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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 two equity decumulator contracts with HSBC on 25 September 2024 and 17 February 2025 (after trading hours) with an aggregate notional amount of approximately HK\$16,366,500 (excluding transaction fees).

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 than one 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.

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MAJOR TERMS OF THE DECUMULATOR CONTRACTS

As at the date of this announcement, the principal terms of the Decumulator Contracts are set out below:

| | <u>Decumulator Contract-1</u> | <u>Decumulator Contract-2</u> |
|-------------------|--|---|
| Trade date: | 25 September 2024 | 17 February 2025 |
| Buyer: | HSBC | HSBC |
| Effective date: | 26 September 2024 | 18 February 2025 |
| Underlying share: | HKEx | HKEx |
| Notional amount: | 19,188 HKEx Shares, approximately HK\$6,024,800 | 21,824 HKEx Shares, approximately HK\$10,341,700 |
| Spot price | HK\$262.4000 | HK\$341.6000 |
| Strike price: | HK\$313.9878 | HK\$473.8675 |
| Knock-out price: | HK\$249.2800 | HK\$324.5200 |
| Tenor: | 12 months (246 trading days) | 12 months (248 trading days) |
| Settlement: | Bi-weekly basis | Bi-weekly basis |
| Period end date: | 24 September 2025 | 16 February 2026 |

The notional amount is determined based on the assumptions that (i) there is no Knock-out Event or early termination event occurred; and (ii) the maximum stock price is the predetermined strike price throughout the contract period that the Company is required to sell a specified number of the HKEx Shares under the Decumulator Contracts.

Current status

As at the date of this announcement, the Directors confirm that (i) except for the above-mentioned Decumulator Contracts, the Group does not have any outstanding equity decumulator contracts linked with HKEx Shares; and (ii) MGL has sufficient number of HKEx Shares to fulfil the Decumulator Contracts.

Information of the Decumulator Contracts

- Decumulator contracts are non-guaranteed product, and the returns are linked to a single underlying share.
- The structure of the equity decumulator contracts are to sell a specific number of the underlying share on each scheduled date at the strike price until the relevant contracts are 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 the 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 returns 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 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.

Implications Under the Listing Rules

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 than one 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.

The Company will closely monitor and review the status of the Decumulator Contracts and will make further announcement(s) in compliance with the Listing Rules (if required).

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 | |
|---|-----------------------------------|-----------------------------|
| | 2023 <i>HK\$ Million</i> | 2022 <i>HK\$ Million</i> |
| Total assets | 341,179 | 406,051 |
| Profit before taxation | 13,332 | 11,659 |
| Profit for the year | 11,981 | 10,095 |
| Profit attributable to shareholders of HKEx | 11,862 | 10,078 |

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 the telecommunications and related business in Hong Kong, including (i) product business: sales of electronic devices, other consumer goods and related services; (ii) operation services: provision of operation services to Sun Mobile Limited, an associate owned as to 40% by the Group and as to 60% by HKT Limited; (iii) property investments in Hong Kong; and (iv) other segments: comprises mainly provision of paging and other communication services.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|-------------------------|--|
| “Board” | the board of Directors of the Company |
| “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 and Decumulator Contract - 2 |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned |
| “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 Parties” | 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” | from the dates of 26 September 2024 and 18 February 2025 for Decumulator Contract – 1 and Decumulator Contract – 2 respectively, 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 Main Board of the Stock Exchange |
| “MGL” | Mango Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company |
| “Shareholder(s)” | the shareholder(s) 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, 18 February 2025

As at the date of this announcement, the executive directors of the Company 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 of the Company 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.