

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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**  
**- NEW TENANCY AGREEMENTS AND**  
**SURRENDER AGREEMENTS**

**NEW TENANCY AGREEMENTS WITH EAST-ASIA GROUP**

On 31 May 2017, GEL, GIL and ORL as landlords entered into the New Tenancy Agreements with TSO (a wholly-owned subsidiary of the Company) as tenant in relation to the tenancies of the Properties.

GEL, GIL and ORL are wholly-owned subsidiaries of East-Asia. East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.56% of the shares of the Company in issue. As such, each of GEL, GIL, and ORL is a connected person 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 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 AGREEMENTS**

On 31 May 2017, TSO has entered into the Surrender Agreements with ORL and Marina respectively to surrender the Surrendered Premises under the Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement on 30 June 2017.

ORL and Marina are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.56% of the shares of the Company in issue. As such, ORL and Marina are connected persons of the Company under the GEM Listing Rules. Accordingly, the Surrender Agreements constitute continuing connected transactions for the Company.

Pursuant to the Surrender Agreements, TSO shall surrender the Surrendered Premises under the Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement to ORL and Marina respectively on 30 June 2017. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 20.33 of the GEM Listing Rules.

### **NEW TENANCY AGREEMENTS WITH EAST-ASIA GROUP**

On 31 May 2017, GEL, GIL and ORL as landlords entered into the New Tenancy Agreements with TSO (a wholly-owned subsidiary of the Company) as tenant in relation to the tenancies of the Properties.

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

#### ***First New Tenancy Agreements***

Landlord	:	GIL
Tenant	:	TSO
Property A	:	Unit 703, 7/F Ginza Plaza, No.2A Sai Yeung Choi Street South, Kowloon, Hong Kong
Usage	:	repair centre
Saleable area	:	782 sq. ft. (gross)
Term	:	from 1 July 2017 to 31 March 2019 (both dates inclusive)
Rent	:	HK\$29,716 per month (exclusive of government rates, government rent and building management fee)
Deposit	:	HK\$89,148

***Second New Tenancy Agreement***

Landlord : GEL

Tenant : TSO

Property B : Portion of Unit A, 23/F Kyoto Plaza, No.491-499 Lockhart Road, Hong Kong

Usage : repair centre

Saleable area : 640 sq. ft. (gross)

Term : from 1 July 2017 to 31 March 2019 (both dates inclusive)

Rent : HK\$19,200 per month (exclusive of government rates, government rent and building management fee)

Deposit : HK\$57,600

***Third New Tenancy Agreements***

Landlord : ORL

Tenant : TSO

Property C : Unit B, 23/F Kyoto Plaza, No.491 - 499 Lockhart Road, Hong Kong

Usage : repair centre

Saleable area : 1,284 sq. ft. (gross)

Term : from 1 July 2017 to 31 March 2019 (both dates inclusive)

Rent : HK\$38,520 per month (exclusive of government rates, government rent and building management fee)

Deposit : HK\$115,560

## SURRENDER AGREEMENTS

On 31 May 2017, TSO has entered into the Surrender Agreements with ORL and Marina respectively to surrender the Surrendered Premises under the Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement. Pursuant to the Surrender Agreements, the Surrender Premises under the Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement shall be surrendered to ORL and Marina respectively on 30 June 2017. The Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations thereof.

## REVISED AGGREGATE ANNUAL CAPS UNDER NEW TENANCY AGREEMENTS AND EXISTING TENANCY AGREEMENTS

Upon entering into the New Tenancy Agreements and the Surrender Agreements, the revised aggregate annual caps for the New Tenancy Agreements and the Existing Tenancy Agreements based on the total annual rentals payable thereunder during their respective terms of tenancy for each of the years ending 31 March 2018 and 2019 will be as follows:

