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## **Telecom Service One Holdings Limited**

**電訊首科控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8145)**

### **CONTINUING CONNECTED TRANSACTIONS - SURRENDER AGREEMENT AND RENEWAL TENANCY AGREEMENTS**

#### **SURRENDER AGREEMENT**

On 11 August 2016, TSO (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises under the Third Tenancy Agreement.

GEL is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue. As such, GEL is a connected person of the Company under the GEM Listing Rules. Accordingly, the Surrender Agreement constitutes continuing connected transactions for the Company.

Pursuant to the Surrender Agreement, TSO shall surrender the Surrendered Premises under the Third Tenancy Agreement to GEL on 15 August 2016. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 20.33 of the GEM Listing Rules.

#### **RENEWAL TENANCY AGREEMENTS**

On 11 August 2016, GIL and HKMag as landlords have entered into the Renewal Tenancy Agreements with TSO and TSO (Macau) (wholly-owned subsidiaries of the Company) as tenants respectively in relation to the tenancy of the Renewed Premises.

GIL and HKMag are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue. As such, each of GIL and HKMag is a connected person of the Company under the GEM Listing Rules. Accordingly, the Renewal Tenancy Agreements constitute continuing connected transactions for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the Renewal Tenancy Agreements are required to be aggregated with the transactions under the Other Tenancy Agreements (which are/were also continuing connected transactions for the Company).

All applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the total annual rentals under the Renewal Tenancy Agreements and the Other Tenancy Agreements are less than 25% and such total annual rentals are less than HK\$10,000,000. Therefore, such tenancy agreements are exempt from the circular (including independent financial advice) and shareholders' approval requirements, but are subject to requirements regarding announcement, annual reporting and annual review under Chapter 20 of the GEM Listing Rules.

### **SURRENDER AGREEMENT**

On 11 August 2016, TSO (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with GEL to surrender the Surrendered Premises under the Third Tenancy Agreement.

Pursuant to the Surrender Agreement, TSO shall surrender the Surrendered Premises under the Third Tenancy Agreement to GEL on 15 August 2016, the Third Tenancy Agreement shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations thereof.

### **RENEWAL TENANCY AGREEMENTS**

On 11 August 2016, GIL and HKMag as landlords have entered into the Renewal Tenancy Agreements with TSO and TSO (Macau) (wholly-owned subsidiaries of the Company) as tenants respectively in relation to the tenancy of the Renewed Premises.

#### ***Fifth Renewal Tenancy Agreement***

Landlord:	GIL
Tenant:	TSO
Renewed Premises A:	Unit 1808, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
Usage:	head office, repair centre and warehouse
Saleable area:	3,875 sq. ft.
Term:	from 1 September 2016 to 31 March 2017 (both days inclusive)
Monthly rent:	HK\$50,760 (exclusive of government rates, government rent and building management fee)
Deposit:	HK\$152,280

**Sixth Renewal Tenancy Agreement**

Landlord:	HKMag
Tenant:	TSO (Macau)
Renewed Premises B:	Rua de Pequim, n°s 170–174, Edifício Centro Commercial Kong Fat, 16° andar portion of D1 and E1, em Macau
Usage:	repair centre
Saleable area:	915 sq. ft.
Term:	from 1 August 2016 to 31 March 2017 (both days inclusive)
Monthly rent:	HK\$12,810 (exclusive of building management fee)
Deposit:	HK\$38,430

**REVISED AGGREGATE ANNUAL CAP**

The revised aggregate annual cap of the Renewal Tenancy Agreements and the Other Tenancy Agreements based on the total annual rentals payable thereunder during their respective terms of tenancy or sub-tenancy for the year ending 31 March 2017 will be as follows:

	<b>For the year ending 31 March 2017</b>
	<i>HK\$'000</i>
First Existing Tenancy Agreement	866
Second Existing Tenancy Agreement	1,318
<b><i>Third Tenancy Agreement (from 1 April 2016 to 15 August 2016 (date of surrender))</i></b>	<b>83</b>
Fourth Existing Tenancy Agreement	462
Fifth Existing Tenancy Agreement	254
<b><i>Fifth Renewal Tenancy Agreement</i></b>	<b>355</b>
Sixth Existing Tenancy Agreement	51
<b><i>Sixth Renewal Tenancy Agreement</i></b>	<b>102</b>
Seventh Existing Tenancy Agreement	352
Eighth Existing Tenancy Agreement	466
Ninth Existing Tenancy Agreement	1,987
Tenth Expired Tenancy Agreement	22
Eleventh Existing Tenancy Agreement	158
Sub-tenancy Agreement	376
	<hr/>
	<b>6,852</b> <hr/> <hr/>

Further details of the Other Tenancy Agreements are as follows:

