Telecom Digital Holdings Limited
電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6033

2020/21
Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Cheung King Shek *(chairman)*
Cheung King Shan
Cheung King Chuen Bobby
Cheung King Fung Sunny *(chief executive officer)*
Wong Wai Man
Mok Ngan Chu

Independent Non-executive Directors

Lam Yu Lung
Lau Hing Wah, *MH, JP*
Lo Kam Wing

COMPANY SECRETARY

Wong Yu On

BOARD COMMITTEES

Audit Committee

Lam Yu Lung *(chairman)*
Lau Hing Wah, *MH, JP*
Lo Kam Wing

Remuneration Committee

Lau Hing Wah, *MH, JP (chairman)*
Lam Yu Lung
Lo Kam Wing

Nomination Committee

Lo Kam Wing *(chairman)*
Lam Yu Lung
Lau Hing Wah, *MH, JP*

AUTHORISED REPRESENTATIVES

Cheung King Fung Sunny
Wong Yu On

COMPANY'S WEBSITE

www.TDHL.cc

AUDITOR

SHINEWING (HK) CPA Limited
43/F., Lee Garden One,
33 Hysan Avenue,
Causeway Bay, Hong Kong

LEGAL ADVISER

CFN Lawyers (in association with Broad & Bright)
27/F., Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong

REGISTERED OFFICE

Second Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., YHC Tower,
No.1 Sheung Yuet Road,
Kowloon Bay,
Kowloon,
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower,
1 Garden Road,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building,
1 Queen's Road Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

6033

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the audited annual results of Telecom Digital Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021.

RESULTS

During the review year, the Group operated in a challenging business environment resulting from the COVID-19 pandemic. Nonetheless, owing to greater sales from the distribution segment, strategic cost savings and government subsidies, the Group recorded revenue of approximately HK$1,038.95 million (2020: HK$1,087.24 million) and profit attributable to owners of the Company of approximately HK$135.22 million (2020: HK$80.20 million), representing increases of approximately 68.6% of the latter. Such positive metrics in fact exceeded those recorded prior to the COVID-19 outbreak.

In light of the encouraging performance, the Board has recommended the payment of a fourth interim dividend of HK$0.08 per share of the Company ("Share"). Taking into account the three dividends already paid, total dividend for the year amounts to HK$0.26 per Share.

BUSINESS OVERVIEW

Over the past 12 months, we have continued to provide customers with outstanding products and services through our business operations. Comprising four segments, they include: (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to Sun Mobile Limited ("SUN Mobile"), an associate 40% owned by the Group and 60% by HKT Limited ("HKT").

By leveraging the brand equity of Telecom Digital, its strategic store network and quality services, we have been able to sustain development during the review year. In respect of our retail business in particular, it continues to be supported by an 82-store network. With our expanded portfolio of mobile phone brands and wider product mix for capitalizing on the e-commerce business, the retail business has remained our principal revenue contributor. It is worth noting as well that the e-commerce arm has achieved steady progress, driven by the Group's Mango Mall, which continues to benefit from a receptive public.

As for our operation services, revenue dipped during the review year, though the Group's ties with HKT remains close, and both parties are fully committed to the success of SUN Mobile. With regard to the provision of paging services, revenue has continued to taper owing to lower demand and changing usage pattern. We have duly sought to direct users of such devices to smartphone products distributed by the Group. Lastly, our distribution business continues to deliver a stable source of revenue through the effective delivery of popular mobile phones and associated services.

Chairman's Statement (continued)

PROSPECTS

Though the competitive market conditions will persist, the rollout of COVID-19 vaccines does offer a glimmer of hope that business conditions will gradually improve, which in turn will help facilitate our development. And while the pandemic has certainly impacted society, it has also transformed the way people work, study and play; expediting the public's migration to the virtual and online realms. Consequently, this has raised both the demand for quality of telecommunication devices and services. We will duly meet the requirements necessary, as well capture the opportunities that arise. This will include expanding our e-commerce platform by way of bolstering our product mix, which will go towards attracting new customers to the fold while retaining our existing patrons. In order to create an omnichannel business, we will continue to enhance our retail network as well. And this will involve not only strengthening our physical presence, but also providing a high-quality shopping experience. We will therefore strengthen relations with our employees, as a sense of camaraderie goes hand in hand with operational efficiency and quality service.

In the coming year, we will continue to refine and redefine our business operations, seek diversification, and promote synergies that facilitate advancement of our core business.

APPRECIATION

On behalf of the Board, I would like to thank the management team and all staff members for their perseverance and contributions to the Group over the past year. I would also like to extend my gratitude to our customers, business partners, suppliers and shareholders for their support. Going forward, we will continue to direct all of our energies towards ensuring the Group's ongoing development and delivery of fair returns to shareholders.

