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Telecom Digital Holdings Limited
電訊數碼控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6033)

**CONTINUING CONNECTED TRANSACTIONS
SURRENDER AGREEMENT**

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Reference is made in the announcements of the Company dated 28 March 2024, 25 September 2024 and 2 October 2024 in relation to the continuing connected transactions with Sun Asia Group and the revised annual cap for the year ending 31 March 2025 from HK\$10,860,000 to HK\$10,995,000. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 15 November 2024, OIL has entered into the Surrender Agreement with CKKJP to surrender the Surrendered Premise. In accordance with the terms and conditions of the Surrender Agreement, CKKJP shall surrender the Surrendered Premise under the Tenancy Agreement on 19 November 2024, the tenancy of the Surrendered Premise shall be absolutely ceased and terminated, and both parties shall release with each other from all liabilities and obligations regarding to the Surrendered Premise thereof.

As at the date of this announcement, CKKJP is a wholly-owned subsidiary of Sun Asia, and Sun Asia is indirectly wholly-owned by the Cheung Brothers (the beneficiary of the KW Cheung Family Trust), which indirectly holds 54.49% of the issued share capital of the Company. As such, CKKJP is a connected person of the Company under the Listing Rules and the Surrender Agreement constitutes continuing connected transaction for the Company. Accordingly, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fees with Sun Asia Group are less than 5% but the revised aggregate annual fees are more than HK\$3,000,000, the revised aggregate annual fees for the transactions with Sun Asia Group 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.

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Details of the tenancy of the Surrendered Premise under the Surrender Agreement is as follows:

Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
Unit A, 1/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKKJP	OIL	Restaurant	1 April 2024 - 31 March 2025 (Tenancy to be terminated on 19 November 2024)	205,370

TRANSACTIONS WITH SUN ASIA GROUP

Details of the continuing connected transactions with Sun Asia Group after entering into the Surrender Agreement are set out below: -

(i) *Leasing of properties by OIL to TKC, CKC F&B and CKK Cafe*

OIL has leased the Property 16, 18 and 19 to TKC, CKC F&B and CKK Cafe as office and restaurants for a term of one year commencing from 1 April 2024 and expiring on 31 March 2025 respectively. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. TKC, CKC F&B and CKK Cafe paid the monthly rental in accordance with the tenancy agreements and in the same manner as the tenancy agreements with independent third parties. The aggregated historical amounts of rental income and management fees received from Property 16, 18 and 19 were in the amount of approximately HK\$718,000 and HK\$6,041,000 for the years ended 31 March 2023 and 31 March 2024, respectively. During the term of the rental period, the parties shall provide reasonable estimates of the transactions amount (including total rental amount involved in the leases entered into under the tenancy agreements each year (if applicable)) for the following year on the basis of the properties supply plan to be agreed between the parties at the same time. The estimated rent shall be determined by both parties through negotiation by reference to the prevailing market rates of comparable properties in the vicinity of the leased property.

The principle terms of the tenancy are set out below:

Property	Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
16	Room 401, 4/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	TKC	OIL	Office	1 April 2024– 31 March 2025	1,000
18	3/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKC F&B	OIL	Restaurant	1 April 2024– 31 March 2025	215,908
19	4/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	CKK Cafe	OIL	Restaurant	1 April 2024– 31 March 2025	161,304

(ii) Provision of streaming real-time quote service by TDD to TKS

TDD shares the streaming real-time quote services provided by HKEx Information Services Limited with TKS via mobile applications. The fee shall be determined at arm's length negotiation between the parties and is calculated on a per-user basis with reference to the prevailing market rate of the said services. The market price of the services shall be determined according to the price charged by TDD to independent third parties for the provision of same kind of services. The annual cap for streaming real-time quote services fees paid by TKS to TDD for the period from 1 April 2024 to 31 March 2025 is HK\$1,000,000, which was determined with reference to the historical amounts for provision of streaming real-time quote services fees paid by TSK to TDD in the amount of approximately HK\$1,202,000, HK\$1,041,000 and HK\$913,000 for the years ended 31 March 2022, 2023 and 2024, respectively.

(iii) Consignment of KRL Group's products by TDS and Mango Mall for KRL Group

Mango Mall and TDS have allowed KRL Group to sell KRL Group's products (mainly food products) at the online shopping platform and retail shops of the Group on a consignment basis in consideration of a consignment fee. The consignment fee, which is based on a fixed percentage, ranging from 2% to 15%, of the selling price of the consigned goods, shall be paid by KRL Group to Mango Mall and TDS for the consignment arrangement.

Such consignment fee has been determined by KRL Group, Mango Mall and TDS with reference to the consignment fees, which also amount to fixed percentages of the selling prices of the consigned goods, charged by the Group to independent third parties which sell their comparable consigned goods on the online shopping platform and retail shops of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of other comparable products by the Group on its online shopping platform and shops would be taken. The annual consignment fees for the year ending 31 March 2025 based on the amount and value of the products which are expected to be sold by Mango Mall and TDS have been fixed to be HK\$500,000, which was determined with reference to the historical amounts of consignment fee in the amount of approximately HK\$445,000, HK\$738,000 and HK\$401,000 for the years ended 31 March 2022, 2023 and 2024, respectively.

