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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 29 May 2015, Mr. Cheung King Shek as landlord entered into the New Tenancy Agreement with TSO (Macau) (a wholly-owned subsidiary of the Company) as tenant in relation to the tenancy of the Property.

As Mr. Cheung King Shek is the chairman and non-executive Director of the Company, he is a connected person of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreement constitutes continuing connected transaction for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transaction contemplated under the New Tenancy Agreement 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 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 29 May 2015, Mr. Cheung King Shek as landlord entered into the New Tenancy Agreement with TSO (Macau) as tenant in relation to the tenancy of the Property.

NEW TENANCY AGREEMENT DATED 29 MAY 2015

The principal terms of the New Tenancy Agreement are set out below.

Landlord	:	Mr. Cheung King Shek
Tenant	:	TSO (Macau)
Property	:	Rotunda De S. Joao Bosco, No.63 Andar, J29 EDIF. Hoi Fu Garden, Macau
Usage	:	staff quarter
Saleable area	:	850 sq. ft.
Term	:	one year from 1 June 2015 to 31 May 2016 (both dates inclusive)
Rent	:	HK\$11,000 per month
Deposit	:	HK\$22,000

AGGREGATE ANNUAL CAPS OF NEW TENANCY AGREEMENT AND EXISTING TENANCY AGREEMENTS

The aggregate annual caps for the New Tenancy Agreement 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 2016 and 2017 will be as follows:

	For the year ending 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
New Tenancy Agreement	110	22
First Existing Tenancy Agreement	866	866
Second Existing Tenancy Agreement	462	462
Third Existing Tenancy Agreement	1,318	1,318
Fourth Existing Tenancy Agreements	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
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	6,998	6,462
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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	two years 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	two years and nine months 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	two years 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, No.491-499 Lockhart Road, Causeway Bay, Hong Kong	GEL	30 June 2014	two years and nine months 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 Agreements</i>					
Unit B, 15/F., Kyota Plaza, No. 491-499 Lockhart Road, Causeway Bay, Hong Kong	ORL	31 July 2013	two years from 1 August 2013 to 31 July 2015	HK\$35,952 (exclusive of rates, management fees and all other outgoings)	repair centre Saleable area: 1,284 sq. ft.
		31 March 2015	one year and eight months from 1 August 2015 to 31 March 2017	HK\$38,520 per month (exclusive of government rates, government rent and management fee)	

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
<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	two years 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.
<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	two years 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	two years 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	two years 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	two years from 1 April 2015 to 31 March 2017	HK\$165,566 per month (exclusive of management fee and air-conditioning charges but inclusive of government rates and government rent)	repair centre Saleable area: 4,357 sq. ft.

REASONS FOR ENTERING INTO NEW TENANCY AGREEMENT

The purpose of renting the Property by TSO (Macau) is for providing a staff quarter to the Group's employees seconded from Hong Kong to Macau. The Directors consider that it is appropriate for the Group to provide accommodation to the employees who are seconded from Hong Kong to Macau since they possess necessary skills and experience to provide mobile phone repair services at the Group's new repair centre in Macau.

The terms of the New Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rentals under the New Tenancy Agreement were determined with reference to the prevailing market rent of similar property in the nearby locations. The Directors (except Mr. Cheung King Shek being the only Director who has a material interest in the relevant transactions 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 Agreement are fair and reasonable and the New 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

As Mr. Cheung King Shek is the chairman and non-executive Director of the Company, he is regarded as a connected person of the Company under the GEM Listing Rules. Accordingly, the New Tenancy Agreement constitutes continuing connected transactions for the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the New Tenancy Agreement 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 Agreement and the Existing Tenancy Agreements are less than 25% and such total annual rentals are less than HK\$10,000,000, such tenancy agreement 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.

GENERAL

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

TERMS USED IN THIS ANNOUNCEMENT

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

“Board”	board of the Directors
“Cheung Family Trust”	a discretionary trust established for the benefit of certain family members of the Cheung family, the discretionary objects of which include Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny, all being Directors of the Company
“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
“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 Agreements, the Sixth Existing Tenancy Agreement, the Seventh Existing Tenancy Agreement, the Eighth Existing Tenancy Agreement, the Ninth Existing Tenancy Agreement and the Tenth Existing Tenancy Agreement
“Fifth Existing Tenancy Agreements”	the tenancy agreements dated 31 July 2013 and 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, 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
“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
“New Tenancy Agreement”	the tenancy agreement dated 29 May 2015 entered into between Mr. Cheung King Shek and TSO (Macau) in relation to the tenancy of the Property
“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, and thus a connected person of the Company
“Property”	Rotunda De S. Joao Bosco, No.63 Andar, J29 EDIF. Hoi Fu Garden, Macau
“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
“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

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

Hong Kong, 29 May 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.