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<i>First Existing Tenancy Agreement</i>					
Unit 1807, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	ORL	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$72,200 (exclusive of government rates, government rent and building management fee)	head office, repair centre and warehouse  saleable area: 5,511 sq. ft.
<i>Second Existing Tenancy Agreement</i>					
Unit 1805 & Portion B of Unit 1806, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$109,840 (exclusive of government rates, government rent and management fee)	head office, repair centre and warehouse  saleable area: 8,380 sq. ft.
<i>Third Tenancy Agreement</i>					
Portion of Unit A, 23/F., Kyoto Plaza, Nos.491-499 Lockhart Road, Causeway Bay, Hong Kong	GEL	30 June 2014	from 1 July 2014 to 15 August 2016 (date of surrender)	HK\$18,480 per month (exclusive of management fee, air-conditioning charges, government rates and government rent)	repair centre  saleable area: 616 sq. ft.
<i>Fourth Existing Tenancy Agreement</i>					
Unit B, 15/F., Kyota Plaza, Nos.491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	31 March 2015	from 1 August 2015 to 31 March 2017	HK\$38,520 (exclusive of government rates, government rent and management fee)	repair centre  saleable area: 1,284 sq. ft.
<i>Fifth Existing Tenancy Agreement</i>					
Unit 1808, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	31 July 2014	from 1 September 2014 to 31 August 2016	HK\$50,760 (exclusive of government rates, government rent and building management fee)	head office, repair centre and warehouse  saleable area: 3,875 sq. ft.
<i>Sixth Existing Tenancy Agreement</i>					
Rua de Pequim, n <sup>o</sup> s 170-174, Edificio Centro Commercial Kong Fat, 16 <sup>o</sup> andar portion of D1 and E1, em Macau	HKMag	31 July 2014	from 1 August 2014 to 31 July 2016	HK\$12,810 (exclusive of building management fee)	repair centre  saleable area: 915 sq. ft.

<b>Address</b>	<b>Landlord</b>	<b>Date of tenancy agreement</b>	<b>Term</b>	<b>Monthly rent</b>	<b>Usage and area</b>
<i>Seventh Existing Tenancy Agreement</i>					
Unit 1005, 10/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	GEL	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$29,336 (exclusive of government rates, government rent and building management fee)	repair centre  saleable area: 772 sq. ft.
<i>Eighth Existing Tenancy Agreement</i>					
Unit 1006, 10/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	GIL	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$38,798 (exclusive of government rates, government rent and building management fee)	repair centre  saleable area: 1,021 sq. ft.
<i>Ninth Existing Tenancy Agreement</i>					
12/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$165,566 (exclusive of building management fee and air-conditioning charges but inclusive of government rates and government rent)	repair centre  saleable area: 4,357 sq. ft.
<i>Tenth Expired Tenancy Agreement</i>					
Rotunda De S. Joao Bosco, No.63 Andar, J29 EDIF. Hoi Fu Garden, Macau	Mr. Cheung King Shek	29 May 2015	from 1 June 2015 to 31 May 2016	HK\$11,000 per month (exclusive of building management fee but inclusive of government rent)	staff quarter  saleable area: 850 sq. ft.
<i>Eleventh Existing Tenancy Agreement</i>					
Unit 1802 and Portion of Unit 1803, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, PRC	Marina	10 July 2015	from 10 July 2015 to 31 March 2017	HK\$13,152	repair centre  saleable area: 1,475 sq. ft.
<i>Sub-tenancy Agreement</i>					
Portion of shop on G/F, Dah Sing Life Building, Nos.99-105 Des Voeux Road Central, Central, Hong Kong	TDSL	31 December 2015	from 1 January 2016 to 31 December 2016	HK\$41,800 (inclusive of government rates and management fee)	repair centre  saleable area: 769 sq. ft.

## **GENERAL INFORMATION**

The Company is listed on GEM and is principally engaged in investment holding. The principal activities of the Group (including TSO and TSO (Macau)) are the provision of repair and refurbishment services for mobile phones and consumer electronic devices and the sales of related accessories and products therefor.

## **REASON FOR ENTERING INTO SURRENDER AGREEMENT**

As the Group's repair centre originally located at the Surrendered Premises is now relocated to the new shop in Central, TSO no longer needs the Surrendered Premises as its repair centre and therefore entered into the Surrender Agreement 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 is 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.

## **REASON FOR ENTERING INTO RENEWAL TENANCY AGREEMENTS**

The Renewed Premises have been rented by TSO and TSO (Macau) for use as its head office, repair centre and warehouse and the Group considers that the Renewed Premises are suitable for the business of the Group. Thus, TSO and TSO (Macau) entered into the Renewal Tenancy Agreements to secure the continuous use of the Renewed Premises as its head office, repair centre and warehouse.

The terms of the Renewal Tenancy Agreements are arrived at after arm's length negotiation and are on normal commercial terms. The rentals under the Renewal Tenancy Agreements were determined with reference to the prevailing market rent of similar properties in the nearby locations. The Directors (except the Cheung Brothers being the Directors who have material interests in the Renewal Tenancy Agreements 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 Renewal Tenancy Agreements are fair and reasonable and the Renewal Tenancy Agreements 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 GEM LISTING RULES**

GEL, GIL and HKMag, property holding companies, are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue. As such, each of GEL, GIL and HKMag is a connected person of the Company under the GEM Listing Rules. Accordingly, the Surrender Agreement and the Renewal Tenancy Agreements constitute continuing connected transactions for the Company.

