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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
SURRENDER AGREEMENT**

SURRENDER AGREEMENT

On 16 August 2019, TML (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with HKMag to surrender the Surrendered Premises under the 2019/20 Tenancy Agreements.

HKMag 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 HKMag 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, TML shall surrender the Surrendered Premises under the 2019/20 Tenancy Agreements to HKMag on 31 August 2019. 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 2019/20 Tenancy Agreements and 2019/20 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.

SURRENDER AGREEMENT

Reference is made to the announcement of the Company dated 31 March 2019 in relation to the 2019/20 Tenancy Agreements, entered into between TML and HKMag in which setting out the terms and conditions for leasing of the Surrender Premises for a term up to 31 March 2020.

On 16 August 2019, TML has entered into the Surrender Agreement with HKMag to surrender the Surrendered Premises under the 2019/20 Tenancy Agreements.

Pursuant to the Surrender Agreement, TML shall surrender the Surrendered Premises under the 2019/20 Tenancy Agreements to HKMag on 31 August 2019, 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>
Rua de Pequim, n ^o s 170–174, Edifício Centro Comercial Kong Fat, 16 ^o andar E, Macau	TML	HKMag	Office	1 April 2019– 31 March 2020 (tenancy to be terminated in advance on 31 August 2019)	22,746

REVISED AGGREGATE ANNUAL CAP

Reference is made to the announcement of the Company dated 31 March 2019 in relation to the continuing connected transactions of the Company. The annual cap for the transactions under the 2019/20 Tenancy Agreements and 2019/20 Licence Agreements was HK\$17,511,000 for the year ending 31 March 2020.

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 2019/20 Tenancy Agreements and 2019/20 Licence Agreements for the year ending 31 March 2020 will not exceed HK\$17,352,000. 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.

TENANCY AGREEMENTS AND LICENCE AGREEMENTS

Details of tenancies of other properties and Carparking Spaces under the 2019/20 Tenancy Agreements and 2019/20 Licence Agreements for a term up to 31 March 2020 are as follows:

2019/20 Tenancy Agreements

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent <i>HK\$</i>
1	Roof of 17/F, Cheron Court, Hung Hom, Kowloon	CTL	GEL	Cell site	1 April 2019– 31 March 2020	4,500
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	TDS	GEL	Shop	1 April 2019– 31 March 2020	150,000
3	Room 1–2, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2019– 31 March 2020	145,560
4	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2019– 31 March 2020	49,568
5	Portion B of Unit 3608-3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2019– 31 March 2020	73,834
6	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2019– 31 March 2020	56,832
7	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2019– 31 March 2020	95,000
8	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2019– 31 March 2020	52,000
9	19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2019– 31 March 2020	400,896

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
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 2019– 31 March 2020	11,000
11	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2019– 1 March 2020	95,000
12	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2019– 31 March 2020	75,000
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 2019– 31 March 2020	2,700
14	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2019– 31 March 2020	95,000
15	Unit 1801 to Unit 1809 and Unit 1812 to Unit 1820, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, PRC	TDM	Marina	Customer service center and IT support office	1 October 2018– 31 March 2020	100,000

2019/20 Licence Agreements

Carparking Space	Address	Usage	Term	Monthly rent HK\$
16	Carparking Space Nos. 5, 6 and 7 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Carparking space	1 April 2019– 31 March 2020	11,100
17	Carparking Space Nos. 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Carparking space	1 April 2019– 31 March 2020	18,500

REASON FOR ENTERING INTO SURRENDER AGREEMENT

Alert to market trends and technological development, the Group ceased its paging and other telecommunications services in Macau on 30 June 2019. 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

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

Upon entering into the Surrender Agreement, the tenancy of the Surrender Premises under the Surrender Agreement is to be terminated in advance. 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 2019/20 Tenancy Agreements and 2019/20 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 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 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:

“2019/20 Licence Agreements”	the licence agreements dated 30 March 2019 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 up to 31 March 2020
“2019/20 Tenancy Agreements”	the separate individual tenancy agreement dated 28 September 2018 and 30 March 2019 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the tenancies of the properties for a term up to 31 March 2020
“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 beneficiary includes Cheung Brothers, all being Directors
“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
“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
“Macau”	Macao Special Administrative Region
“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

“PRC”	The People’s Republic of China
“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)
“Surrender Agreement”	the surrender agreement dated 16 August 2019 entered into between TML and HKMag in relation to the surrender of the Surrendered Premises under the 2019/20 Tenancy Agreements
“Surrender Premises”	Rua de Pequim, n ^o s 170–174, Edifício Centro Comercial Kong Fat, 16 ^o andar E, Macau
“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 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, 16 August 2019

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 and Mr. Lau Hing Wah.

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