Cheung King Shek
Chairman and Executive Director
Hong Kong, 24 June 2021

Chief Executive Officer's Review

OPERATION OVERVIEW

In the past year, the Group was up against non-stop challenges brought by the COVID-19 outbreak. We were able to nonetheless give our utmost best to control risks and at the same time capture business opportunities albeit the challenging business environment. Our efforts paid off with the Group's 82-shop retail network maintaining stable business. At our effort in strategic retail network planning and renovation, and thanks to the drop in rental cost, we reallocated some of our shops to prime locations and renovated selected shops to give our valuable customers a more modern and comfortable shopping environment. To enhance customers' experience and store presence, we also continually improved the service quality and enhanced the overall workflow of our sales team during the year. Currently, the team has over 300 experienced front-line staff.

There are two sides to a coin. The COVID-19 outbreak has indeed brought challenges, but it has at the same time fuelled the boom of e-commerce business. We saw the opportune to enhance our online shopping platform, Mango Mall, to better address the needs of customers and in turn bolster customer loyalty. The move has given the Group a more comprehensive business model.

To cope with the challenging operating environment, the Group implemented various measures to cut general expenses during the year. We believe with our commitment to cost saving and effective use of resources, we will be able to maintain a healthy position to meet the challenges in the competitive and uncertain business environment.

FUTURE PROSPECTS

Looking forward, we will continue to build up our retail network, not only in size but also in shop locations and appearance. We will look for and carefully study suitable sites in the city to strategically enhance our retail network. We will also push for development of e-commerce business by expanding our product mix and maintaining the "Mango Dollar" programme. Aside from developing its business, the Group will continue to recruit and retain talent and provide all-engulfing training to employees whom it sees as a valuable asset. By investing in our people, we will be able to raise the overall quality of customer services, as well as the Group's operational efficiency.

APPRECIATION

As the Chief Executive Officer of the Group, I would like to take this opportunity to express my appreciation to the management team and our valuable staff for their commitment and contribution to the Group in the past year. My gratitude also goes to our customers, business partners, suppliers and shareholders for their continuous support, which is crucial to the Group's long term development.

Cheung King Fung Sunny
Chief Executive Officer and Executive Director
Hong Kong, 24 June 2021

Management Discussion and Analysis

INDUSTRY OVERVIEW

Looking back at 2020, the telecommunications industry maintained robust growth thanks to the rapid development of the 5G network and 5G phones in the Hong Kong market. In January 2021, the subscription rate of mobile communication services in Hong Kong was 22.70 million, with the mobile subscriber penetration rate reaching 286.6%, and subscriptions of 2.5G/3G/4G mobile broadband services reaching 22.55 million. In terms of mobile data usage in Hong Kong, it escalated to a record high of 88,554 Terabytes, an increase of 27% and almost doubled against the December 2018 and December 2017 figures respectively, reflective of the rapid growth of the telecommunication services market.

In the past year, by seizing opportunities brought by its enhanced retail network and strengthening e-commerce business, the Group recorded satisfactory results and sustained its market position in the competitive business environment.

BUSINESS REVIEW

The Group is supported by four operational pillars, consisting of (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to SUN Mobile.

During the year ended 31 March 2021, the Group benefited from an uptick in result from its retail business, which, combined with effective cost saving strategies and government subsidies as part of COVID-19 relief measures, resulted in an overall performance upturn. Revenue decreased by approximately 4.4% year-on-year to approximately HK$1,038.95 million (2020: HK$1,087.24 million) and profit attributable to owners of the Company climbed approximately 68.6% to approximately HK$135.22 million (2020: HK$80.20 million).

The retail business operates a network of 82 shops. As at the review year, this segment generated approximately HK$616.02 million of revenue. This was principally due to an expanded brand portfolio; having welcomed an internationally renowned mobile phone brand and top mainland mobile phone brand, the products of which appealed to existing and new customers. With regard to the Mango Mall e-commerce platform, it has enjoyed a steady growth in members. The rise in membership can be attributed to an increasingly diverse range of products, including COVID-19 related products and festive products that are available from the platform.

The performance of the operation service segment weakened during the review year, as reflected by a year-on-year decline in revenue of approximately 3.7% to approximately HK$350.35 million. Nonetheless, the Group has maintained close and constructive ties with HKT, and are mutually committed to the advancement of SUN Mobile.