Upon the entering into of the Surrender Agreement, the tenancy under the Third Tenancy Agreement is to be terminated in advance. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 20.33 of the GEM Listing Rules.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the Renewal Tenancy Agreements are required to be aggregated with the transactions under the Other Tenancy Agreements (which are/were also continuing connected transactions for the Company).

All applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the total annual rentals under the Renewal Tenancy Agreements and the Other Tenancy Agreements are less than 25% and such total annual rentals are less than HK\$10,000,000. Therefore, such tenancy agreements are exempt from the circular (including independent financial advice) and shareholders' approval requirements, but are subject to requirements regarding announcement, annual reporting and annual review under Chapter 20 of the GEM Listing Rules.

## **TERMS USED IN THIS ANNOUNCEMENT**

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

“Board”	board of the 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 certain family members of the Cheung family, the discretionary objects of which include the Cheung Brothers, all being Directors
“Company”	Telecom Service One Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Directors”	directors of the Company
“Eighth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between GIL and TSO
“Eleventh Existing Tenancy Agreement”	the tenancy agreement dated 10 July 2015 entered into between Marina and TSO
“Fifth Existing Tenancy Agreement”	the tenancy agreement dated 31 July 2014 entered into between GIL and TSO
“Fifth Renewal Tenancy Agreement”	the renewal tenancy agreement dated 11 August 2016 entered into between GIL and TSO in respect of the Renewed Premises A for the term from 1 September 2016 to 31 March 2017

“First Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between ORL and TSO
“Fourth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between ORL and TSO
“GEL”	Glossy Enterprises Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, and thus a connected person of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GIL”	Glossy Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, 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 indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, and thus a connected person of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Marina”	Marina Trading Inc., a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, and thus a connected person of the Company
“Ninth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between ORL and TSO

“ORL”	Oceanic Rich Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, and thus a connected person of the Company
“Other Tenancy Agreements”	the First Existing Tenancy Agreement, the Second Existing Tenancy Agreement, the Third Tenancy Agreement, the Fourth Existing Tenancy Agreement, the Fifth Existing Tenancy Agreement, the Sixth Existing Tenancy Agreement, the Seventh Existing Tenancy Agreement, the Eighth Existing Tenancy Agreement, the Ninth Existing Tenancy Agreement, the Tenth Expired Tenancy Agreement, the Eleventh Existing Tenancy Agreement and the Sub-tenancy Agreement
“PRC”	The People’s Republic of China
“Renewal Tenancy Agreements”	Fifth Renewal Tenancy Agreement and Sixth Renewal Tenancy Agreement
“Renewed Premises”	Renewed Premises A and Renewed Premises B
“Renewed Premises A”	Unit 1808, 18/F., Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
“Renewed Premises B”	Rua de Pequim, n°s 170–174, Edifício Centro Commercial Kong Fat, 16° andar portion of D1 and E1, em Macau
“Second Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between GIL and TSO
“Seventh Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between GEL and TSO
“Sixth Existing Tenancy Agreement”	the tenancy agreement dated 31 July 2014 entered into between HKMag and TSO (Macau)
“Sixth Renewal Tenancy Agreement”	the renewal tenancy agreement dated 11 August 2016 entered into between HKMag and TSO (Macau) in respect of Renewed Premises B for the term from 1 August 2016 to 31 March 2017
“sq. ft.”	square feet

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-tenancy Agreement”	the sub-tenancy agreement dated 31 December 2015 entered into between TDSL and TSO
“Surrender Agreement”	the surrender agreement dated 11 August 2016 entered into between GEL and TSO in relation to the surrender the Surrendered Premises under the Third Tenancy Agreement
“Surrendered Premises”	Unit A, 23/F., Kyoto Plaza, No.491-499 Lockhart Road, Causeway Bay, Hong Kong
“TDSL”	Telecom Digital Services Limited, a company incorporated in Hong Kong with limited liability, is wholly-owned by Telecom Digital Holdings Limited, which is indirectly 55%-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue, and thus a connected person of the Company
“Tenth Expired Tenancy Agreement”	the tenancy agreement dated 29 May 2015 entered into between Mr. Cheung King Shek and TSO (Macau) for the term of one year from 1 June 2015 to 31 May 2016
“Third Tenancy Agreement”	the tenancy agreement dated 30 June 2014 entered into between GEL and TSO in relation to the tenancy of the Surrendered Premises which will be terminated in advance on 15 August 2016 pursuant to the Surrender Agreement
“TSO”	Telecom Service One Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“TSO (Macau)”	Telecom Service One (Macau) Limited, a company incorporated in Macau with limited liability and wholly-owned by the Company
“%”	per cent.

By order of the Board  
**Telecom Service One Holdings Limited**  
**Cheung King Shek**  
*Chairman*

Hong Kong, 11 August 2016

*As at the date of this announcement, chairman of the Company and non-executive Director is Mr. Cheung King Shek; chief executive officer of the Company and executive Director is Mr. Cheung King Fung Sunny; non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby; and independent non-executive Directors are Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus.*

*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.*

*This announcement will remain on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at [www.tso.cc](http://www.tso.cc).*

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