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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)**

### **CONTINUING CONNECTED TRANSACTIONS SURRENDER AGREEMENTS**

#### **SURRENDER AGREEMENTS**

On 6 May 2019, TSO (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreements with GEL and ORL to surrender the Surrendered Premises under the Fourth 2019/20 Tenancy Agreement and Fifth 2019/20 Tenancy Agreement respectively.

GEL and ORL are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.43% of the shares of the Company in issue. As such, GEL and ORL are connected persons of the Company under the 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 Fourth 2019/20 Tenancy Agreement and Fifth 2019/20 Tenancy Agreement to GEL and ORL respectively on 31 May 2019. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual rental under the Surrender Agreements and 2019/20 Tenancy Agreements are less than 5% but the revised aggregate annual rental is more than HK\$3,000,000, such tenancy agreements and the revised aggregate annual rental are subject to the announcement, annual review and reporting requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **SURRENDER AGREEMENTS**

Reference is made to the announcement of the Company dated 31 March 2019 in relation to the 2019/20 Tenancy Agreements entered into between GEL, GIL and ORL with TSO (a wholly-owned subsidiary of the Company) respectively in which setting out the terms and conditions for leasing of properties for a term up to 31 March 2020.

On 6 May 2019, TSO has entered into the Surrender Agreements with GEL and ORL to surrender the Surrendered Premises under the Fourth 2019/20 Tenancy Agreement and Fifth 2019/20 Tenancy Agreement respectively.

Pursuant to the Surrender Agreements, TSO shall surrender the Surrendered Premises under the Fourth 2019/20 Tenancy Agreement and Fifth 2019/20 Tenancy Agreement to GEL and ORL respectively on 31 May 2019, the tenancies of the Surrender Premises shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations in relation to the Surrender Premises thereof.

Details of the tenancies of the Surrender Premises under the Surrender Agreements are as follows:

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<i>Fourth 2019/20 Tenancy Agreement</i>					
Portion of Unit A, 23/F., Kyoto Plaza, Nos. 491-499 Lockhart Road, Causeway Bay, Hong Kong	GEL	30 March 2019	from 1 April 2019 to 31 March 2020 (tenancy will be terminated in advance on 31 May 2019)	HK\$21,120 (exclusive of government rates, government rent and building management fee)	repair center saleable area: 640 sq. ft. (gross)
<i>Fifth 2019/20 Tenancy Agreement</i>					
Unit B, 23/F., Kyoto Plaza, Nos. 491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	30 March 2019	from 1 April 2019 to 31 March 2020 (tenancy will be terminated in advance on 31 May 2019)	HK\$42,372 (exclusive of government rates, government rent and building management fee)	repair center saleable area: 1,284 sq. ft. (gross)

## REVISED AGGREGATE ANNUAL CAP

The revised aggregate annual cap of the Surrender Agreements and 2019/20 Tenancy Agreements based on the aggregate annual rental payable thereunder during their respective terms of tenancy for the year ending 31 March 2020 will be as follows:

	<b>For the year ending 31 March 2020</b>
	<i>HK\$'000</i>
First 2019/20 Tenancy Agreement	953
Second 2019/20 Tenancy Agreement	392
Third 2019/20 Tenancy Agreement	1,830
Fourth 2019/20 Tenancy Agreement	42
Fifth 2019/20 Tenancy Agreement	85
	<hr/> <b>3,302</b> <hr/>

Further details of the Other Tenancy Agreements are as follows:

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<i>First 2019/20 Tenancy Agreement</i>					
Unit 1807, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	ORL	30 March 2019	from 1 April 2019 to 31 March 2020	HK\$79,420 (exclusive of government rates, government rent and building management fee)	head office, repair center and warehouse  saleable area: 7,220 sq. ft. (gross)
<i>Second 2019/20 Tenancy Agreement</i>					
Portion B of Unit 1806, 18/F., Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	30 March 2019	from 1 April 2019 to 31 March 2020	HK\$32,626 (exclusive of government rates, government rent and management fee)	head office, repair center and warehouse  saleable area: 2,966 sq. ft. (gross)
<i>Third 2019/20 Tenancy Agreement</i>					
Units 1201-1203 and Units 1205-1206, 12/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	30 March 2019	from 1 April 2019 to 31 March 2020	HK\$152,495 (exclusive of building management fee and air-conditioning charges but inclusive of government rates and government rent)	repair center  saleable area: 4,357 sq. ft. (gross)

## REASON FOR ENTERING INTO SURRENDER AGREEMENTS

Given the uncertainties and challenges faced by the world's major economies, the Group keep implementing stricter financial control, streamlining structure and expenditure austerity. The Group decided to restructure its repair centers and close the Surrendered Premises in May 2019. The Surrender Agreements were entered to surrender the Surrendered Premises.

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 THE LISTING RULES**

GEL and ORL, the property holding companies, are indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.43% of the shares of the Company in issue. As such, GEL and ORL are connected persons of the Company under the Listing Rules. Accordingly, the Surrender Agreements constitute continuing connected transactions for the Company.

Upon entering into the Surrender Agreements, the tenancies of the Surrender Premises under the Surrender Agreements are to be terminated in advance. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual rental under the Surrender Agreements and 2019/20 Tenancy Agreements are less than 5% but the revised aggregate annual rental is more than HK\$3,000,000, such tenancy agreements and the revised aggregate annual rental are subject to the announcement, annual review and reporting requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

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

## **DEFINITIONS**

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

“2019/20 Tenancy Agreements”	the First to Fifth 2019/20 Tenancy Agreements dated 30 March 2019 entered into between GEL, GIL and ORL with TSO respectively in relation to the tenancies of properties
“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 beneficiary includes 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 Main Board of the Stock Exchange (Stock Code: 3997)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	Director(s) of the Company
“Fifth 2019/20 Tenancy Agreement”	the tenancy agreement dated 30 March 2019 entered into between ORL and TSO in relation to the tenancy of Unit B, 23/F., Kyoto Plaza, Nos. 491-499 Lockhart Road, Causeway Bay, Hong Kong
“Fourth 2019/20 Tenancy Agreement”	the tenancy agreement dated 30 March 2019 entered into between GEL and TSO in relation to the tenancy of Portion of Unit A, 23/F., Kyoto Plaza, Nos. 491-499 Lockhart Road, Causeway Bay, Hong Kong
“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 51.43% of the shares of the Company in issue, and thus a connected person of the Company
“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 51.43% 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 51.43% of the shares of the Company in issue, and thus a connected person of the Company
“Other Tenancy Agreements”	the tenancy agreements dated 30 March 2019 entered into between GIL and ORL with TSO respectively in relation to the tenancies of the premises under the First 2019/20 Tenancy Agreement, Second 2019/20 Tenancy Agreement and Third 2019/20 Tenancy Agreement

“PRC”	The People’s Republic of China
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreements”	the surrender agreements dated 6 May 2019 entered into between GEL and ORL with TSO respectively in relation to the surrender of the Surrendered Premises under the Fourth 2019/20 Tenancy Agreement and Fifth 2019/20 Tenancy Agreement
“Surrendered Premises”	Portion of Unit A and Unit B, 23/F., Kyoto Plaza, Nos. 491-499 Lockhart Road, Causeway Bay, Hong Kong
“TSO”	Telecom Service One Limited, a company incorporated in Hong Kong 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, 6 May 2019

*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. Tso Ka Yi.*

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