions with TSO for the year ending 31 March 2021. Therefore, the Board resolved to revise the annual cap for the transactions with TSO to HK\$7,000,000 for the year ending 31 March 2021. The revision of annual cap is to increase the Existing Annual Cap by the anticipated additional consignment fees payable from TSO to TDS which is determined with reference to the prevailing market rate of similar consignment arrangements, the amount and value of the consigned goods which are expected to be sold by TSO and the historical amount for the consignment fees paid by TSO to TDS.

The details of the transactions between TSO and the Group for the year ending 31 March 2021 are set out below:

*(a) Provision of repair and refurbishment services for pagers by TSO to TDD*

TSO has been providing repair and refurbishment services for pagers to TDD. The service fees charged by TSO are on a “per device” basis. The service fees are determined by TSO and TDD with reference to the prevailing market rate (in terms of, among others, profit margin) of similar services, the number of pagers which is expected to be used by the customers of TDD and the historical amounts paid by the Group to TSO. Due to the popularity of various channels of mobile communication, the Company anticipates that the total number of paging services subscribers will continue to experience a decrease in future and so as to the repair and refurbishment services for the pagers.

The historical amounts for the aggregate repair and refurbishment service fees paid by TDD to TSO for the previous years were set out below:-

	<i>HK\$</i>
Year ended 31 March 2018	3,576,000
Year ended 31 March 2019	3,918,000
Year ended 31 March 2020	1,511,000
As at 30 October 2020	703,000

*(b) Consignment of accessories for mobile phones and personal electronic products of TSO by TDS*

TDS has allowed TSO to sell the accessories for mobile phones and personal electronic products at the 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 of the sales of consigned goods, shall be paid by TSO to TDS for the consignment arrangement. Such consignment fee has been determined by TSO and TDS with reference to the prevailing market rate of similar consignment arrangements, the amount and value of the consigned goods which is expected to be sold by TSO and the historical amounts received by TDS from TSO.

The historical amounts for the consignment fees received by TDS from TSO for the previous years were set out below:-

	<i>HK\$</i>
Year ended 31 March 2018	734,000
Year ended 31 March 2019	565,000
Year ended 31 March 2020	1,125,000
As at 30 October 2020	2,704,000

(c) *Provision of logistic services to TSO by TSN*

TSN has been providing logistic services for delivery of goods (for example, defective devices for repair and refurbishment) between the office, service centers and collection points of TSO. The fees charged by TSN are on a “per delivery” basis. The fees for the services are determined by TSO and TSN with reference to the prevailing market rate of similar services and the historical amounts received by TSN from TSO.

The historical amounts for the logistic services fees paid by TSO to TSN for the previous years were set out below:-

	<i>HK\$</i>
Year ended 31 March 2018	676,000
Year ended 31 March 2019	738,000
Year ended 31 March 2020	781,000
As at 30 October 2020	265,000

(d) *Provision of repair and refurbishment services for a brand of mobile phones by TSO to D1*

TSO has been providing repair and refurbishment services for a brand of mobile phones to D1 since 1 April 2019. The service fees charged by TSO are on a “per mobile phone” basis. The service fees are determined by TSO and D1 with reference to the prevailing market rate (in terms of, among others, profit margin) of similar services and the historical amounts paid by D1 to TSO.

The historical amounts for the services fees paid by D1 to TSO were set out below:-

	<i>HK\$</i>
Year ended 31 March 2020	374,000
As at 30 October 2020	171,000

(e) *Provision of grading and refurbishment services for used mobile phones by TSO to TDS*

TSO has been providing grading and refurbishment services for used mobile phones trade in by the Group since 1 November 2019. The services fees charged by TSO are on a “per mobile phone” basis and determined by the forecast and estimation on the number of mobile phones trade in by TDS.

The historical amount for such services fees paid by TDS to TSO were set out below:-

	<i>HK\$</i>
Year ended 31 March 2020	156,000
As at 30 October 2020	288,000

**Reasons and benefit for revision of annual cap for the transactions with TSO**

TSO launched a mobile phone screen protection programme through which the customers can enjoy screen replacement or repair services free of charge during the maintenance period. The screen protection covers has been selling at the retail shops of the Group as consigned goods. The programme has been well-received by the customers and the consignment fees received by the Group from TSO were substantially increased as a result of the increase in demand of the programme from customers. Therefore, the Board resolved to revise the Existing Annual Cap to accommodate the increment of aggregate annual fees for the transactions with TSO. The principal activities of TSO are the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories and provision of supportive services. Therefore, it is in the normal and ordinary course of business of TSO to continue and/or provide the services with the Group.

