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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
TENANCY AGREEMENTS**

The Board announces that on 31 July 2014, GIL and HKMag as landlords entered into the New Tenancy Agreements with TSO and TSO-Macau as tenants in relation to the tenancy of the Properties respectively.

TSO and TSO-Macau are wholly-owned subsidiaries of the Company. GIL and HKMag are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the issued share capital of the Company. As such, GIL and HKMag are connected persons of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreements constitute continuing connected transactions for the Company. Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the New Tenancy Agreements are required to be aggregated with the transactions under the Existing Tenancy Agreements (which are also continuing connected transactions for the Company). As all applicable percentage ratios in respect of the total annual rentals under the New Tenancy Agreements and the Existing Tenancy Agreements are less than 25% and such total annual rentals are less than HK\$10,000,000, such tenancy agreements are subject to the disclosures in announcement and annual reports and annual review requirements but are exempt from the circular and shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. Details of such tenancy agreements will be included in the next published annual report and accounts of the Company in accordance with Rule 20.47 of the GEM Listing Rules.

The Board announces that on 31 July 2014, GIL and HKMag as landlords entered into the New Tenancy Agreements with TSO and TSO-Macau as tenants in relation to the tenancy of the Properties respectively.

NEW TENANCY AGREEMENTS DATED 31 JULY 2014

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

New Tenancy Agreement A

Landlord:	GIL
Tenant:	TSO
Property A:	Unit 1808, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
Usage:	repair and refurbishment centre
Gross floor area:	5,076 sq. ft.
Term:	two years from 1 September 2014 to 31 August 2016 (both days inclusive)
Rent:	HK\$50,760 per month (exclusive of government rates, government rent and building management fee)
Rent Free Period:	1 September 2014 to 30 September 2014
Deposit:	HK\$152,280

New Tenancy Agreement B

Landlord:	HKMag
Tenant:	TSO-Macau
Property B:	Rua de Pequim, n°s 170-174, Edificio Centro Commercial Kong Fat, 16° andar portion of D1 and E1, em Macau
Usage:	service centre
Rentable floor area:	915 sq. ft.
Term:	two years from 1 August 2014 to 31 July 2016 (both days inclusive)
Rent:	HK\$12,810 per month (exclusive of building management fee)
Rent Free Period:	Nil
Deposit:	HK\$38,430

AGGREGATE ANNUAL CAP OF THE NEW TENANCY AGREEMENTS AND THE EXISTING TENANCY AGREEMENTS

The Aggregate Annual Cap for the New Tenancy Agreements and the Existing Tenancy Agreements based on the total annual rental paid/payable thereunder during their respective terms of tenancy for each of the years ending 31 March 2015, 2016 and 2017 will be as follows:

	For the year ending 31 March		
	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000
New Tenancy Agreements	407	763	305
First Existing Tenancy Agreement	606	--	--
Second Existing Tenancy Agreement	347	462	462
Third Existing Tenancy Agreement	952	--	--
Fourth Existing Tenancy Agreement	923	--	--
Fifth Existing Tenancy Agreement	166	222	222
Sixth Existing Tenancy Agreement	432	144	--
Seventh Existing Tenancy Agreement	512	--	--
	4,345	1,591	989

Further details of the Existing 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	9 August 2012	one year from 1 April 2014 to 31 March 2015	HK\$50,540 (exclusive of government rates, government rent and management fee)	head office, repair centre and warehouse saleable area: 5,511 sq. ft.
<i>Second Existing Tenancy Agreement</i>					
Unit B, 23/F, Kyoto Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	30 June 2014	two years and nine months from 1 July 2014 to 31 March 2017	HK\$38,520 per month (exclusive of management fee, air-conditioning charges, government rates and government rent)	repair centre gross floor area: 1,284 sq. ft.
<i>Third Existing Tenancy Agreement</i>					
Portion of Units 1202 & 1203, Units 1205-06, 12/F, Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	29 November 2012	two years from 1 April 2013 to 31 March 2015	HK\$79,296 (exclusive of management fee and air-conditioning charges but inclusive of government rates and government rent)	repair centre saleable area: 2,832 sq. ft.
<i>Fourth 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	9 August 2012	one year from 1 April 2014 to 31 March 2015	HK\$76,888 (exclusive of government rates, government rent and management fee)	head office and repair centre saleable area: 9,590 sq. ft.