As has been the prevailing trend, the paging and other telecommunications services operation has continued to experience a decline in revenue, contracting by approximately 18.9% to approximately HK$37.06 million as at the review year. While mindful of the waning demand for such products and services, the Group has nevertheless maintained its commitment to customers, which include members of the healthcare community and Hong Kong Government. What is more, the Group has continued to direct customers to its portfolio of mobile phones and corresponding mobile applications when they no longer require paging services, so as to protect its customer base.

Management Discussion and Analysis (continued)

In reference to the distribution business, it has benefited from the Group's cautious approach to product procurement as reflected by stable revenue generated from this segment – amounting to approximately HK$35.52 million as at the review year, a year-on-year increase of approximately 46.2%.

FINANCIAL REVIEW

Segment Analysis

	2020/21		2019/20	
	HK$'000	**%**	HK$'000	%
Retail business	**616,021**	**59.3**	653,494	60.1
Distribution business	**35,522**	**3.4**	24,286	2.2
Paging and other telecommunications services	**37,058**	**3.6**	45,709	4.2
Operation services	**350,345**	**33.7**	363,751	33.5
Total revenue	**1,038,946**	**100.0**	1,087,240	100.0

Revenue

The Group's revenue for the year ended 31 March 2021 was approximately HK$1,038.95 million (2020: HK$1,087.24 million), representing a decrease of approximately 4.4% over the previous year. The decrease in the Group's revenue was mainly due to decrease in revenue generated from retail, paging and operation businesses.

During the year ended 31 March 2021, revenue from retail business decreased approximately 5.7% as compared to the corresponding period of the previous year. The decreased was principally due to the outbreak of the COVID-19 epidemic. This is the major source of revenue of the Group.

Revenue from distribution of mobile phones and related business for the year ended 31 March 2021 increased approximately 46.2% as compared to the corresponding period of the previous year. It was mainly due to an increasingly diverse range of products.

Revenue from the provision of paging and other telecommunications services for the year ended 31 March 2021 dropped approximately 18.9% as compared to the corresponding period of the previous year. The total number of paging services subscribers has continued to decrease during the year.

Revenue from the provision of operation services experienced a decline in revenue of approximately 3.7% for the year ended 31 March 2021 as compared to the corresponding period of the previous year. The decrease was mainly due to the keen market competition of mobile telecommunications services.

Management Discussion and Analysis (continued)

Other Income and Gains

Other income and gains for the year ended 31 March 2021 was approximately HK$43.92 million (2020: HK$5.46 million), representing a substantial increase of approximately 704.4% as compared to previous year. The increase was primarily due to the receipt of government grants in respect of COVID-19 related subsidies. Apart from approximately HK$33.54 million government grants, other income and gains mainly contributed by rental and sub-letting income, gain on disposal of motor vehicles and consultancy income.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental, utilities and running expenses of shops and customers service centre, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre, repair cost for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2021 were approximately HK$112.02 million (2020: HK$115.07 million), representing a slight decrease of approximately 2.7% over the previous year.

The decrease was mainly brought by the decrease in information fees and promotion expenses. The decrease in information cost was mainly due to the decrease in financial data charged by the HKEx Information Services Limited by reference to the usage of information. In addition, due to the unstable market conditions, less promotion expenses were incurred in the year under review.

Share of Results of Associates

Share of results of associates for the year was approximately HK$7.99 million (2020: HK$12.69 million), representing a decrease of approximately 37.0% as compared to the previous year. The amount mainly represents our share of net profit of SUN Mobile. The decrease was mainly due to the decrease in revenue of SUN Mobile.

Finance Costs

The finance cost comprises mainly bank interest and interest on lease liabilities. There is no significant change in the Group's bank borrowings throughout the year ended 31 March 2021. The bank interest for the year ended 31 March 2021 was approximately HK$2.30 million (2020: HK$5.47 million). It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion. The interest expenses on lease liabilities for the year ended 31 March 2021 was approximately HK$3.52 million (2020: 2.91 million).

Income Tax Expense

Income tax for the year ended 31 March 2021 was approximately HK$18.52 million (2020: HK$16.67 million), representing an increase of approximately 11.1%. The increase was mainly due to the increase in profit before tax.

Management Discussion and Analysis (continued)

Profit for the Year Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the year ended 31 March 2021 was approximately HK$135.22 million (2020: HK$80.20 million), representing a substantial increase of approximately 68.6% as compared to the previous year. The increase was primarily due to effective cost saving strategies and government subsidies in respect of COVID-19 relief measures.

Liquidity and Financial Resources

As at 31 March 2021, the Group had net current liabilities of approximately HK$23.51 million (2020: HK$62.07 million) and had cash and cash equivalents of approximately HK$70.83 million (2020: HK$40.97 million).