The terms of the services agreements for 2020/21 are arrived at after arm's length negotiation and are on normal commercial terms. The revision of annual cap is to increase the Existing Annual Cap by the anticipated additional consignment fees receivable by the Group which are determined with reference to the prevailing market rate of similar consignment arrangements, the amount and value of the consigned goods which are expected to be sold by TSO and the historical amount for the consignment fees received by TDS from TSO. The Directors (except the Cheung Brothers who have material interest in the services agreements for 2020/21 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 services agreements for 2020/21 and the Revised Annual Cap are on normal commercial terms, fair and reasonable, 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**

As at the date of this announcement, TSO is a wholly-owned subsidiary of TSOH which is indirectly owned by the Cheung Family Trust as to 51.43%. As the Cheung Family Trust indirectly holds 54.49% of the issued share capital of the Company, TSO is a connected person of the Company under the Listing Rules. Accordingly, the transactions with TSO constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the Revised Annual Cap for (a) provision of repair and refurbishment services for pagers by TSO to TDD; (b) consignment of accessories for mobile phones and personal electronic products of TSO by TDS; (c) provision of logistic services to TSO by TSN, (d) provision of repair and refurbishment services for a brand of mobile phones by TSO to D1 and (e) provision of grading and refurbishment services for used mobile phones by TSO to TDS are less than 25% and the aggregate annual fee is less than HK\$10,000,000, the aggregate annual fee, the transactions with TSO and the Revised Annual Cap are subject to the announcement, annual review and reporting requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **TRANSACTIONS WITH YOHM**

Mango Mall has been commencing business transactions with YoHm since April 2020 in which Mango Mall would purchase face masks and disinfection products from YoHm for sales on the online platform and retail shops of the Group. The annual cap is determined based on the forecast and estimation of market demand on disinfection products for the year ending 31 March 2021 to HK\$3,500,000.

### **Reasons and benefit for the transactions with YoHm**

Mango Mall has been purchasing a wide range of products for its online retailing business. During the year, the demand of health-related products has been increased due to the outbreak of the COVID-19. Mango Mall sourced a wide variety of face masks and disinfection products for the choices of its customers. YoHm is one of its suppliers.

The transactions with YoHm are arrived at after arm's length negotiation and are on normal commercial terms. The Directors (except Mr. Cheung King Shan who has material interest in the transactions with YoHm 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 transactions with YoHm are on normal commercial term, fair and reasonable, 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

As at the date of this announcement, YoHm is indirectly held as to 60% by Ms. Cheung Lap Yee Lizamarie, daughter of Mr. Cheung King Shan who is the executive Director and controlling shareholder of the Company and holds directly and indirectly approximately 59.57% of the issued share capital of the Company. Therefore, each of YoHm and Ms. Cheung Lap Yee Lizamarie is an associate of Mr. Cheung King Shan and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between YoHm and Mango Mall constitute a continuing connected transaction for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the estimated annual purchase with YoHm for the year ending 31 March 2021 are less than 5% but such purchase amount is more than HK\$3,000,000, the transactions with YoHm is subject to the announcement, annual review and reporting requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## SURRENDER AGREEMENT

Reference is made to the announcement of the Company dated 31 March 2020 in relation to the 2020/21 Tenancy Agreements entered into between East-Asia Group and the Group in which setting out the terms and conditions for leasing of properties for a term up to 31 March 2021.

On 4 December 2020, TDS has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises under the 2020/21 Tenancy Agreements.

Pursuant to the Surrender Agreement, TDS shall surrender the Surrendered Premises under the 2020/21 Tenancy Agreements to GEL on 4 December 2020, the tenancy of the Surrender Premises shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations in relation to the Surrender Premises thereof.

Details of the tenancy of the Surrender Premises under the Surrender Agreement are as follows:

Address	Tenant	Landlord	Usage	Term	Monthly rent <i>HK\$</i>
Portion B of Unit 3608-3611, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2020– 31 March 2021 (tenancy to be terminated in advance on 4 December 2020)	20,867

## Revised annual cap for tenancy agreements and licence agreements

Reference is made to the announcement of the Company dated 31 March 2020 in relation to the continuing connected transactions of the Company. The annual cap for the transactions under the 2020/21 Tenancy Agreements and 2020/21 Licence Agreements was HK\$17,800,000 for the year ending 31 March 2021.

