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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 TRANSACTION SURRENDER AGREEMENT

SURRENDER AGREEMENT

On 31 August 2018, TSO (Macau) (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with HKMag to surrender the Surrendered Premises under the Third 2018/19 Tenancy Agreement.

HKMag is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.47% of the shares of the Company in issue. As such, HKMag is a connected person of the Company under the Listing Rules. Accordingly, the Surrender Agreement constitutes continuing connected transactions for the Company.

Pursuant to the Surrender Agreement, TSO (Macau) shall surrender the Surrendered Premises under the Third 2018/19 Tenancy Agreement to HKMag on 30 September 2018. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

SURRENDER AGREEMENT

On 31 August 2018, TSO (Macau) (a wholly-owned subsidiary of the Company) has entered into the Surrender Agreement with HKMag to surrender the Surrendered Premises under the Third 2018/19 Tenancy Agreement.

Pursuant to the Surrender Agreement, TSO (Macau) shall surrender the Surrendered Premises under the Third 2018/19 Tenancy Agreement to HKMag on 30 September 2018, the Third 2018/19 Tenancy Agreement shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations thereof.

Details of the Third 2018/19 Tenancy Agreement are as follows:

Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
Rua de Pequim, n ^o s 170–174, Edifício Centro Commercial Kong Fat, 16 ^o andar portion of D1 and portion of E1, em Macau	HKMag	29 March 2018	from 1 April 2018 to 31 March 2019 (tenancy will be terminated in advance on 30 September 2018)	HK\$15,372 per month (inclusive of building management fee)	repair centre saleable area: 915 sq. ft. (net)

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 (Macau)) are the provision of repair and refurbishment services for mobile phones and personal electronic products and the sales of related accessories therefor.

REASON FOR ENTERING INTO SURRENDER AGREEMENT

As the Group decided to cease the business in Macau, TSO (Macau) no longer needs the Surrendered Premises as its repair centre and therefore entered into the Surrender Agreement to surrender the Surrendered Premises.

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 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 THE LISTING RULES

HKMag, a property holding company, is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.47% of the shares of the Company in issue. As such, HKMag is a connected person of the Company under the Listing Rules. Accordingly, the Surrender Agreement constitutes continuing connected transactions for the Company.

Upon entering into the Surrender Agreement, the tenancy under the Third 2018/19 Tenancy Agreement is 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.

DEFINITIONS

In this announcement, the following expressions have the following meanings 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 Main Board of the Stock Exchange (Stock Code: 3997)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HKMag”	H.K. Magnetronic Company Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Cheung Family Trust which indirectly holds 51.47% of the shares of the Company in issue, and thus a connected person of the Company
“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
“PRC”	The People’s Republic of China
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Surrender Agreement”	the surrender agreement dated 31 August 2018 entered into between HKMag and TSO (Macau) in relation to the surrender of the Surrendered Premises under the Third 2018/19 Tenancy Agreement
“Surrendered Premises”	Rua de Pequim, n ^o s 170–174, Edifício Centro Commercial Kong Fat, 16 ^o andar portion of D1 and portion of E1, em Macau
“Third 2018/19 Tenancy Agreement”	the tenancy agreement dated 29 March 2018 entered into between HKMag and TSO (Macau) in relation to the tenancy of the Surrendered Premises which will be terminated in advance on 30 September 2018 pursuant to the Surrender Agreement
“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 August 2018

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.