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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: 8336)

CONTINUING CONNECTED TRANSACTIONS

(1) PURCHASE OF GOODS BY TDD FROM RADIOTEX
– Revision of Annual Cap for the year ending 31 March 2016

Reference is made to the paragraphs headed “1. Purchase of goods by TDD from Radiotex” under the section “Continuing Connected Transactions” on pages 166 to 167 in the Prospectus regarding the Master Agreement with Radiotex entered into between TDD and Radiotex on 22 May 2014 setting out the governing terms and conditions in relation to the purchase of goods including pagers, Mango Devices and related parts from Radiotex from the Listing Date to 31 March 2017, pursuant to which separate agreements and/or purchase orders in terms not contrary to the Master Agreement with Radiotex would be entered into between TDD and Radiotex from time to time. The annual caps regarding the aggregate amount of goods to be purchased from Radiotex by TDD under the Master Agreement with Radiotex are HK\$11,680,000, HK\$3,000,000 and HK\$3,000,000 for the three years ended/ending 31 March 2015, 2016 and 2017 respectively and the Directors propose to revise the annual cap for the year ending 31 March 2016 to HK\$12,000,000.

Radiotex is a wholly-owned subsidiary of Sun Asia, which is ultimately owned by the Cheung Brothers (the Directors and the controlling shareholders of the Company). Therefore, Radiotex is an associate of the Cheung Brothers and a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the transactions under the Master Agreement with Radiotex and the Revision of Annual Cap constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than profits ratio) in respect of the Revision of Annual Cap on an annual basis are less than 5% but the annual consideration is more than HK\$3,000,000, the Revision of Annual Cap, the Master Agreement with Radiotex and the transactions contemplated thereunder are exempt from the requirement for shareholders’ approval, but are subject to requirements regarding announcement, annual reporting and annual review under Chapter 20 of the GEM Listing Rules.

(2) TRANSACTIONS WITH TD SECURITIES

With the amendments to the GEM Listing Rules on connected transactions, the continuing connected transactions under the Master Agreement with TD Securities have become exempted continuing connected transactions pursuant to the new Rule 20.74(1)(c) of the GEM Listing Rules. The Company will apply the exemption under Rule 20.74(1)(c) to the continuing connected transactions under the Master Agreement with TD Securities, and such transactions will no longer be reported and subject to the requirements for annual reporting and annual review under Chapter 20 of the GEM Listing Rules. The exemption under Rule 20.74(1)(c) of the GEM Listing Rules will continue to apply to the continuing connected transactions under the Master Agreement with TD Securities so long as such transactions satisfy the applicable requirements under Rule 20.74(1)(c) of the GEM Listing Rules.

(3) TRANSACTIONS WITH TSO

– Provision of logistic services to TSO by TSN

With the amendments to the GEM Listing Rules on connected transactions, the continuing connected transactions regarding the provision of logistic services to TSO by TSN under the Master Agreement with TSO have become exempted continuing connected transactions pursuant to the new Rule 20.74(1)(c) of the GEM Listing Rules. The Company will apply the exemption under Rule 20.74(1)(c) to the continuing connected transactions regarding the provision of logistic services to TSO by TSN under the Master Agreement with TSO, and such provision of logistic services will no longer be reported and subject to the requirements for annual reporting and annual review under Chapter 20 of the GEM Listing Rules. The exemption under Rule 20.74(1)(c) of the GEM Listing Rules will continue to apply to the provision of logistic services to TSO by TSN so long as such transactions satisfy the applicable requirements under Rule 20.74(1)(c) of the GEM Listing Rules.

(1) PURCHASE OF GOODS BY TDD FROM RADIOTEX

– Revision of Annual Cap for the year ending 31 March 2016

Reference is made to the paragraphs headed “1. Purchase of goods by TDD from Radiotex” under the section “Continuing Connected Transactions” on pages 166 to 167 in the Prospectus regarding the Master Agreement with Radiotex entered into between TDD and Radiotex on 22 May 2014 setting out the governing terms and conditions in relation to the purchase of goods including pagers, Mango Devices and related parts from Radiotex from the Listing Date to 31 March 2017, pursuant to which separate agreements and/or purchase orders in terms not contrary to the Master Agreement with Radiotex would be entered into between TDD and Radiotex from time to time. The price of such goods would be determined at cost plus certain percentage of the value of the orders, with reference to the prevailing market rate of similar goods.

As disclosed in the Prospectus, the annual caps for the aggregate amount of goods to be purchased from Radiotex by TDD under the Master Agreement with Radiotex for the three years ended/ending 31 March 2015, 2016 and 2017 are HK\$11,680,000, HK\$3,000,000 and HK\$3,000,000, and that the annual cap amount for the year ended 31 March 2015 was not exceeded.

Reasons for Revision of Annual Cap

At the time of the issue of the Prospectus, the Group has been informed by Radiotex that it is expected to close its manufacturing factory in the first quarter of 2015, following which the Group would no longer be able to purchase finished goods from Radiotex. As such, the Group expected the purchases of goods from Radiotex would reduce drastically starting from the year ending 31 March 2016 and the annual cap for the year ending 31 March 2016 was therefore fixed at HK\$3,000,000.