The Group has a current ratio of approximately 0.90 as at 31 March 2021 comparing to that of approximately 0.77 as at 31 March 2020. As at 31 March 2021, the Group's gearing ratio was approximately 34.7% as compared to approximately 41.0% as at 31 March 2020, which is calculated based on the Group's total borrowings of approximately HK$132.74 million (2020: HK$147.02 million) and the Group's total equity of approximately HK$382.12 million (2020: HK$358.79 million). The Group's total cash at banks as at 31 March 2021 amounted to approximately HK$72.17 million (2020: HK$41.64 million).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 31 March 2021, the Group has unutilised banking facilities of approximately HK$303.05 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

Contingent Liabilities

At 31 March 2021, the Group did not have any material contingent liabilities (2020: nil).

Foreign Currency Risk

The majority of the Group's business are in Hong Kong and are denominated in Hong Kong dollars and United States dollars. The Group currently does not have a foreign currency hedging policy. However, the Directors of the Group continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis (continued)

Capital Commitments

Details of the Group's capital commitments are set out in Note 33 to the consolidated financed statements.

Dividends

	Year ended 31 March			
	2021		2020	
	HK$ per share	**HK$'000 (audited)**	HK$ per share	HK$'000 (audited)
Dividends recognised as distribution during the year:				
2018/19 fourth interim dividend	–	–	0.06	24,225
2019/20 first interim dividend	–	–	0.06	24,225
2019/20 second interim dividend	–	–	0.03	12,113
2019/20 third interim dividend	–	–	0.03	12,113
2019/20 fourth interim dividend	**0.10**	**40,375**	–	–
2020/21 first interim dividend	**0.06**	**24,225**	–	–
2020/21 second interim dividend	**0.06**	**24,225**	–	–
2020/21 third interim dividend	**0.06**	**24,225**	–	–
		113,050		72,676

At a meeting held on 24 June 2021, the Board declared the fourth interim dividend of HK$0.08 per share for the year ended 31 March 2021 (2020: HK$0.10 per share).

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in Note 30 to the consolidated financed statements, there was no change in the capital structure during the year ended 31 March 2021.

The capital structure of the Group consists of bank borrowings net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

Management Discussion and Analysis (continued)

Material Acquisition and Disposal

The Group did not purchase any property (2020: nil) or hold any significant investment in equity interest in any other company during the year ended 31 March 2021 (2020: nil).

As at 31 March 2021, the Group's properties in Hong Kong with carrying values of approximately HK$302.54 million (2020: HK$319.63 million).

On 31 March 2020, the Group disposed of its equity interest in Powersky Century Holdings (HK) Limited ("Powersky") to independent third parties for a total consideration of HK$18.60 million. Before the disposal, the Group owned 16% equity interest in Powersky and the investment was previously accounted for as an investment in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a gain on disposal of approximately HK$0.14 million in profit or loss for the year ended 31 March 2020. Details of the transaction are set out in Note 20 to the consolidated financed statements.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries or associates during the year.

Employees and Remuneration Policies

As at 31 March 2021, the Group employed 645 (2020: 641) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

OUTLOOK

Going forward, the Group will continue to err on the side of caution given the unpredictable business conditions. It will prudently maintain its product diversification drive; examining and sourcing high-potential products for attracting and retaining customers, so as to draw maximum attention from the public and enhance its performance.

On the retail network front, the revamp and upgrade of shops in the 18-district network will be the principal objective in the year ahead. Along with enhancing the shopping environment for customers, the Group will seek to enhance the shopping experience as well. Towards the latter goal, it will further promote staff development, which will include providing the latest training to enhance both the skills and self-worth of frontline colleagues. In addition, the Group will capitalize on opportunities to relocate shops to prime locations for the convenience of customers.

Amid the challenging business environment, the Group will also redouble efforts in examining potential partnerships so as to diversify its business and ensure that it is well protected against the dynamic business environment.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung King Shek, aged 69, was appointed as a Director in November 2002, appointed as the chairman of the Company and re-designated as an executive Director in March 2014. He joined the Group in 1981 and is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Mr. Cheung King Shek brings to the Group more than 40 years of experience in the telecommunications industry and has achieved a solid track record of achievements. Under his leadership and stewardship, the Group has grown to be a versatile service provider in the telecommunications industry. Mr. Cheung King Shek graduated with a bachelor's degree in commerce from the University of New South Wales in April 1976 and a master degree in business administration from the University of Melbourne in Australia in August 1981. Mr. Cheung King Shek is the chairman of Hong Kong Radio Paging Association Limited, and an honorary citizen of Swatow City. He is the elder brother of Mr. Cheung King Shan (executive Director), Mr. Cheung King Chuen Bobby (executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Shek has been the chairman and a non-executive director of Telecom Service One Holdings Limited ("TSO Holdings", stock code: 3997, a company listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since August 2012.

