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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: 3997)

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY LINKED FIXED COUPON NOTES

ACQUISITION OF FCN

The Board announces that on 28 April 2021 and 29 April 2021, the Company, through TSO, a wholly-owned subsidiary of the Company, acquired three equity linked fixed coupon notes for a total principal amount of HK\$21,000,000.00 (exclusive of transaction costs).

As one or more of the applicable percentage ratios in respect of the acquisition of FCNs exceeds 5% but are less than 25%. As such, the acquisition of FCNs constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 28 April 2021 and 29 April 2021, the Company, through TSO, a wholly-owned subsidiary of the Company, acquired FCNs in a total principal amount of HK\$21,000,000.00 (exclusive of transaction costs).

MAJOR TERMS OF THE FCNS

The principal terms of FCNs are summarised as follows:

	<u>FCN-1</u>	<u>FCN-2</u>	<u>FCN-3</u>
Trade date:	28 April 2021	29 April 2021	29 April 2021
Issue date:	12 May 2021	13 May 2021	13 May 2021
Issuer:	Citigroup	BNP	HSBC
Linked equity:	(1) HKEx; and (2) MTR	(1) HKEx; and (2) MTR	(1) HKEx; and (2) Wharf REIC
Principal amount:	HK\$4,000,000.00	HK\$8,000,000.00	HK\$9,000,000.00

Issued price:	(1) HKEx: HK\$489.60 (2) MTR: HK\$43.40	(1) HKEx: HK\$480.00 (2) MTR: HK\$43.80	(1) HKEx: HK\$480.00 (2) Wharf REIC: HK\$45.65
Strike price:	(1) HKEx: HK\$450.432 (2) MTR: HK\$39.928	(1) HKEx: HK\$446.976 (2) MTR: HK\$40.7866	(1) HKEx: HK\$417.168 (2) Wharf REIC: HK\$39.6744
Tenor:	4 months	4 months	4 months
Coupon rate:	12.00% p.a.	12.00% p.a.	12.00% p.a.
1st valuation date:	15 June 2021	15 June 2021	11 June 2021
2nd valuation date:	12 July 2021	13 July 2021	13 July 2021
3rd valuation date:	12 August 2021	13 August 2021	13 August 2021
Final valuation date:	13 September 2021	13 September 2021	13 September 2021
Maturity date:	15 September 2021	15 September 2021	20 September 2021

The acquisition of FCNs will be funded by internal resources of the Group.

Save as the aforementioned, the Company does not hold any equity linked fixed coupon notes outstanding as at the date of this announcement.

Information of Equity Linked Fixed Coupon Notes

- Equity linked fixed coupon notes are non-guaranteed products, and their returns are linked to (i) a single underlying share or (ii) a basket of underlying shares.
- The structure of each fixed coupon notes is to receive the fixed coupon on the / each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the equity linked fixed coupon notes are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the holder will need to redeem the laggard underlying at the put strike price.
- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each equity linked fixed coupon notes.

Reasons and benefits of the acquisition of the FCNs

The Group maintained a healthy liquidity position and used to have bank deposits to earn interest income. The Company considers that FCNs has the attractive coupon rate and can generate potentially higher interest income than the fixed deposit in banks. In addition, the FCN has a relatively flexible option in the underlying equity, strike price and tenors. Therefore, the Company makes use of the available funds to acquire the FCNs to maximise the possible return for the Company accordingly.

Having considered the above factors and the terms of the FCNs, the present market conditions of the stock market and the track records of HKEx, MTR and Wharf REIC, the Directors (including the independent non-executive Directors) are of the view that the acquisition of FCNs is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the acquisition was made through the open market, the Company does not aware of the identities of the issuer(s) of the FCNs. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the issuer(s) of the FCNs and their respective ultimate beneficial owners are Independent Third Parties to the Company.

Information of HKEx

According to the public information available to the Board, the 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 SFO. 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. In collaboration with the Shanghai and Shenzhen stock exchanges, HKEx operates Stock Connect, which gives investors in the Hong Kong and Mainland securities markets access to each other's markets. HKEx also operates recognised clearing houses in Hong Kong and provides integrated clearing and settlement services as well as depository and nominee services to their participants. HKEx also provides market data through its data dissemination entity.

Information of MTR

According to the public information available to the Board, MTR 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: 66). MTR is principally engaged in the following core businesses: railway design, construction, operation, maintenance and investment in Hong Kong, Macau, the Mainland of China and a number of overseas cities; project management in relation to railway and property development businesses in Hong Kong and the Mainland of China; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; investment in Octopus Holdings Limited; and provision of railway management, engineering and technology training.

Information of Wharf REIC

According to the public information available to the Board, the Wharf REIC is a company incorporated in Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 1997). The principal activities of Wharf REIC and its subsidiaries are investing and operating iconic properties and hotels in Hong Kong and Singapore.

Information of the Company and the Group

The Company is listed on Main Board of the Stock Exchange (stock code: 3997) and is principally engaged in investment holding. The principal activities of the Group (including TSO) are the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories.

Implications under the Listing Rules

As one or more of the applicable percentage ratios in respect of the acquisition of FCNs exceeds 5% but is less than 25%. As such, the acquisition of FCNs constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“BNP”	BNP Paribas
“Board”	board of the Directors
“Citigroup”	Citigroup Global Markets Funding Luxembourg S.C.A
“Company”	Telecom Service One 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: 3997)
“Director(s)”	director(s) of the Company
“FCNs”	FCN-1, FCN-2 and FCN-3
“FCN-1”	a FCN linked to HKEx Shares and MTR Shares issued by Citigroup
“FCN-2”	a FCN linked to HKEx Shares and MTR Shares issued by BNP
“FCN-3”	a FCN linked to HKEx Shares and Wharf REIC Shares issued by HSBC
“Group”	the Company and its subsidiaries
“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”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	HSBC Bank Plc

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) is/are not connected person(s) of the Company and is/are third party independent to the Company and its connected person(s) under the Listing Rules
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“MTR”	MTR Corporation Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 66)
“MTR Shares”	shares in the share capital of HKEx listed on the main board of the Stock Exchange and traded in HK\$
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TSO”	Telecom Service One Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“Wharf REIC”	Wharf Real Estate Investment Company Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1997)
“Wharf REIC Shares”	shares in the share capital of Wharf REIC listed on the main board of the Stock Exchange and traded in HK\$
“%”	per cent.

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

Hong Kong, 29 April 2021

As at the date of this announcement, the chairman and non-executive director of the Company is Mr. Cheung King Shek; the chief executive officer and executive director of the Company is Mr. Cheung King Fung Sunny; the non-executive directors of the Company are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby; and the independent non-executive directors of the Company are Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Tso Ka Yi.

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