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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**

On 31 December 2015, TDSL as sub-lessor entered into the Sub-tenancy Agreement with TSO (a wholly-owned subsidiary of the Company) as sub-lessee in relation to the sub-tenancy of the Property.

TDSL is a wholly-owned subsidiary of TDHL. TDHL is indirectly 55%-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue. As such, TDSL is a connected person of the Company under the GEM Listing Rules. Accordingly, the Sub-tenancy Agreement constitutes continuing connected transaction for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transaction contemplated under the Sub-tenancy Agreement is required to be aggregated with the transactions under the Existing Tenancy Agreements (which are also continuing connected transactions of the Company). As all applicable percentage ratios in respect of the total annual rentals under the Sub-tenancy Agreement 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 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.

The Board announces that on 31 December 2015, TDSL as sub-lessor entered into the Sub-tenancy Agreement with TSO (a wholly-owned subsidiary of the Company) as sub-lessee in relation to the sub-tenancy of the Property.

SUB-TENANCY AGREEMENT DATED 31 DECEMBER 2015

The principal terms of the Sub-tenancy Agreement are set out below.

Sub-lessor	:	TDSL
Sub-lessee	:	TSO
Property	:	Portion of shop on G/F, Dah Sing Life Building, Nos.99-105 Des Voeux Road Central, Central, Hong Kong
Usage	:	repair centre
Gross floor area:		769 sq. ft.
Term	:	from 1 January 2016 to 31 December 2016 (both dates inclusive)
Rent	:	HK\$41,800 per month (inclusive of government rates and management fee)

AGGREGATE ANNUAL CAPS OF SUB-TENANCY AGREEMENT AND EXISTING TENANCY AGREEMENTS

The aggregate annual caps for the Sub-tenancy Agreement and the Existing Tenancy Agreements based on the total annual rentals payable thereunder during their respective terms of tenancy or sub-tenancy for each of the years ending 31 March 2016 and 2017 will be as follows:

	For the year ending 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sub-tenancy Agreement	125	376
First Existing Tenancy Agreement	866	866
Second Existing Tenancy Agreement	462	462
Third Existing Tenancy Agreement	1,318	1,318
Fourth Existing Tenancy Agreement	222	222
Fifth Existing Tenancy Agreement	452	462
Sixth Existing Tenancy Agreement	609	254
Seventh Existing Tenancy Agreement	154	51
Eighth Existing Tenancy Agreement	352	352
Ninth Existing Tenancy Agreement	466	466
Tenth Existing Tenancy Agreement	1,987	1,987
Eleventh Existing Tenancy Agreement	110	22
Twelfth Existing Tenancy Agreement	115	158
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	7,238	6,996

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	31 March 2015	from 1 April 2015 to 31 March 2017	HK\$72,200 per month (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 B, 23/F., Kyoto Plaza, No.491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	30 June 2014	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 saleable area: 1,284 sq. ft.
<i>Third 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 per month (exclusive of government rates, government rent and management fee)	head office, repair centre and warehouse saleable area: 8,380 sq. ft.
<i>Fourth Existing 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 31 March 2017	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>Fifth 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 per month (exclusive of government rates, government rent and management fee)	repair centre saleable area: 1,284 sq. ft.
<i>Sixth 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 per month (exclusive of government rates, government rent and building management fee)	head office, repair centre and warehouse saleable area: 3,875 sq. ft.

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<i>Seventh Existing Tenancy Agreement</i>					
Rua de Pequim, n ^o s 170-174, Edificio Centro Commercial Kong Fat, 16 ^o andar portion of D1 and E1, em Macau	HKMag	31 July 2014	from 1 August 2014 to 31 July 2016	HK\$12,810 per month (exclusive of building management fee)	repair centre saleable area: 915 sq. ft.
<i>Eighth 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 per month (exclusive of government rates, government rent and building management fee)	repair centre saleable area: 772 sq. ft.
<i>Ninth 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 per month (exclusive of government rates, government rent and building management fee)	repair centre saleable area: 1,021 sq. ft.
<i>Tenth 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 per month (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>Eleventh Existing 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>Twelfth 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 per month	repair centre saleable area: 1,475 sq. ft.

