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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: 8336)

CONTINUING CONNECTED TRANSACTIONS -

**NEW LICENCE AGREEMENTS AND
REVISION OF ANNUAL CAPS OF MASTER TENANCY AGREEMENT**

On 1 September 2014, GEL, GIL and SCL (all being wholly-owned subsidiaries of East-Asia) have respectively entered into the New Licence Agreements with TDS and TSN (both being wholly-owned subsidiaries of the Company), under which GEL, GIL and SCL agreed to grant to TDS and TSN the use of the Licensed Carparking Spaces (comprising 14 fixed carparking spaces) for a term of three years from 1 September 2014.

After the entering of the New Licence Agreements, the aggregate annual rents and licence fees paid/payable by the Group to the East-Asia Group under the Existing Tenancy Agreements and the New Licence Agreements are more than the Original Annual Caps of the Master Tenancy Agreement. The Directors therefore propose that the Original Annual Caps be revised and increased to the Revised Annual Caps, which amount to the revised aggregate annual rents and licence fees paid/payable by the Group to the East-Asia Group under the Existing Tenancy Agreements and the New Licence Agreements.

East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the issued share capital of the Company, and is therefore a connected person of the Company. Accordingly, the New Licence Agreements constitute continuing connected transactions for the Company.

As all applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of each of the Revised Annual Caps are less than 5% but the annual consideration is more than HK\$3,000,000, the New Licence Agreements and the Revision of the Annual Caps are subject to the disclosures in announcement and annual reports and annual review requirements but are exempt from the circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

Reference is made to the paragraphs headed “2. Leasing of properties by certain subsidiaries of East Asia to our Group” under the section “Continuing Connected Transactions” on pages 167 to 172 in the prospectus of the Company dated 26 May 2014 regarding the Master Tenancy Agreement entered into between the Company and East-Asia on 22 May 2014 setting out the basic terms and conditions of leasing of properties in Hong Kong and Macau from the date of listing (i.e. 30 May 2014) to 31 March 2017, pursuant to which separate individual agreements in terms not contrary to the Master Tenancy Agreement would be entered into between the Group and the East-Asia Group from time to time. The Original Annual Caps for the aggregate annual rents to be paid/payable by the Group to the East-Asia Group under the Existing Tenancy Agreements are HK\$11,878,000, HK\$12,338,000 and HK\$13,168,000 for each of the three years ending 31 March 2017 respectively.

On 1 September 2014, GEL, GIL and SCL (all being wholly-owned subsidiaries of East-Asia) have respectively entered into the New Licence Agreements with TDS and TSN (both being wholly-owned subsidiaries of the Company), under which GEL, GIL and SCL agreed to grant to TDS and TSN the use of the Licensed Carparking Spaces (comprising 14 fixed carparking spaces) for a term of three years from 1 September 2014.

After the entering of the New Licence Agreements, the aggregate annual rents and licence fees paid/payable by the Group to the East-Asia Group under the Existing Tenancy Agreements and the New Licence Agreements are more than the Original Annual Caps of the Master Tenancy Agreement. The Directors therefore propose that the Original Annual Caps be revised and increased to the Revised Annual Caps, which amount to the revised aggregate annual rents and licence fees paid/payable by the Group to the East-Asia Group under the Existing Tenancy Agreements and the New Licence Agreements. The Revised Annual Caps will be HK\$12,368,000, HK\$13,178,000 and HK\$14,008,000 for each of the three years ending 31 March 2017 respectively.

SEPARATE INDIVIDUAL AGREEMENTS UNDER MASTER TENANCY AGREEMENT

(A) *New Licence Agreements dated 1 September 2014*

The principal terms of the New Licence Agreements are set out below.