	<b>For the year ending 31 March</b>	
	<b>2018</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>First New Tenancy Agreement</b>	267	357
<b>Second New Tenancy Agreement</b>	173	230
<b>Third New Tenancy Agreement</b>	347	462
First Existing Tenancy Agreement	866	-
Second Existing Tenancy Agreement	1,318	-
<i>Third Existing Tenancy Agreement (to be terminated on 30 June 2017)</i>	116	-
Fourth Existing Tenancy Agreement	609	-
Fifth Existing Tenancy Agreements	165	-
Sixth Existing Tenancy Agreement	352	-
Seventh Existing Tenancy Agreement	466	-
Eighth Existing Tenancy Agreement	1,987	-
<i>Ninth Existing Tenancy Agreement (to be terminated on 30 June 2017)</i>	39	-
Existing Sub-tenancy Agreement	502	-
	<b>7,207</b>	<b>1,049</b>

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 2017	from 1 April 2017 to 31 March 2018	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. (net)
<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 2017	from 1 April 2017 to 31 March 2018	HK\$109,840 per month (exclusive of government rates, government rent and building management fee)	head office, repair centre and warehouse  saleable area: 8,380 sq. ft. (net)
<i>Third Existing Tenancy Agreements</i>					
Unit B, 15/F., Kyota Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	31 March 2017	from 1 April 2017 to 31 March 2018	HK\$38,520 (exclusive of government rates, government rent and building management fee)	repair centre  saleable area: 1,284 sq. ft. (gross)
<i>Fourth Existing Tenancy Agreement</i>					
Unit 1808, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	31 March 2017	from 1 April 2017 to 31 March 2018	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. (net)
<i>Fifth Existing Tenancy Agreement</i>					
Rua de Pequim, n <sup>o</sup> s 170-174, Edifício Centro Commercial Kong Fat, 16 <sup>o</sup> andar portion of D1 and E1, em Macau	HKMag	31 March 2017	from 1 April 2017 to 31 March 2018	HK\$13,725 per month (inclusive of building management fee)	repair centre  saleable area: 915 sq. ft. (net)
<i>Sixth Existing Tenancy Agreement</i>					
Unit 1005, 10/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	GEL	31 March 2017	from 1 April 2017 to 31 March 2018	HK\$29,336 per month (exclusive of government rates, government rent and building management fee)	repair centre  saleable area: 772 sq. ft. (gross)

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<i>Seventh Existing Tenancy Agreement</i>					
Unit 1006, 10/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	GIL	31 March 2017	from 1 April 2017 to 31 March 2018	HK\$38,798 per month (exclusive of government rates, government rent and building management fee)	repair centre  saleable area: 1,021 sq. ft. (gross)
<i>Eighth Existing Tenancy Agreement</i>					
12/F., Ginza Plaza, No.2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	31 March 2017	from 1 April 2017 to 31 March 2018	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. (gross)
<i>Ninth Existing Tenancy Agreement</i>					
Unit 1802 and Portion of Unit 1803, Shen Rong Building, No. 1045 Fuqiang Road, Futian District, Shenzhen City, PRC	Marina	31 March 2017	from 1 April 2017 to 31 March 2018	HK\$13,152 per month (exclusive of building management fee)	repair centre  saleable area: 1,475 sq. ft. (net)
<i>Existing 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 March 2017	from 1 January 2017 to 31 March 2018	HK\$41,800 per month	repair centre  saleable area: 769 sq. ft. (gross)

## **REASONS AND BENEFITS FOR ENTERING INTO NEW TENANCY AGREEMENTS**

As the Group considers expanding its business operation, it plans to open a new repair centre at Property A as well as re-locate its existing repair centre from Premise D to the premises comprising Property B and Property C. TSO entered into the New Tenancy Agreements to rent the Properties for use as its repair centres and the Group considers that the Properties are suitable for its business expansion.

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 (except the Cheung Brothers being the Directors who have material interests in the New 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 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.

## **REASONS FOR ENTERING INTO SURRENDER AGREEMENTS**

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 consumer electronic devices as well as sale of related accessories and product therefor.