However, the closure of Radiotex's manufacturing factory did not in fact take place in the first quarter of 2015 as expected, and TDD is going to purchase the final batch of finished goods from Radiotex before the closure of its manufacturing factory during the year ending 31 March 2016. As the final batch of finished goods are expected to amount to approximately HK\$12,000,000, the original annual cap of HK\$3,000,000 for the year ending 31 March 2016 under the Master Agreement with Radiotex would not be sufficient to meet the expected purchase volume. The Directors therefore propose to revise the annual cap for the year ending 31 March 2016 under the Master Agreement with Radiotex to HK\$12,000,000.

The terms offered by Radiotex to TDD under the Master Agreement with Radiotex are no less favourable than those offered to other independent third parties for similar goods in the ordinary course of business. The Directors (except the Cheung Brothers who abstained from participating in the approval of relevant Board resolution in view of their material interests in the Master Agreement with Radiotex by virtue of being the directors and shareholders of Sun Asia which holds 100% of the issued share capital in Radiotex), including the independent non-executive Directors, are of the view that the entering into of the Master Agreement with Radiotex is in the ordinary and usual course of business of the Group, the terms of the Master Agreement with Radiotex including the revised annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Implications under GEM Listing Rules

Radiotex, which is principally engaged in the design, manufacture and selling of telecommunication products, is a wholly-owned subsidiary of Sun Asia, which is ultimately owned by the Cheung Brothers (the Directors and the controlling shareholders of the Company). Therefore, Radiotex is an associate of the Cheung Brothers and a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the Master Agreement with Radiotex and the Revision of Annual Cap constitute continuing connected transactions for the Company.

As all applicable percentage ratios (other than profits ratio) in respect of the Revision of Annual Cap on an annual basis are less than 5% but the annual consideration is more than HK\$3,000,000, the Revision of Annual Cap, the Master Agreement with Radiotex and the transactions contemplated thereunder are exempt from the requirement for shareholders' approval, but are subject to requirements regarding announcement, annual reporting and annual review under Chapter 20 of the GEM Listing Rules.

(2) MASTER AGREEMENT WITH TD SECURITIES

Reference is made to the paragraphs headed "3. Transactions with TD Securities" under the section "Continuing Connected Transactions" on pages 172 to 177 in the Prospectus regarding the Master Agreement with TD Securities entered into between the Company and TD Securities on 22 May 2014 governing the continuing connected transactions between the

Group and TD Securities setting out the basic terms and conditions in relation to the following transactions from the Listing Date to 31 March 2017:

- a. sub-leasing/sub-licensing of properties in Hong Kong by the Group to TD Securities at the prevailing market rate
- b. provision of various services by the Group to TD Securities
 - i. advertising services at a fee on actual reimbursement basis
 - ii. promotional services at a monthly service fee on an actual reimbursement basis
 - iii. consultancy services (including management information system and information technology support) at a fixed monthly service fee determined with reference to the cost of the relevant personnel
 - iv. paging services and Mobitex based services at subscription fees charged on a per-user basis with reference to the current market rate of similar service
 - v. software application development services at a fixed monthly service fee determined with reference to the cost of the relevant personnel

As disclosed in the Prospectus, the annual caps for the service fee payable by TD Securities to the Group under the Master Agreement with TD Securities for the three years ended/ending 31 March 2015, 2016 and 2017 are HK\$2,230,000, HK\$2,390,000 and HK\$2,560,000 respectively and that the annual cap amount for the year ended 31 March 2015 was not exceeded.

TD Securities is a brokerage firm licensed by the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 2 (dealing in future contracts) regulated activities under the Securities and Futures Ordinance and admitted as participating member of Hong Kong Exchanges and Clearing Limited to provide financial information and stock trading service.

TD Securities is wholly-owned by Sun Asia, which is ultimately owned by the Cheung Brothers. TD Securities is therefore an associate of the Cheung Brothers and a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions under the Master Agreement with TD Securities constitute continuing connected transactions for the Company.

With the amendments to the GEM Listing Rules on connected transactions effective on 1 July 2014, the aforesaid transactions under the Master Agreement with TD Securities have become exempted continuing connected transactions pursuant to the new Rule 20.74(1)(c) of the GEM Listing Rules, as the total annual consideration for the transactions is or is expected to be under HK\$3,000,000. Accordingly, the Company will apply the exemption under Rule 20.74(1)(c) to the continuing connected transactions under the Master Agreement with TD Securities, and such transactions will no longer be reported and subject to the requirements for annual reporting and annual review under Chapter 20 of the GEM Listing Rules. The exemption under Rule 20.74(1)(c) of the GEM Listing Rules will continue to apply to the transactions so long as such transactions satisfy the applicable requirements under Rule 20.74(1)(c) of the GEM Listing Rules.