REASONS FOR ENTERING INTO SUB-TENANCY AGREEMENT

The Company is listed on the GEM and is principally engaged in investment holding. The principal activities of its subsidiaries (including TSO) are providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of related accessories therefor.

The Property will be used by TSO as repair centre at which mobile phones are collected from end users and refurbished. In view of the Property's location in a prime location of Central with easy pedestrian reach, the Directors believe that this new repair centre would give the Group's customers a brand-new experience to repair and refurbish their mobile phones conveniently at retail shop. TSO's signage will also be prominently displayed at the shop front which helps strengthen the Group's brand image. In addition, the remaining portion of the shop will be used by TDSL for carrying on telecommunication business which is closely linked with the Group's business. Thus, the Directors expect that the sub-tenancy of the Property from TDSL should generate synergies to enlarge the Group's customer base. Therefore, TSO entered into the Sub-tenancy Agreement to secure the Property for operating of its new repair centre.

The terms of the Sub-tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rentals under the Sub-tenancy Agreement are 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 Sub-tenancy 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 Sub-tenancy Agreement are fair and reasonable and the Sub-tenancy 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.

IMPLICATIONS UNDER GEM LISTING RULES

TDSL is a wholly-owned subsidiary of TDHL and its principal business is the provision of management consultancy and professional services, sales of telecommunication products and provision of telecommunication services. TDHL is indirectly 55%-owned by the Cheung Family Trust which indirectly holds 55% of the shares of the Company in issue. As such, TDSL is a connected person of the Company under the GEM Listing Rules. Accordingly, the Sub-tenancy Agreement constitutes continuing connected transaction for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transaction contemplated under the Sub-tenancy Agreement is required to be aggregated with the transactions under the Existing Tenancy Agreements (which are also continuing connected transactions of the Company). As all applicable percentage ratios in respect of the total annual rentals under the Sub-tenancy Agreement 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 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 the GEM
“Director(s)”	director(s) of the Company
“Eighth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between GEL and TSO
“Eleventh Existing Tenancy Agreement”	the tenancy agreement dated 29 May 2015 entered into between Mr. Cheung King Shek and TSO (Macau)
“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, the Seventh Existing Tenancy Agreement, the Eighth Existing Tenancy Agreement, the Ninth Existing Tenancy Agreement, the Tenth Existing Tenancy Agreement, the Eleventh Existing Tenancy Agreement and the Twelfth Existing Tenancy Agreement
“Fifth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between ORL and TSO
“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 30 June 2014 entered into between GEL 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 the 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 GIL 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
“PRC”	The People’s Republic of China
“Property”	Portion of shop on G/F, Dah Sing Life Building, Nos.99-105 Des Voeux Road Central, Central, Hong Kong
“Second Existing Tenancy Agreement”	the tenancy agreement dated 30 June 2014 entered into between ORL and TSO
“Seventh Existing Tenancy Agreement”	the tenancy agreement dated 31 July 2014 entered into between HKMag and TSO (Macau)
“Sixth Existing Tenancy Agreement”	the tenancy agreement dated 31 July 2014 entered into between GIL and TSO
“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 in relation to the sub-tenancy of the Property
“TDHL”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM, 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

“TDSL”	Telecom Digital Services Limited, a company incorporated in Hong Kong with limited liability, wholly-owned by TDHL 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 Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between ORL and TSO
“Third Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2015 entered into between GIL 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
“Twelfth Existing Tenancy Agreement”	the tenancy agreement dated 10 July 2015 entered into between Marina and TSO
“%”	per cent.

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

Hong Kong, 31 December 2015

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 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.

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