Mr. Cheung King Shan, aged 62, was appointed as a Director in November 2002, re-designated as a non-executive Director in March 2014 and re-designated as an executive Director on 8 September 2015. Mr. Cheung King Shan is responsible for advising on sales and marketing and apps writing in relation to the Group's information broadcasting services. He joined the Group in 1985 and was responsible for the overall planning and formulation of the marketing and sales strategies in line with its sales and corporate targets, sales and marketing and special ad hoc projects. Mr. Cheung King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. Mr. Cheung King Shan is the younger brother of Mr. Cheung King Shek (chairman and executive Director), and the elder brother of Mr. Cheung King Chuen Bobby (executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Shan has been a non-executive director of TSO Holdings since August 2012.

Mr. Cheung King Chuen Bobby, aged 62, was appointed as a Director in November 2002, re-designated as a non-executive Director in March 2014 and re-designated as an executive Director on 8 September 2015. Mr. Cheung King Chuen Bobby is responsible for advising on administration, human resources and special and ad hoc projects. Mr. Cheung King Chuen Bobby joined the Group in 1985 and was responsible for the formulation and implementation of its administrative policies as well as overseeing its administrative operation in human resources, legal and administration, property management and PRC projects. Mr. Cheung King Chuen Bobby obtained a bachelor degree in art in urban planning studies and a postgraduate diploma in urban planning implementation from the University of Westminster in London in 1983 and 1984 respectively. He is a standing committee member of Chinese People's Political Conference of Swatow City, an honorary citizen of Swatow City and the principal president of Hongkong & Kowloon Chiu Chow Public Association. Mr. Cheung King Chuen Bobby is the younger brother of Mr. Cheung King Shek (chairman and executive Director) and Mr. Cheung King Shan (executive Director), and the elder brother of Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Chuen Bobby has been a non-executive director of TSO Holdings since August 2012.

Directors and Senior Management (continued)

Mr. Cheung King Fung Sunny, aged 53, was appointed as a Director in November 2002, re-designated as an executive Director in March 2014 and appointed as the chief executive officer of the Company on 8 September 2015. Mr. Cheung King Fung Sunny joined the Group in 1990 and is primarily responsible for overseeing the financial management, sales and marketing and special ad hoc projects and played a major role in the growth of the sales volume and customer base of the Group. Mr. Cheung King Fung Sunny graduated from the University of Western Ontario in Canada with a bachelor's degree in administrative and commercial studies in October 1990. He is the younger brother of Mr. Cheung King Shek (chairman and executive Director), Mr. Cheung King Shan (executive Director) and Mr. Cheung King Chuen Bobby (executive Director). Mr. Cheung King Fung Sunny has been an executive director of TSO Holdings since August 2012, and was appointed as its chief executive officer in August 2014.

Mr. Wong Wai Man, aged 55, was appointed as an executive Director in March 2014 and is responsible for overall control of the management information system ("MIS") department. Mr. Wong joined the Group for 30 years since March 1991. He is currently holding the position of the senior MIS manager of the Group, before which he was a MIS manager from June 1998 to August 2001. Mr. Wong took the role as an assistant MIS manager from June 1995 to May 1998. Before being promoted to be the assistant MIS manager, Mr. Wong was a system administrator during July 1994 to May 1995. He worked for the Group as a project assistant for the period from March 1991 to July 1994. Mr. Wong was appointed as a member of the Telecommunications Regulatory Affairs Advisory Committee to represent the Radio Paging Operators as a group for two years term from June 2012 to June 2014 and was a member of the Radio Spectrum Advisory Committee for the period from 2010 to 2012. Further, he was admitted as a full member of the Hong Kong Computer Society on May 2012. Mr. Wong received his bachelor's degree of social sciences from The University of Hong Kong in December 1990 and obtained a postgraduate diploma in strategic business information technology from the NCC Education in October 2008.

Ms. Mok Ngan Chu, aged 65, was appointed as an executive Director in March 2014 and is responsible for customer services and business operation. Ms. Mok joined the Group in July 1977. For the 43 years' service for the Group, Ms. Mok has rich experience in customer services and business operation, especially in handling the customers' enquiries and complaints, retaining the clients, setting up workflow for the staff and daily operational policies. Ms. Mok completed her secondary education in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yu Lung, aged 56, was appointed as an independent non-executive Director on 20 May 2014. Mr. Lam is the chairman of the audit committee, a member of the remuneration committee and a member of the nomination committee of the Company. Mr. Lam is a Certified Public Accountant (Practising) in Hong Kong. He has over 32 years of experience in the accountancy profession and currently is a partner of ZHONGHUI ANDA CPA LIMITED. Mr. Lam received his bachelor degree in social sciences from The University of Hong Kong in November 1988. Mr. Lam has been an independent non-executive director of Arts Optical International Holdings Limited (stock code: 1120), a company listed on the Main Board of the Stock Exchange, since 30 September 2011.