After entering into the Surrender Agreement, it is expected that the aggregate annual rentals and licence fees to be paid/payable by the Group to the East-Asia Group under the 2020/21 Tenancy Agreements and 2020/21 Licence Agreements for the year ending 31 March 2021 will be decreased to not exceed HK\$17,716,000. 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.

## **Reason for entering into Surrender Agreement**

Given the uncertainties and challenges faced by the world's major economies, the Group keeps implementing stricter financial control, streamlining structure and expenditure austerity. As such, TDS decided to terminate the tenancy agreement for the Surrendered Premises. The Surrender Agreement was entered to surrender the Surrendered Premises.

The terms of the Surrender Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The Directors (except the Cheung Brothers being the Directors who have material interests in the Surrender Agreement and who abstained from participating in the approval of the relevant Board resolutions due to conflict of interest), including the independent non-executive Directors, considered that the terms of the Surrender Agreement are fair and reasonable and the Surrender 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 the Listing Rules**

As at the date of this announcement, GEL 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 GEL is a connected person of the Company under the Listing Rules. Accordingly, the Surrender Agreement constitutes continuing connected transaction for the Company.

Pursuant to the Surrender Agreement, TDS shall surrender the Surrendered Premises under the 2020/21 Tenancy Agreements to GEL on 4 December 2020. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual rental and licence fees under the 2020/21 Tenancy Agreements and 2020/21 Licence Agreements are less than 5% but the revised aggregate annual rental and licence fees are more than HK\$3,000,000, such tenancy agreements, licence agreements, the revised aggregate annual rental and licence fees 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.

## **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 other consumer goods 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.

TSOH is listed on Main Board of the Stock Exchange and is principally engaged in investment holding. The principal activities of TSOH Group including TSO are provision of repair and refurbishment services for mobile phones and other personal electronic products as well as sales of related accessories and provision of supportive services.

Mango Mall, a wholly-owned subsidiary of the Company, is principally engaged in e-commerce business.

YoHm, a manufacturing company principally engaging in manufacturing and trading of face masks and disinfection products, is indirectly owned as to 60% by Ms. Cheung Lap Yee Lizamarie, daughter of Mr. Cheung King Shan. Therefore, YoHm is an associate of Mr. Cheung King Shan and thus a connected person of the Company.

East-Asia, an investment holding company, is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 54.49% of the issued share capital of the Company. 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:

“2020/21 Tenancy Agreements”	all the separate individual tenancy agreements dated 31 March 2020 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of leasing properties from 1 April 2020 to 31 March 2021
“2020/21 Licence Agreements”	the licence agreements dated 31 March 2020 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the terms for use of Carparking Spaces from 1 April 2020 to 31 March 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 the Cheung Brothers and their family members
“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(s)”	has the meaning ascribed to it under the Listing Rules
“D1”	Distribution One 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 Annual Cap”	the annual cap for the anticipated aggregate annual fees payable for/receivable from the transactions between TSO and the Group for the year ending 31 March 2021 as disclosed in the announcement of the Company dated 31 March 2020, i.e. HK\$4,500,000



“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Mango Mall”	Mango Mall Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Revised Annual Cap”	the revised annual cap for the anticipated aggregate annual fees payable for/receivable from the transactions between TSO and the Group for the year ending 31 March 2021, i.e. HK\$7,000,000
“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)
“Surrender Agreement”	the surrender agreement dated 4 December 2020 entered into between GEL and TDS in relation to the surrender of the Surrendered Premises under the 2020/21 Tenancy Agreements
“Surrendered Premises”	Portion B of Unit 3608-3611, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories, Hong Kong
“TDD”	Telecom Digital Data 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
“TSN”	Telecom Service Network Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“TSO”	Telecom Service One Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of TSOH
“TSOH”	Telecom Service One 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: 3997)

“TSOH Group”

TSOH and its subsidiaries

“YoHm”

YoHm Disinfection Tech Limited, a company incorporated in Hong Kong and is indirectly owned as to 60% by Ms. Cheung Lap Yee Lizamarie, a daughter of Mr. Cheung King Shan. Therefore, YoHm is an associate of Mr. Cheung King Shan, executive director and controlling shareholder of the Company, 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, 4 December 2020

*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. Lam Yu Lung and Mr. Lau Hing Wah.*

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