As the Group considers expanding its business operation, the repair centre originally located at the Premise D is now relocated to the Property B and Property C. As such, TSO no longer needs the Premise D as its repair centre and therefore entered into the surrender agreement to surrender the Premise D.

As the Group decided to cease the business in Shenzhen, TSO no longer need the Premise E as its repair centre and therefore entered into the surrender agreement to surrender the Premise E.

The terms of the Surrender Agreements 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 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 Surrender Agreements are fair and reasonable and the Surrender 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**

### ***New Tenancy Agreements with East-Asia Group***

GEL, GIL and ORL are wholly-owned subsidiaries of East-Asia. East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.56% of the shares of the Company in issue. As such, each of GEL, GIL, and ORL is a connected person 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 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 Agreements***

ORL and Marina are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.56% of the shares of the Company in issue. As such, ORL and Marina are connected persons of the Company under the GEM Listing Rules. Accordingly, the Surrender Agreements constitute continuing connected transactions for the Company.

Pursuant to the Surrender Agreements, TSO shall surrender the Surrendered Premises under the Third Existing Tenancy Agreement and the Ninth Existing Tenancy Agreement to ORL and Marina respectively on 30 June 2017. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 20.33 of the GEM Listing Rules.

## **GENERAL INFORMATION**

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 consumer electronic devices as well as sale of related accessories and product therefor.

East-Asia, a property holding company indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.56% of the issued share capital of the Company, and is therefore a connected person of the Company.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below 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 (Stock Code: 8145)
“Director(s)”	director(s) of the Company
“East-Asia”	East-Asia Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by the Cheung Family Trust, and thus a connected person of the Company
“East-Asia Group”	East-Asia and its subsidiaries
“Eighth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between ORL and TSO
“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 and the Existing Sub-tenancy Agreement
“Fifth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between HKMag and TSO (Macau)
“First Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between ORL and TSO
“First New Tenancy Agreement”	the tenancy agreement dated 31 May 2017 entered into between GIL and TSO in relation to the tenancy of Property A

“Fourth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 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”	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, 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, 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, and thus a connected person of the Company
“New Tenancy Agreements”	the First New Tenancy Agreement, Second New Tenancy Agreement and Third New Tenancy Agreement dated 31 May 2017 entered into between GIL, GEL and ORL respectively in relation to the tenancies of the Properties
“Ninth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between Marina and TSO

“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
“PRC”	The People’s Republic of China
“Premise D”	Unit B, 15/F., Kyota Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong
“Premise E”	Unit 1802 and Portion of Unit 1803, Shen Rong Building, No. 1045 Fuqiang Road, Futian District, Shenzhen City, PRC
“Properties”	the Property A, Property B and Property C
“Property A”	Unit 703, 7/F Ginza Plaza, No.2A Sai Yeung Choi Street South, Kowloon, Hong Kong
“Property B”	Portion of Unit A, 23/F Kyoto Plaza, No.491-499 Lockhart Road, Hong Kong
“Property C”	Unit B, 23/F Kyoto Plaza, No.491 - 499 Lockhart Road, Hong Kong
“Second Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between GIL and TSO
“Second New Tenancy Agreement”	the tenancy agreement dated 31 May 2017 entered into between GEL and TSO in relation to the tenancy of Property B
“Seventh Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between GIL and TSO
“Sixth Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between GEL and TSO
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreements”	the surrender agreements both dated 31 May 2017 that TSO entered into between ORL and Marina respectively in relation to surrender the Surrender Premises

“Surrender Premises”	the Premise D and Premise E
“TDSL”	Telecom Digital Services 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
“Third Existing Tenancy Agreement”	the tenancy agreement dated 31 March 2017 entered into between ORL and TSO
“Third New Tenancy Agreement”	the tenancy agreement dated 31 May 2017 entered into between ORL and TSO in relation to the tenancy of Property C
“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 May 2017

*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).*