Directors and Senior Management (continued)

Mr. Lau Hing Wah, ***MH, JP***, aged 65, was appointed as an independent non-executive Director on 28 April 2017 (with effect from 1 May 2017). He is the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee of the Company. Mr. Lau is currently a chairman of Asia Pacific Holdings Corp. Limited. He is also the chief executive officer of Asia Pacific Power Electric Limited (formerly known as FG Wilson (Engineering) HK Limited) and Cooltech Global Limited, both are wholly-owned subsidiaries of Asia Pacific Holdings Corp. Limited. Mr. Lau has 44 years experience in electrical engineering profession. He served as a chairman of Kwai Tsing District Fight Crime Committee since 2016, a chairman of Kwai Tsing District Junior Police Call Honorary Presidents Council since 2015, an observer of Independent Police Complaints Council since 2013, a co-opted member of Kwai Tsing District Council and a manager of Hong Kong and Kowloon Chiu Chow Public Association Secondary School since 2012. He also served as a committee member of the 11th of Heilongjiang Provincial Committee of the People's Political Consultative Conference since 2013.

Mr. Lo Kam Wing, aged 74, was appointed as an independent non-executive Director on 30 December 2020 (with effect from 1 January 2021). Mr. Lo is the chairman of the nomination committee, a member of the audit committee and remuneration committee of the Company. Mr. Lo is currently the consultant of Wing Shing Land Investment Limited. He has more than 50 years of investment and real estate development related experience in the real estate industry, and has been involved in the financial business for over 40 years with outstanding achievements. Mr. Lo completed his secondary school education in the People's Republic of China.

SENIOR MANAGEMENT

Ms. Lee Wing Tsz, aged 52, was appointed as the chief financial officer of the Group in September 2013 and is primarily responsible for the financial management of the Group. Ms. Lee worked for Telecom Digital Services Limited as group financial controller from September 2009 to August 2012. She was appointed as the chief financial officer of TSO Holdings from August 2012 to September 2013. Ms. Lee also worked for SHINEWING Tax and Business Advisory Limited as tax manager from May 2006 to August 2009. Ms. Lee had worked for The Law Debenture Corporation (H.K.) Limited as assistant trust manager from November 2002 to September 2005. She was a tax manager of Ernst & Young Tax Services Limited from February 1994 to November 2002. Ms. Lee received her bachelor's degree of art in accountancy from the Hong Kong Polytechnic University in November 2002.

Note: Each of Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the "Cheung Brothers") is a director of certain subsidiaries of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders (the "Shareholders"), customers and employees of the Company. The Company has adopted the principles and the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the year ended 31 March 2021, the Company has complied with the CG Code, except the deviation as disclosed under the section headed "Functions of the Board" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended 31 March 2021, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code throughout the year ended 31 March 2021.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board currently comprises six executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Cheung King Shek *(chairman)*
Mr. Cheung King Shan
Mr. Cheung King Chuen Bobby
Mr. Cheung King Fung Sunny *(chief executive officer)*
Mr. Wong Wai Man
Ms. Mok Ngan Chu

Corporate Governance Report (continued)

Independent Non-executive Directors
Mr. Lam Yu Lung
Mr. Lau Hing Wah, *MH, JP*
Mr. Chan Yuk Ming[1]
Mr. Lo Kam Wing[2]

[1] resigned as Independent Non-executive Director with effect from 19 October 2020
[2] appointed as Independent Non-executive Director with effect from 1 January 2021

The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 12 to 14 of this annual report. To the best knowledge of the Company, save as disclosed in the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

According to the Code Provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 March 2021, the chief executive officer and chief financial officer of the Company have provided and will continue to provide to all members of the Board with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2 of the CG Code.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the articles of association of the Company (the "Articles of Association"). All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

Directors' Appointment, Re-election and Removal

Under the Code Provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of one year and renewable automatically until which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing, subject to the provisions on retirement by rotation as set out in the Articles of Association.

Corporate Governance Report (continued)

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years.

In compliance with the Code Provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the Code Provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to Article 108(a) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In compliance with the Code Provision A.4.3 of the CG Code, the re-election of each of those independent non-executive Directors who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the Shareholders at the relevant annual general meeting; and (ii) further information being given to Shareholders together with the notice of meeting and the reasons why the Board believes the relevant Director is still independent and should be re-elected.