(3) MASTER AGREEMENT WITH TSO

– Provision of logistic services to TSO by TSN

Reference is made to the paragraphs headed “4. Transactions with TSO” under the section “Continuing Connected Transactions” on pages 177 to 182 in the Prospectus regarding the Master Agreement entered into between the Company and TSO on 22 May 2014, *inter alia*, the continuing connected transactions regarding the provision of logistic services to TSO by TSN under the Master Agreement with TSO, pursuant to which TSN (a wholly-owned subsidiary of the Company) has been providing logistic services for delivery of goods (for example, defective devices for repair and refurbishment) between the office, service centres and collection points of TSO. The fees charged by TSN are on a “per delivery” basis. The fees for the services are determined by TSO and TSN with reference to the prevailing market rate of similar services. As disclosed in the Prospectus, the annual caps for the logistic service fee receivable by the Group from TSO for the three years ended/ending 31 March 2015, 2016 and 2017 are HK\$850,000, HK\$900,000 and HK\$950,000 respectively and that the annual cap amount for the year ended 31 March 2015 was not exceeded.

TSO is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products. TSO is controlled by East-Asia Pacific Limited, a direct wholly-owned subsidiary of Amazing Gain Limited (the Company’s controlling shareholder). TSO is therefore an associate of Amazing Gain Limited and a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions under the Master Agreement with TSO constitute continuing connected transactions for the Company.

With the amendments to the GEM Listing Rules on connected transactions effective on 1 July 2014, the aforesaid transactions under the Master Agreement with TSO have become exempted continuing connected transactions pursuant to the new Rule 20.74(1)(c) of the GEM Listing Rules, as the total annual consideration for the transactions is or is expected to be under HK\$3,000,000. Accordingly, the Company will apply the exemption under Rule 20.74(1)(c) to the continuing connected transactions regarding the provision of logistic services to TSO by TSN under the Master Agreement with TSO, and the provision of logistic services will no longer be reported nor subject to the requirements for annual reporting and annual review under Chapter 20 of the GEM Listing Rules. The exemption under Rule 20.74(1)(c) of the GEM Listing Rules will continue to apply to the provision of logistic services so long as such transactions satisfy the applicable requirements under Rule 20.74(1)(c) of the GEM Listing Rules.

GENERAL

The Company is principally engaged in the telecommunications and related business in Hong Kong, including (i) retail sales of mobile phones of various brands and pre-paid SIM cards; (ii) distribution of mobile phones; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to Sun Mobile Limited, a mobile service operator in Hong Kong and a 40%-owned associate of the Group.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:-

“Board”	the board of 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
“Company”	Telecom Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8336)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“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 People’s Republic of China
“Listing Date”	the date of listing of the Company’s shares on the GEM, i.e. 30 May 2014
“Mango Devices”	Mango Combo, Mango Deluxe and Mango Phone

“Master Agreement with Radiotex”	the master agreement entered into between TDD and Radiotex on 22 May 2014, setting out the governing terms and conditions in relation to the purchase of goods including pagers, Mango Devices and related parts from Radiotex from the Listing Date to 31 March 2017, pursuant to which separate agreements and/or purchase orders in terms not contrary to the Master Agreement with Radiotex would be entered into between TDD and Radiotex from time to time
“Master Agreement with TD Securities”	the master agreement entered into between the Company and TD Securities on 22 May 2014 governing the continuing connected transactions between the Group and TD Securities setting out the basic terms and conditions in relation to the certain transactions from the Listing Date to 31 March 2017
“Master Agreement with TSO”	the master agreement entered into between the Company and TSO on 22 May 2014 regarding the provision of logistic services to TSO by TSN under the Master Agreement with TSO, pursuant to which TSN (a wholly-owned subsidiary of the Company) has been providing logistic services for delivery of goods (for example, defective devices for repair and refurbishment) between the office, service centres and collection points of TSO
“Prospectus”	the prospectus of the Company dated 26 May 2014
“Radiotex”	Radiotex International Limited, a wholly-owned subsidiary of Sun Asia, which is wholly-owned by the Cheung Brothers, and thus a connected person of the Company
“Revision of Annual Cap”	the increase of the annual cap regarding the aggregate amount of goods to be purchased from Radiotex by TDD under the Master Agreement with Radiotex for the year ending 31 March 2016 to HK\$12,000,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Sun Asia”	Sun Asia Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Cheung Brothers, and thus a connected person of the Company

“TDD”	Telecom Digital Data Limited, a wholly-owned subsidiary of the Company
“TSN”	Telecom Service Network Limited, a wholly-owned subsidiary of the Company
“TSO”	Telecom Service One Limited, a 55%-owned subsidiary of the East-Asia Pacific Limited, a direct wholly-owned subsidiary of Amazing Gain Limited (the Company’s controlling shareholder), and thus a connected person of the Company
“%”	per cent.

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

Hong Kong, 31 March 2015

As at the date of this announcement, the executive Directors are Mr. Cheung King Shek, Mr. Cheung King Fung Sunny, Ms. Mok Ngan Chu and Mr. Wong Wai Man, the non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby and the independent non-executive Directors are Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung.

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.tdhl.cc.