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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO DECUMULATOR CONTRACT**

THE TRANSACTION

The Board wishes to announce that the Company, through TSO (a wholly-owned subsidiary of the Company), entered into an equity decumulator contract with BOS on 15 December 2022 (after trading hours) with a notional amount of approximately HK\$9,349,600.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in relation to the Decumulator Contract, exceed 5% but all the applicable percentage ratios are less than 25%, the launch of Decumulator Contract would constitute a disclosable transaction of the Company and hence is subject to the notification and announcement requirements set out under Chapter 14 of the Listing Rules.

THE TRANSACTION

The Board wishes to announce that the Company, through TSO (a wholly-owned subsidiary of the Company), entered into an equity decumulator contract with BOS on 15 December 2022 (after trading hours) with a notional amount of approximately HK\$9,349,600 (excluding transaction fees).

MAJOR TERMS OF THE DECUMULATOR CONTRACT

As at the date of this announcement, the principal terms of the Decumulator Contract are set out below:

	<u>Decumulator Contract</u>
Trade date:	15 December 2022
Buyer:	BOS
Effective date:	16 December 2022
Underlying share:	HKEx
Notional amount:	21,983 HKEx Shares, approximately HK\$9,349,600
Spot price	HK\$334.5741
Strike price:	HK\$425.3106
Knock-out price:	HK\$317.8454
Tenor:	12 months (247 trading days)
Settlement:	Monthly-basis

The notional amount is determined based on the assumptions that (i) there is no Knock-out Event or early termination event occurred; and (ii) the maximum stock price is the predetermined strike price throughout the contract period that the Company is required to sell the specified number of the HKEx Shares under the Decumulator Contract.

Current status

As at the date of this announcement, the Directors confirm that (i) except for the above-mentioned Decumulator Contract that remain outstanding, the Group does not have any outstanding equity decumulator contract; and (ii) the Group has sufficient number of HKEx Shares to fulfil the Decumulator Contract.

Information of the Decumulator Contract

- Decumulator contract is non-guaranteed product, and the returns is linked to a single underlying share.
- The structure of the equity decumulator contract is to sell a specific number of the underlying share on each scheduled date at the strike price until the relevant contract is redeemed due to (i) Knock-out Event (if applicable) or early termination event occurred; or (ii) at maturity.
- The maximum risk exposure of the Company is the limitation of secondary market. The Group is required to hold the contract until maturity unless it is terminated as a result of the occurrence of a Knock-out Event or on the occurrence of an event of default or other circumstances specified in the contract. There is limited secondary market liquidity.
- The fair values are determined based on the valuation performed by an independent professionally qualified valuer.

REASONS AND BENEFITS OF ENTERING INTO THE DECUMULATOR CONTRACT

The Company considers that equity decumulator contract can generate a targeted income on the disposal of the Group's financial assets. Therefore, the Company makes use of the available listed equity securities to launch the Decumulator Contract to maximise the possible returns for the Company accordingly.

The Company's investment objective is to generate stable additional income. The strategy of these investment is to make investments in the prospects of primarily reputable sizeable financial institutions on recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decision: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

Having considered the present market conditions of the stock market and the track records of HKEx, the Company considers that the launch of Decumulator Contract is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Decumulator Contract was launched at the strike prices according to the terms of the Decumulator Contract. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the counterparty financial institution of the Decumulator Contract and their respective ultimate beneficial owners are Independent Third Parties to the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more than one of the applicable percentage ratios in relation to the Decumulator Contract, exceed 5% but all the applicable percentage ratios are less than 25%, the launch of Decumulator Contract would constitute a disclosable transaction of the Company and hence is subject to the notification and announcement requirements set out under Chapter 14 of the Listing Rules.

The Company will closely monitor and review the status of the Decumulator Contract and will make further announcement(s) in compliance with the Listing Rules (if required).

INFORMATION OF HKEX

According to the public information available to the Board, HKEx is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 388). HKEx is a recognised exchange controller under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). HKEx operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong.

The following information is extracted from the public documents of HKEx:

	For the six months ended 30 June	
	2022 <i>HK\$ Million</i>	2021 <i>HK\$ Million</i>
Total assets	513,046	399,304
Profit before taxation	5,646	7,906
Profit for the period	4,829	6,589
Profit attributable to shareholders of HKEx	4,836	6,610

INFORMATION OF THE COMPANY AND THE GROUP

The Company is listed on main board of the Stock Exchange (stock code: 3997) and is principally engaged in investment holding. The principal activities of the Group are the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories, and provision of supportive services.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“BOS”	Bank of Singapore Limited
“Company”	Telecom Services 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)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries, as appropriate and regardless of whether directly or indirectly owned

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 388)
“HKEx Shares”	shares in the share capital of HKEx listed on the main board of the Stock Exchange and traded in HK\$
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company
“Knock-out Event”	the closing price of the underlying listed share on any specified trading day during the contract period is equal to or below the predetermined knock-out price
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“TSO”	Telecom Services One Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 16 December 2022

As at the date of this announcement, the chairman and non-executive director of the Company is Mr. Cheung King Shek; the chief executive officer and executive director of the Company is Mr. Cheung King Fung Sunny; the non-executive directors of the Company are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby; and the independent non-executive directors of the Company 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.