Fifth Existing Tenancy Agreement

Portion of Unit A, 23/F, Kyoto Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong	GEL	30 June 2014	two years and nine months from 1 July 2014 to 31 March 2017	HK\$18,480 per month (exclusive of management fee, air-conditioning charges, government rates and government rent)	repair centre gross floor area: 616 sq. ft.
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Sixth Existing Tenancy Agreement

Unit B, 15/F, Kyota Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	31 July 2013	two years from 1 August 2013 to 31 July 2015	HK\$35,952 (exclusive of rates, management fees and all other outgoings)	repair centre gross floor area: 1,284 sq. ft.
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Seventh Existing Tenancy Agreement

Unit 1201 and Portion of Unit 1202, 12/F, Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	31 July 2013	one year and eight months from 1 August 2013 to 31 March 2015	HK\$42,700 (inclusive of government rents and rates but exclusive of management fees and all other outgoings)	repair centre gross floor area: 1,525 sq. ft.
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REASONS FOR THE NEW TENANCY AGREEMENTS

The Group is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of accessories therefor in Hong Kong. To cope with the increasing demand on its repair and refurbishment services for mobile phones in Hong Kong and start off its business of repair and refurbishment of mobile phones in Macau, the Group considered the Properties are suitable for use as repair and customer service centres at which mobile phones are collected from end users and refurbished. Thus TSO and TSO-Macau entered into the New Tenancy Agreements to secure the Properties for the operation of their repair and customer service centres in Hong Kong and Macau respectively.

The terms of the New Tenancy Agreements are arrived at after arm's length negotiation and are on normal commercial terms. The rentals under the New Tenancy Agreements were determined with reference to the prevailing market rent of similar properties in the nearby locations. The Directors (including the Independent Non-Executive Directors of the Company) considered that the terms of the New Tenancy Agreements are fair and reasonable and the New 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.

Mr. Cheung King Shek, the Chairman of the Company, Mr. Cheung King Fung Sunny, the Executive Director of the Company, Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby, the Non-Executive Directors of the Company, did abstain from voting on the relevant Board resolution in view of their material interests in the New Tenancy Agreements by virtue of being discretionary objects of the Cheung Family Trust.

GENERAL

TSO and TSO-Macau are wholly-owned subsidiaries of the Company. GIL and HKMag, being property holding companies, are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the issued share capital of the Company. As such, GIL and HKMag are connected persons of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreements constitute continuing connected transactions for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the New Tenancy Agreements are required to be aggregated with the transactions under the Existing Tenancy Agreements (which are also continuing connected transactions for the Company). As all applicable percentage ratios in respect of the total annual rentals under the New Tenancy Agreements and the Existing Tenancy Agreements are less than 25% and such total annual rentals are less than HK\$10,000,000, such tenancy agreements are subject to the disclosures in announcement and annual reports and annual review requirements but are exempt from the circular and shareholders' approval requirement under Chapter 20 of the GEM Listing Rules. Details of such tenancy agreements will be included in the next published annual report and accounts of the Company in accordance with Rule 20.47 of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Annual Cap”	the maximum amount of annual rental paid/payable by the Group under the New Tenancy Agreements and the Existing Tenancy Agreements, based on the total annual rental paid/payable thereunder during their respective terms of tenancy for each of the years ending 31 March 2015, 2016 and 2017
“Board”	board of the Directors of the Company
“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
“Company”	Telecom Service One Holdings Limited, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Directors”	directors of the Company
“Existing Tenancy Agreements”	the First Existing Tenancy Agreement, the Second Existing Tenancy Agreement, the Third Existing Tenancy Agreement, the Fourth Existing Tenancy Agreement, the Fifth Existing Tenancy Agreement, the Sixth Existing Tenancy Agreement and the Seventh Existing Tenancy Agreement
“Fifth Existing Tenancy Agreement”	the tenancy agreement dated 30 June 2014 entered into between GEL and TSO
“First Existing Tenancy Agreement”	the tenancy agreement dated 9 August 2012 entered into between ORL and TSO

“Fourth Existing Tenancy Agreement”	the tenancy agreement dated 9 August 2012 entered into between GIL and TSO
“GEL”	Glossy Enterprises Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“GIL”	Glossy Investment Limited, a company incorporated in Hong Kong with limited liability and 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
“HKMag”	H.K. Magnetronic Company Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company
“New Tenancy Agreements”	New Tenancy Agreement A and New Tenancy Agreement B
“New Tenancy Agreement A”	the tenancy agreement dated 31 July 2014 entered into between GIL and TSO in relation to the tenancy of Property A
“New Tenancy Agreement B”	the tenancy agreement dated 31 July 2014 entered into between HKMag and TSO-Macau in relation to the tenancy of Property B
“ORL”	Oceanic Rich Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company
“Properties”	Property A and Property B
“Property A”	Unit 1808, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong
“Property B”	Rua de Pequim, n ^o s 170-174, Edifício Centro Commercial Kong Fat, 16 ^o andar portion of D1 and E1, em Macau

“Second Existing Tenancy Agreement”	the tenancy agreement dated 30 June 2014 entered into between ORL and TSO
“Seventh Existing Tenancy Agreement”	a tenancy agreement dated 31 July 2013 entered into between ORL and TSO
“Sixth Existing Tenancy Agreement”	a tenancy agreement dated 31 July 2013 entered into between ORL and TSO
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Existing Tenancy Agreement”	the tenancy agreement dated 29 November 2012 entered into between ORL and TSO
“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, 31 July 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. 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.

This announcement will remain on the Stock Exchange Website at <http://www.hkexnews.hk> on the “Latest Company Announcements” page for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at <http://www.tso.cc>.