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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)

**PLACING OF NON-LISTED WARRANTS  
UNDER GENERAL MANDATE**

**Placing Agent**



**China Everbright Securities (HK) Limited**

**PLACING OF NON-LISTED WARRANTS**

On 17 February 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement whereby the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum number of 12,000,000 Warrants to not fewer than six independent Placees at the Issue Price of HK\$0.01 per Warrant during the Placing Period.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price of HK\$1.64 (subject to adjustment) and is issued at the Issue Price. The Subscription Shares will be issued under the General Mandate. Completion of the Placing is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Placing” in this announcement.

**Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

On 17 February 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement whereby the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum number of 12,000,000 Warrants to not fewer than six independent Placees at the Issue Price of HK\$0.01 per Warrant during the Placing Period.

## **PLACING AGREEMENT**

### **Date**

17 February 2014

### **Parties**

- (a) the Company; and
- (b) the Placing Agent

The Placing Agent has conditionally agreed to place a maximum number of 12,000,000 Warrants at the Issue Price of HK\$0.01 per Warrant on a best effort basis during the Placing Period. The Placing Agent will receive a placing commission of HK\$20,000, which is arrived at after arm's length negotiations between the parties to the Placing Agreement. The Directors are of the view that the fee payable under the Placing Agreement is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, save and except that China Everbright Capital Limited, which is an associate of the Placing Agent, is the compliance adviser of the Company under Rule 6A.19 of the GEM Listing Rules, the Placing Agent and its ultimate beneficial owners are third parties independent of the Group and the Connected Persons of the Company.

### **Placees**

The Placing Agent shall procure not less than six independent Placees to subscribe for a maximum number of 12,000,000 Warrants on a best effort basis within the Placing Period. The Placees shall be independent institutional, professional and/or individual investors, each of them and their respective ultimate beneficial owners shall be independent third parties and not connected with the Group and the Connected Persons of the Company.

## **Information on the Warrants**

A maximum number of 12,000,000 Warrants is proposed to be issued by the Company. Upon full exercise of the subscription rights attaching to the Warrants, the Company will issue 12,000,000 Subscription Shares, representing (i) approximately 10% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares upon the full exercise of the subscription rights attaching to the Warrants.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued at the Issue Price. The subscription rights attaching to the Warrants can be exercised at any time during a period of 36 months commencing from the date of issue of the Warrants.

The Subscription Shares, when fully paid and allotted, will rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the relevant Subscription Shares and among themselves. The Placing Agreement provides that the Warrants are to be issued to the Placees upon completion in registered form and constituted by the Warrant Instrument, substantially in the form of the draft set out in a schedule to the Placing Agreement. The Warrants will rank pari passu in all respects among themselves. The principal terms of the Warrant Instrument and the Warrants are summarised below.

### **Principal terms of the Warrant Instrument and the Warrants**

Issue Price:	HK\$0.01 per Warrant payable in cash
Subscription Price:	HK\$1.64, being the initial subscription price per Subscription Share but subject to adjustment
Minimum Subscription:	Any subscription for the Subscription Shares must be in integral multiples of 1,000,000 Warrants.
Exercise Period:	three-year period commencing from the date of issue of the Warrants and ending on the date which falls on third anniversary of the said date of issue (both days inclusive), during which the subscription rights attaching to the Warrants may be exercised in whole or in part
Rights of Holders:	The holders of the Warrants will not have any right to attend or vote at any general meeting of the Company by virtue of being the holders of the Warrants.