New Licence Agreement A

Licensor	:	GIL
Licensee	:	TSN
Licensed Carparking Spaces I	:	Carparking Space Nos. 5, 6, 7, 10 and 13 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	three years from 1 September 2014
Licence fees	:	HK\$25,000 per month (inclusive of government rates, government rent and building management fee)
Deposit	:	HK\$75,000

New Licence Agreement B

Licensor	:	SCL
Licensee	:	TSN
Licensed Carparking Space II	:	Carparking Space No. 8 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	three years from 1 September 2014
Licence fees	:	HK\$5,000 per month (inclusive of government rates, government rent and building management fee)
Deposit	:	HK\$15,000

New Licence Agreement C

Licensor	:	GEL
Licensee	:	TDS
Licensed Carparking Spaces III	:	Carparking Space Nos. 9, 12, 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	three years from 1 September 2014
Licence fees	:	HK\$35,000 per month (inclusive of government rates, government rent and building management fee)
Deposit	:	HK\$105,000

New Licence Agreement D

Licensor	:	SCL
Licensee	:	TDS
Licensed Carparking Space IV	:	Carparking Space No. 11 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Term	:	three years from 1 September 2014
Licence fees	:	HK\$5,000 per month (inclusive of government rates, government rent and building management fee)
Deposit	:	HK\$15,000

(B) Existing Tenancy Agreements

Details of the Existing Tenancy Agreements are set out below.

	Address	Usage	Term	Monthly rent HK\$
1	Roof of 17/F, Cheron Court, Hungghom, Kowloon	Cell site	1 April 2013– 31 March 2016	3,175
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	Shop	1 April 2014– 31 March 2017	120,000

	Address	Usage	Term	Monthly rent HK\$
3	Room 1–2, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	Office	1 April 2014– 31 March 2017	114,000
4	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014– 31 March 2016	38,725
5	Unit 1808, 18/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories	Office	1 April 2013– 31 March 2016	30,400
6	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014– 31 March 2016	44,400
7	Portion of Unit A, 23/F, Kyoto Plaza, Nos. 491–499, Lockhart Road, Wanchai, Hong Kong	Shop	1 July 2014– 31 March 2017	25,290
8	Shop A4, G/F, Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	Shop	1 April 2013– 31 March 2016	60,000
9	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	Shop	1 April 2014– 31 March 2017	40,000
10	19/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014– 31 March 2016	313,200
11	Room & Portion of Roof top of Flat G, 5/F, Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2013– 31 March 2016	4,800
12	Flat C and Roof, 23/F, Tung Po Building, 485 King's Road, North Point, Hong Kong	Cell site	1 April 2013– 31 March 2016	6,000

	Address	Usage	Term	Monthly rent HK\$
13	Office No. 1, 29/F, Portion of R/F, Ho King Commercial Centre, No. 2–16 Fa Yuen Street, Mongkok, Kowloon	Cell site	1 April 2013– 31 March 2016	3,500
14	Radio Station & Antenna on Portion of the Roof of 4 Wing Lee Street, Peng Chau, New Territories	Cell site	1 April 2013– 31 March 2016	6,000
15	Portion of R/T of Flat G, 5/F, Silver Center Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2013– 31 March 2016	7,200
16	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	Shop	1 April 2013– 31 March 2016	60,000
17	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	Shop	1 April 2014– 31 March 2017	59,000
18	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	Cell site	1 April 2013– 31 March 2016	1,750
19	Roof Level of Unit 3407, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon	Cell site	1 April 2013– 31 March 2016	7,584
20	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	Shop	1 April 2013– 31 March 2016	60,000
21	Rua de Pequim, n ^o s 170–174, Edifício Centro Comercial Kong Fat, 16 ^o andar E, Macau	Office	1 August 2014– 31 July 2016	8,540

REASONS FOR OF REVISION OF ANNUAL CAPS

The Group has been using the offices located at YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong as headquarters of its operations. Thus, the Company entered into the New Licence Agreements to secure the carparking spaces at YHC Tower for use by the Group's logistic vehicle fleet.

The terms of the New Licence Agreements are arrived at after arm's length negotiation and are on normal commercial terms. The Revision of the Annual Caps is the increase of Original Annual Caps by the licence fees payable under the New Licence Agreements which was determined with reference to the prevailing market licence fees of the carparking spaces located at YHC Tower and similar properties in the nearby locations. The Directors (including the independent non-executive Directors) considered that the New Licence Agreements and the Revision of the Annual Caps are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Group and its shareholders as a whole.