A Director may be removed by an ordinary resolution of the Company before the expiration of his/her term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him/her and the Company) and the Company may by ordinary resolution appoint another in his/her place.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) of the Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Lam Yu Lung has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its existing independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing, to be independent.

Corporate Governance Report (continued)

Chairman and Chief Executive Officer

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2021, the role of the chairman of the Company is performed by Mr. Cheung King Shek and the executive functions of a chief executive are discharged by Mr. Cheung King Fung Sunny as the chief executive officer of the Company.

Delegation of Powers

The Board delegates day-to-day operations of the Group to the chief executive officer and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the Code Provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some training for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on the Directors' training. During the year ended 31 March 2021, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	**Reading materials**
Executive Directors	
Mr. Cheung King Shek *(chairman)*	✓
Mr. Cheung King Shan	✓
Mr. Cheung King Chuen Bobby	✓
Mr. Cheung King Fung Sunny *(chief executive officer)*	✓
Mr. Wong Wai Man	✓
Ms. Mok Ngan Chu	✓
Independent Non-executive Directors	
Mr. Lam Yu Lung	✓
Mr. Lau Hing Wah	✓
Mr. Lo Kam Wing	✓

Directors' and Officers' Liabilities

In compliance with the Code Provision A.1.8 of the CG Code, the Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and the company secretary of the Company that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

Corporate Governance Report (continued)

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; to review the financial statements and material advice in respect of financial reporting; to oversee the financial reporting system, risk management and internal control systems of the Company; and to review arrangements for employees to raise concerns about financial reporting improprieties.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing. Mr. Lam Yu Lung is the chairman of the Audit Committee.

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the year ended 31 March 2021:

(a) reviewed the interim and annual financial statements before submission to the Board;

(b) reviewed the Group's financial controls, internal control and risk management systems;

(c) approved the remuneration and the appointment and the terms of engagement of the external auditor;

(d) reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(e) met with external auditor without the presence of management;

(f) reviewed and discussed the external auditor's report to the Audit Committee;

(g) reviewed the corporate governance disclosures in the interim and annual reports;

(h) reviewed the continuing connected transactions and their annual caps;

(i) reviewed and discussed the dividend policy of the Company; and

(j) reviewed the terms of reference of the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee, among other things, are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors determines his/her own remuneration.

Corporate Governance Report (continued)

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing. Mr. Lau Hing Wah is the chairman of the Remuneration Committee.

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the year ended 31 March 2021:

(a) reviewed the remuneration packages and assessed the performance of the Directors;

(b) considered the increase of remuneration packages of certain Directors;

(c) considered the bonus payment to certain Directors; and

(d) reviewed the remuneration policy of the Group.

Remuneration Policy for Directors and Senior Management

The Directors and senior management of the Company receive compensation in the forms of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The remuneration package of each of the Directors is detailed in Note 13 to the consolidated financial statements. The Directors and senior management of the Company may also receive options to be granted under the share option scheme of the Company (the "Share Option Scheme"), details of which are set out on pages 48 to 50 of this annual report.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding appointment of Directors and candidates to fill vacancies on the Board.

The Nomination Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing. Mr. Lo Kam Wing is the chairman of the Nomination Committee.

Corporate Governance Report (continued)

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the year ended 31 March 2021:

(a) reviewed and assessed the independence of all independent non-executive Directors;

(b) recommended the list of retiring Directors for re-election at the annual general meeting;

(c) reviewed the structure, size and composition of the Board;

(d) reviewed the board diversity policy of the Company;

(e) reviewed and discussed the nomination policy of the Company; and

(f) assessed and recommended the candidate for election of independent non-executive Director to fill the vacancy.

Nomination Policy for election or re-election of Directors

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the criteria and procedures for selection and nomination of Directors. The Company aims to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Nomination Policy provides the transparency of the election or re-election process and ascertain the selection standards and measures are align with the objective and the needs of the Group. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications, skills and experience. Further details of the selection criteria are set out in the terms of reference of the Nomination Committee which is available on the websites of the Stock Exchange and the Company. The Board shall make the final decision on selection and recommendation of qualified candidates for directorship to the Shareholders.

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

The Company has had a consistent dividend payment that balances the objective of appropriately rewarding Shareholders through dividends and to support the future growth. Dividends will generally be declared four times a year at approximately quarterly intervals. In years of exceptional gains or other events, a special dividend may be declared.