Transferability:	The Warrants are transferable.
Ranking:	The Warrants will rank <i>pari passu</i> among themselves. The Subscription Shares, when fully paid and allotted, will rank <i>pari passu</i> in all respects with the Shares then in issue on the date of allotment and issue of the relevant Subscription Shares and among themselves.
Limitations on exercise of the subscription rights attaching to the Warrant:	<p>The Company shall not, and shall not be required to, issue any Subscription Shares if, as a result of the relevant exercise of subscription rights attaching to the Warrants, less than 25% or the prescribed minimum percentage as set out under the GEM Listing Rules of the Company's issued Shares would be held by the public immediately after the relevant exercise of the subscription rights attaching to the Warrants.</p> <p>The Company shall not, and shall not be required to issue any Subscription Shares if, as a result of the relevant exercise of subscription rights attaching to the Warrants, the holders of Warrants and/or parties acting in concert with it will be interested in 30% or more of the Company's issued Shares or such amount as may from time to time be specified in the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission (the "Takeovers Code") as being the level for triggering a mandatory general offer under the Takeovers Code.</p> <p>No fraction of a Share shall be issued and <i>in lieu</i> thereof the Company shall pay the holder of the Warrant a cash amount in Hong Kong dollars equal to such amount of a Warrant the subscription rights under which cannot be exercised.</p>
Listing:	The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The Subscription Price of HK\$1.64 per Share represents:

- (i) a discount of approximately 19.61% to the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on 17 February 2014, being the date of the Placing Agreement; and
- (ii) a discount of approximately 8.89% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 17 February 2014, being the date of the Placing Agreement, of HK\$1.80.

The aggregate of the Issue Price and the Subscription Price of HK\$1.65 per Share represents:

- (i) a discount of approximately 19.12% to the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on 17 February 2014, being the date of the Placing Agreement; and
- (ii) a discount of approximately 8.33% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 17 February 2014, being the date of the Placing Agreement, of HK\$1.80.

The Subscription Price is subject to adjustment as provided for in the Placing Agreement such as the consolidation and subdivision of Shares and the Company will publish an announcement upon any adjustment on the Subscription Price.

The Subscription Price and the Issue Price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are on normal commercial terms, and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing**

The Placing is conditional upon fulfillment of all of the following conditions:

- (i) the Placing Agent having successfully procured the independent Placee(s) to place to them the Warrants during the Placing Period (or such later time and date as the Placing Agent and the Company shall agree in writing); and
- (ii) the Listing Division of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares issued or to be issued on the exercise of the Warrants.

If any of the above conditions is not fulfilled on or before the end of the Placing Period or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any antecedent breaches and liabilities in relation thereto.

### **Completion of the Placing**

Completion of the Placing will take place within 5 Business Days following the date on which the fulfillment of all the conditions set out in the Placing Agreement or such later date as may be agreed in writing between the Company and the Placing Agent.

### **Issue of the Subscription Shares**

The Subscription Shares will be issued under the General Mandate pursuant to which the Directors are authorised to issue up to 24,000,000 Shares. Up to the date of this announcement, the General Mandate has not been previously utilized, and the Placing and the issue of the Warrants and the Subscription Shares under the General Mandate are not subject to Shareholders' approval.

### **EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY**

Assuming there being no further issue or repurchase of Shares from the date of this announcement, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants are as follows:

	<b>As at the date of this announcement</b>		<b>Immediately after the full exercise of the subscription rights attaching to the Warrants</b>	
	<i>No. of Shares</i>	<i>appro. %</i>	<i>No. of Shares</i>	<i>appro. %</i>
East-Asia Pacific Limited ( <i>Note</i> )	66,000,000	55%	66,000,000	50%
Mr. Cheung King Shek ( <i>Note</i> )	6,000,000	5%	6,000,000	4.55%
Mr. Cheung King Shan ( <i>Note</i> )	6,000,000	5%	6,000,000	4.55%
Mr. Cheung King Chuen Bobby ( <i>Note</i> )	6,000,000	5%	6,000,000	4.55%
Mr. Cheung King Fung Sunny ( <i>Note</i> )	6,000,000	5%	6,000,000	4.55%
Holders of the Warrant	-	-	12,000,000	9.09%
Other public Shareholders	30,000,000	25%	30,000,000	22.73%
Total	120,000,000	100%	132,000,000	100%

