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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
SURRENDER AGREEMENT

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On 18 May 2021, TDS (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises.

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 transactions for the Company.

As all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fee for the transactions with East-Asia Group is less than 5% but the revised aggregate annual fee is more than HK\$3,000,000, the transactions with East-Asia Group and the revised aggregate annual fee 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 announcements of the Company dated 1 April 2021 and 26 April 2021 in relation to the 2021/22 Tenancy Agreements and 2021/22 Licence Agreements entered into between the East-Asia Group and the Group in which setting out the terms and conditions for leasing of properties in Hong Kong and PRC for a term up to 31 March 2022.

On 18 May 2021, TDS has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises.

Pursuant to the Surrender Agreement, TDS shall surrender the Surrendered Premises to GEL on 31 May 2021, 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 tenancy of the Surrender Premises under the Surrender Agreement are as follows:

Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
Portion A of Unit 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2021–31 March 2022 (tenancy to be terminated in advance on 31 May 2021)	40,505

TRANSACTIONS WITH EAST-ASIA GROUP

(i) Details of the 2021/22 Tenancy Agreements and 2021/22 Licence Agreements after entering into the Surrender Agreement are as follows:

(A) 2021/22 Tenancy Agreements

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
1	Roof of 17/F, Cheron Court, Hunghom, Kowloon	CTL	GEL	Cell site	1 April 2021–31 March 2022	4,700
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	TDS	GEL	Shop	1 April 2021–31 March 2022	155,000
3	Room 1–2, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2021–31 March 2022	150,412
4	Unit C, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GEL	Office	1 April 2021–31 March 2022	51,117

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
5	Unit D, 10/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	GIL	Office	1 April 2021– 31 March 2022	58,608
6	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	TDS	SCL	Shop	1 April 2021– 31 March 2022	98,000
7	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	TDS	SCL	Shop	1 April 2021– 31 March 2022	53,500
8	19/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon	TDS	SCL	Office	1 April 2021– 31 March 2022	413,424
9	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 2021– 31 March 2022	11,300
10	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	TDS	TPIL	Shop	1 April 2021– 31 March 2022	98,000
11	Shop C28 & C29, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	TDS	TPIL	Shop	1 April 2021– 31 March 2022	77,000
12	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 2021– 31 March 2022	2,800
13	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	TDS	TSL	Shop	1 April 2021– 31 March 2022	98,000
14	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 April 2021– 31 March 2022	105,000

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
15	Portion B of Unit 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories	TDS	GEL	Office	1 April 2021– 31 March 2022	4,290

(B) 2021/22 Licence Agreements

Carparking space	Address	Usage	Term	Monthly rent HK\$
1	Carparking space nos. 5, 6 and 7 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 April 2021– 31 March 2022	11,400
2	Carparking space nos. 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 April 2021– 31 March 2022	19,000

(ii) Provision of properties refurbishment, repair and maintenance services by SCL to TDS

SCL has been providing services to TDS for properties refurbishment, repair and maintenance for the retail shops of the Group. In consideration for such services, TDS will pay a fixed monthly service fee of HK\$60,000 to SCL which is determined with reference to the prevailing market rate of the similar services in market for the works to be required by the Group. The service fees charged by SCL shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The Group will consult with no less than two independent third parties for quotations and market transaction prices of the same type of services.

REVISED AGGREGATE ANNUAL CAP

As disclosed in the announcements of the Company dated 1 April 2021 and 26 April 2021 in relation to the transactions with East-Asia Group, the aggregate annual cap was HK\$18,200,000 for the year ending 31 March 2022.

After entering into the Surrender Agreement, it is expected that the revised aggregate annual fee payable for the transactions with East-Asia Group for the year ending 31 March 2022 will not exceed HK\$17,740,000. For the purpose of compliance with the Listing Rules, the revised aggregate annual fee is treated as the annual cap of the transactions with East-Asia Group for the year ending 31 March 2022.

REASONS FOR ENTERING INTO SURRENDER AGREEMENT

The Group is currently using the whole unit of the Subject Property as office. Given the uncertainties and challenges faced by the economies, the Group keeps implementing stricter financial control, streamlining structure and expenditure austerity. Therefore, the Group decided to streamline one of the backend offices in June 2021. After surrender the Surrender Premises, the Group would keep the remaining portion of the Subject Property as defined under Property 15 above as office. 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

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.

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 all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fee for the transactions with East-Asia Group is less than 5% but the revised aggregate annual fee is more than HK\$3,000,000, the transactions with East-Asia Group and the revised aggregate annual fee 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.

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:

“2021/22 Licence Agreements”	the licence agreements dated 1 April 2021 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 2021 to 31 March 2022
“2021/22 Tenancy Agreements”	all the separate individual tenancy agreements dated 1 April 2021 entered into between the subsidiaries of the Company and the subsidiaries of East-Asia in respect of the tenancy for the Properties from 1 April 2021 to 31 March 2022
“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
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Properties”	the Property 1 to Property 15
“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
“Subject Property”	Unit 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories
“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 18 May 2021 entered into between TDS and GEL in relation to the surrender of the Surrendered Premises

“Surrender Premises”	Portion A of Unit 3612, 36/F, Tower 2, Metroplaza, Kwai Fong, New Territories
“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
“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, 18 May 2021

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, Mr. Lau Hing Wah and Mr. Lo Kam Wing.

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