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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 THE TENANCY AGREEMENT

THE TENANCY AGREEMENT

On 29 September 2023, Sinoworld as landlord and TSO as tenant entered into the Tenancy Agreement in respect of the Premises for the purpose of renewal of the tenancy of the Premises, where the Group operates.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but all such ratios fall below 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 September 2023, Sinoworld as landlord and TSO as tenant entered into the Tenancy Agreement in respect of the Premises for the purpose of renewal of the tenancy of the Premises, where the Group operates.

THE TENANCY AGREEMENT

Set forth below are the principal terms of the Tenancy Agreement:

- Date: 29 September 2023
- Parties: (1) Sinoworld Development Limited, as landlord; and
(2) Telecom Service One Limited (an indirect wholly-owned subsidiary of the Company), as tenant.
- The Premises: Unit C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong
- Term: From 1 October 2023 to 30 September 2025 (both days inclusive), for a term of 2 years.
- Consideration payable: The aggregate amount of rent payable by TSO under the Tenancy Agreement is HK\$6,219,900, which will be met with the internal resources of the Group. TSO shall pay the monthly rent in advance on the first day of every calendar month, exclusive of Government rent and rates, management fees and central air-conditioning to the Premises.
- Use: The Premises shall only be used for the purpose of godown and anillary office by the Group.

INFORMATION OF THE PARTIES

The Group and TSO

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) are the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories.

Landlord

The Landlord is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

The original tenancy agreement in respect of the Premises, which was entered into between the Landlord and TSO as tenant for a fixed term from 10 August 2021 and expiring on 30 September 2023. TSO, an indirect wholly-owned subsidiary of the Company, currently operates on the Premises. The Premises have been occupied by the Group on lease and the original tenancy agreement in respect of the Premises will be expired on 30 September 2023. The Group aims to maintain its status as a godown and ancillary office. The renewal of the tenancy of the Premises by way of the entering into of the Tenancy Agreement will allow the Group continue to operate as godown and ancillary office for a fixed term from 1 October 2023 and expiring on 30 September 2025.

The terms and conditions of the Tenancy Agreement, including the rent payable by TSO thereunder, were determined after arm's length negotiations between the Landlord and TSO, taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. The conclusion of the Tenancy Agreement is necessary for securing the continued operation of the godown and ancillary office of the Group. As such, the Board considers that the terms and conditions of the Tenancy Agreement are fair and reasonable and in the interests of the Group and its shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases" as adopted by the Company, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The value (unaudited) of the right-of-use asset recognised by the Company amounts to approximately HK\$5,917,000. The discount rate of 5.16% per annum, which is equivalent to the Company's incremental borrowing rate during the term of the Tenancy Agreement, has been applied in computing the present value of the lease payments under the Tenancy Agreement.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but all such ratios fall below 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of 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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	the “Hong Kong Financial Reporting Standard 16 – Leases” issued by the Hong Kong Institute of Certified Public Accountants, sets out the principles for the recognition, measurement, presentation and disclosure of leases
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord” or “Sinoworld”	Sinoworld Development Limited, a private company limited by shares incorporated in Hong Kong
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Premises	Unit C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong
“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)
“Tenancy Agreement”	the tenancy agreement dated 29 September 2023 in respect of the tenancy for the Premises entered into between Sinoworld and TSO

“TSO” Telecom Service One Limited, a private company limited by shares incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

“%” per cent

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

Hong Kong, 29 September 2023

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.