Note: East-Asia Pacific Limited is wholly-owned by Amazing Gain Limited. The sole shareholder of Amazing Gain Limited is Asia Square Holdings Ltd., which holds the shares in Amazing Gain Limited as nominee for J. Safra Sarasin Trust Company (Singapore) Limited, the trustee of the Cheung Family Trust. The Cheung Family Trust is a discretionary trust, 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.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The proceeds from the Company's issue of 30,000,000 new Shares at the time of the listing of its Shares on GEM on 30 May 2013 amounted to approximately HK\$14.9 million, net of underwriting fees and other related expenses. 90% of the net proceeds, amounting to approximately HK\$13.4 million, is intended to be used for acquisition of a commercial property at a prime location in Hong Kong for use as a customer service centre of the Group; and 10% of the net proceeds, amounting to approximately HK\$1.5 million, is intended to be used as general working capital.

Up to the date of this announcement, there was no usage made out of the net proceeds from the issue of new Shares upon the Company's listing on GEM. The unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

Save for the above, the Company had not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of related accessories therefor. The Group has been appointed by corporate customers comprising manufacturers of mobile phones and personal electronic products, telecommunication service providers and global services companies as non-exclusive authorised service provider to provide repair and refurbishment services for their products and to their customers.

The maximum gross proceeds from the Placing and issue of the Warrants will be HK\$120,000 and the maximum gross proceeds from the exercise of the subscription rights attaching to the Warrants will be HK\$19,680,000. The maximum net proceeds from the Placing and issue of Warrants will be approximately HK\$100,000 and the maximum net proceeds from the exercise of the subscription rights attaching to the Warrants will be approximately HK\$19,680,000.

The net proceeds raised per Warrant (together with the Subscription Price per new Share) are expected to be approximately HK\$1.65 per Share.

The net proceeds from the Placing and issue of the Warrants are intended by the Company to be used as general working capital of the Group. Assuming the full exercise by the Placee(s) of the subscription rights attaching to the Warrants, the net proceeds raised as a result therefrom is intended by the Company to be used as general working capital of the Group and/or possible investment in the future when opportunities arise.

The Directors are of the view that the exercise of the subscription rights attaching to the Warrants benefit the long-term development of the Company by broadening the capital base of the Company and will also strengthen the financial position of the Group, therefore enhancing the Group's flexibility in future business developments or investments as and when opportunities arise. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The Company will comply with all requirements of the GEM Listing Rules in relation to the Placing including the publication of further or supplemental announcement(s) in relation to any adjustment to the Subscription Price and further disclosure of the names of the Placee(s) in accordance with Rule 17.30 of the GEM Listing Rules in the event that the number of the independent Placee(s) procured by the Placing Agent to subscribe for the Warrants is less than six.

**Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company”	Telecom Service One Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM



“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to the resolutions of the Shareholders passed at an annual general meeting on 10 September 2013 to issue and allot up to 24,000,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company on that day
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	the issue price of HK\$0.01 per Warrant payable to the Company
“Placee(s)”	any person or entity whether he/she/it/they is/are institutional, professional or individual investor(s) who independent of and are not Connected Person(s) of the Company and whom the Placing Agent and/or any of its agent(s) have procured to place the Warrants
“Placing”	the placing of 12,000,000 Warrants to the Placee(s) on the terms and subject to the conditions as set out in the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent on 17 February 2014 in relation to the Placing

“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 31 March 2014, unless terminated earlier in writing pursuant to the terms of the Placing Agreement
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	initial subscription price of HK\$1.64 per Subscription Share but subject to standard adjustment clauses in the Warrant Instrument
“Subscription Shares”	the Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“Warrant Instrument”	the instrument to be entered into by the Company constituting the Warrants, substantially in the form of the draft set out in a schedule to the Placing Agreement
“Warrants”	a total number of 12,000,000 non-listed warrants to be issued by the Company pursuant to the Placing Agreement and the terms and conditions to the Warrant Instrument
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 February 2014

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

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, 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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