(iv) Purchasing KRL Group's coupons from KRL Group to TDS

TDS distributes the KRL Group's coupons (mainly food and beverage cash coupon) ("Coupon") to the retail shops of the Group, on a gift basis, who purchased the Group's mobile products from the retail shops of the Group. The amount of the Coupon, which is based on the selling performance of the mobile phones, shall be paid by TDS to KRL Group. The annual budget of the Coupon for the year ending 31 March 2025 determined based on the amount of the Coupons which are expected to be gave-away by TDS has been fixed to be HK\$2,000,000, which is a new transaction with Sun Asia Group for the year ending 31 March 2025 and no historical amount.

(v) Leasing of a property by Onbo to TKS

On 25 September 2024, Onbo as landlord, entered into the Tenancy Agreement with TKS as tenant, in relation to the Property. The rental was determined by both parties through negotiation with reference to the prevailing market rent of similar properties in nearby location. The annual cap for the year ending 31 March 2025 is fixed to HK\$135,000. The principle terms of the Tenancy Agreement is set out below:

Address	Tenant	Landlord	Usage	Term	Monthly rent HK\$
Unit 1202, 12/F, Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon	TKS	Onbo	Office	1 October 2024 - 31 March 2025	22,490

Revised annual cap for the transactions with Sun Asia Group

Reference is made to the announcements of the Company dated 28 March 2024, 25 September 2024 and 2 October 2024 in relation to the continuing connected transactions with Sun Asia Group and the revised annual cap for the year ending 31 March 2025 from HK\$10,860,000 to HK\$10,995,000.

After entering into the Surrender Agreement, it is expected that the revised aggregate annual fees to be paid/payable for the transactions with the Sun Asia Group for the year ending 31 March 2025 will be decreased to not exceed HK\$10,099,000. For the purpose of compliance with the Listing Rules, the revised aggregate annual fee is treated as the annual cap of the transactions with Sun Asia Group for the year ending 31 March 2025.

Reason and benefit for entering into Surrender Agreement

CKKJP is facing several difficulties under the current business environment, and decided to close the business and proposed to cease the Tenancy Agreement between CKKJP and OIL. The terms of the Surrender Agreement 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 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 Surrender Agreement are fair and reasonable and the Surrender Agreement 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.

Listing Rules Implications

As at the date of this announcement, CKKJP is a wholly-owned subsidiary of Sun Asia, and Sun Asia is indirectly wholly-owned by the Cheung Brothers (the beneficiary of the KW Cheung Family Trust), which indirectly holds 54.49% of the issued share capital of the Company. As such, CKKJP is a connected person of the Company under the Listing Rules and the Surrender Agreement constitutes continuing connected transaction for the Company. Accordingly, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) in respect of the revised aggregate annual fees with Sun Asia Group are less than 5% but the revised aggregate annual fees are more than HK\$3,000,000, the revised aggregate annual fees for the transactions with Sun Asia Group 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. The Group is principally engaged in the telecommunications and related business in Hong Kong, including (i) product business: sales of electronic devices, other consumer goods and related services; (ii) operation services: provision of operation services to Sun Mobile Limited, an associate owned as to 40% by the Group and as to 60% by HKT Limited; (iii) property investments in Hong Kong; and (iv) other segments: comprises mainly provision of paging and other communication services.

Sun Asia, an investment holding company, is indirectly wholly-owned by the Cheung Brothers who are the beneficiary of the KW Cheung Family Trust which indirectly holds 54.49% of the issued share capital of the Company.

OIL, a wholly-owned subsidiary of the Group, which is principally engaged in property investment and being the registered owner of the Property.

DEFINITIONS

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

“Board”	the board of Directors
“Cheung Brothers”	Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny
“Company”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6033)
“KW Cheung Family Trust”	a discretionary trust established for the benefit of the Cheung Brothers and their family members

“OIL”	Onbo International Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Surrender Agreement”	the surrender agreement dated 15 November 2024 entered into between OIL and CKKJP in relation to the surrender of the Surrendered Premise
“Surrendered Premise”	Unit A, 1/F. of Telecom Digital Tower, 58 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong
“Tenancy Agreement”	the tenancy agreement dated 28 March 2024 entered into between CKKJP and OIL in respect of the tenancy for the Surrendered Premise
“%”	per cent

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

By Order of the Board
Telecom Digital Holdings Limited
CHEUNG King Shek
Chairman

Hong Kong, 15 November 2024

As at the date of this announcement, the executive Directors are Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby, CHEUNG King Fung Sunny, WONG Wai Man and Ms. MOK Ngan Chu, and the independent non-executive Directors are Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing.

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