Mr. Cheung King Shek, the chairman and executive Director, Mr. Cheung King Fung Sunny, the executive Director, Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby, the non-executive Directors, did abstain from voting on the relevant Board resolution in view of their material interests in the Revision of the Annual Caps by virtue of being discretionary objects of the Cheung Family Trust.

GENERAL

The Company is principally engaged in the telecommunications and related business in Hong Kong, including (i) retail sales of mobile phones of various brands and pre-paid SIM cards; (ii) distribution of mobile phones; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to New World Mobility Limited, a mobile service operator in Hong Kong and a 40%-owned associate of the Group.

East-Asia, a property holding company indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the issued share capital of the Company, and is therefore a connected person of the Company. Accordingly, the New Licence Agreements constitute continuing connected transactions for the Company.

As all applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of each of the Revised Annual Caps are less than 5% but the annual consideration is more than HK\$3,000,000, the New Licence Agreements and the Revision of the Annual Caps are subject to the disclosures in announcement and annual reports and annual review requirements but are exempt from the circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:-

“Board” the board of Directors

“Cheung Family Trust”	a discretionary trust established for the benefit of certain family members of the Cheung family, the discretionary objects of which include Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny
“Company”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8336)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“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 Agreements”	existing separate individual agreements entered into between the Group and the East-Asia Group pursuant to the Master Tenancy Agreement
“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
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“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
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Licensed Carparking Spaces”	the Licensed Carparking Spaces I, the Licensed Carparking Space II, the Licensed Carparking Spaces III and the Licensed Carparking Space IV
“Licensed Carparking Spaces I”	Carparking Space Nos. 5, 6, 7, 10 and 13 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
“Licensed Carparking Space II”	Carparking Space No. 8 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
“Licensed Carparking Spaces III”	Carparking Space Nos. 9, 12, 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
“Licensed Carparking Space IV”	Carparking Space No. 11 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
“Master Tenancy Agreement”	the master tenancy agreement entered into between the Company and East-Asia on 22 May 2014, setting out the basic terms and conditions of leasing of properties in Hong Kong and Macau, pursuant to which separate individual agreements in terms not contrary to the master tenancy agreement would be entered into between the Group and the East-Asia Group from time to time
“New Licence Agreements”	the New Licence Agreement A, the New Licence Agreement B, the New Licence Agreement C and the New Licence Agreement D
“New Licence Agreement A”	the licence agreement dated 1 September 2014 entered into between GIL and TSN in relation to the use of the Licensed Carparking Spaces I
“New Licence Agreement B”	the licence agreement dated 1 September 2014 entered into between SCL and TSN in relation to the use of the Licensed Carparking Space II
“New Licence Agreement C”	the licence agreement dated 1 September 2014 entered into between GEL and TDS in relation to the use of the Licensed Carparking Spaces III
“New Licence Agreement D”	the licence agreement dated 1 September 2014 entered into between SCL and TDS in relation to the use of the Licensed Carparking Space IV

“Original Annual Caps”	the aggregate annual rents paid/payable by the Group to the East-Asia Group under the Master Tenancy Agreement as disclosed in the prospectus of the Company dated 26 May 2014, i.e. HK\$11,878,000, HK\$12,338,000 and HK\$13,168,000 for each of the three years ending 31 March 2017 respectively
“Revised Annual Caps”	the revised aggregate annual rents and licence fees paid/payable by the Group to the East-Asia Group under the Master Tenancy Agreement as disclosed in this announcement, i.e. HK\$12,368,000, HK\$13,178,000 and HK\$14,008,000 for each of the three years ending 31 March 2017 respectively
“Revision of the Annual Caps”	the increase of the Original Annual Caps for each of the the three years ending 31 March 2017 to the Revised Annual Caps by the licence fees payable under the New Licence Agreements
“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)
“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
“%”	per cent.

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

Hong Kong, 1 September 2014

As at the date of this announcement, the executive Directors are Mr. Cheung King Shek, Mr. Cheung King Fung Sunny, Ms. Mok Ngan Chu and Mr. Wong Wai Man, the non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby and the independent non-executive Directors are Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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