The Board will review the Dividend Policy, as appropriate, to ensure the effectiveness of the Dividend Policy. The Audit Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Corporate Governance Report (continued)

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board since 20 May 2014. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and the presence of one female Director out of a total of nine Board members, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

The attendance records of each Director and each member of the three Board Committees at the relevant meetings held in the year ended 31 March 2021 are as follows:

		Board Committees			2020 Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
No. of meetings held during the year	4	4	2	1	1
		Meetings Attended/Eligible to Attend			
Executive Directors					
Mr. Cheung King Shek *(chairman)*	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Shan	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Chuen Bobby	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Fung Sunny *(chief executive officer)*	4/4	N/A	N/A	N/A	1/1
Mr. Wong Wai Man	3/4	N/A	N/A	N/A	1/1
Ms. Mok Ngan Chu	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Lam Yu Lung	4/4	4/4	2/2	1/1	1/1
Mr. Lau Hing Wah	4/4	4/4	2/2	1/1	1/1
Mr. Chan Yuk Ming[1]	2/2	2/2	1/1	1/1	1/1
Mr. Lo Kam Wing[2]	1/1	1/1	N/A	N/A	N/A

Corporate Governance Report (continued)

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2021, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2021, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, and its affiliated firms, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit service	1,000
Non-audit services*	371
Total	1,371

* Included in non-audit services were approximately HK$120,000 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firms.

Corporate Governance Report (continued)

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

(a) to develop and review the policies and practices on corporate governance of the Group;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report contained in the annual report of the Company.

INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the systems of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2021. Based on the result of the review in respect of the year ended 31 March 2021, the Directors considered that the internal control systems are effective and adequate.

A meeting regarding the internal control functions and policies of the Company for the year ended 31 March 2021 has been held.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with its Shareholders and investors. The Company uses two-way communication channels to account to its Shareholders and investors for the performance of the Company. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders or investors may be sent to the Board by mail to the Company's principal place of business at 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company uses a number of formal communication channels to account to its Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meetings or extraordinary general meetings (if any) providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's branch share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

Corporate Governance Report (continued)

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or despatching circulars, notices and announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meetings for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the general meetings. To comply with Code Provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to Article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company, have the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains a website (www.TDHL.cc) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY

Mr. Wong Yu On has been appointed as the company secretary of the Company on 1 August 2016. He is a certified public accountant as defined in the Professional Accountants Ordinance.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 March 2021.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

The Group is pleased to publish the Environmental, Social and Governance ("ESG") Report for the reporting period from 1 April 2020 to 31 March 2021. The ESG Report elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities for the year.

1.1 Scope of ESG Report

The ESG Report focuses on the environmental and social performance of the Group's business activities in Hong Kong during the year, namely (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunication services; and (iv) provision of operation services to SUN Mobile. During the year, the disclosure of key performance indicators ("KPIs") continues to cover the Group's head office and retail stores in Hong Kong, and an office in Shenzhen of the People's Republic of China (the "PRC"). The abovementioned reporting scope covers all the business activities of the Group.

1.2 Reporting Framework

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Listing Rules and complies with the "Comply or Explain" requirement therein. The ESG Report follows the reporting principles set out in the Environmental, Social and Governance Reporting Guide.

Materiality: The content of the ESG Report is based on stakeholder engagement and materiality assessment, which includes identifying ESG-related issues, gathering and reviewing views from internal management and various stakeholders, assessing the relevance and materiality of the issues, and compiling and verifying the reported information. The ESG Report has covered a comprehensive range of key ESG issues that are concerned by stakeholders.

Quantitative: The Group has disclosed quantitative environmental and social KPIs in the ESG Report. The criteria, methodologies, references and conversion factors used for calculating the KPIs are disclosed in the ESG Report. This provides stakeholders with a comprehensive understanding of the Group's ESG performance.

Consistency: The Group uses consistent reporting format and calculation methodology as far as reasonably practicable. Significant changes in information or methodology are explained in details in the relevant sections to facilitate a comparison of ESG performance between years.

1.3 Information and Feedback

The Group highly values your opinions and feedback on the ESG Report. Should you have any advice or suggestions, please share with us via email at ESG_enquiry@TDHL.cc.

Environmental, Social and Governance Report (continued)

2. BOARD STATEMENT

The Group believes that good ESG governance strategies and practices are inseparable from corporate success. The Board aims at establishing an effective ESG risk management mechanism and shoulders the responsibility of supervising the Group's ESG governance by determining the Group's ESG strategies and reviewing the content and quality of the ESG report annually. To maintain excellent ESG governance, the Board delegates authority to the management for formulation and execution of ESG policies and measures.

Recognising the importance of stakeholders' opinions on the Group's sustainable development, the Group has commissioned an independent third-party ESG consultant during the year to help identify key ESG issues and advise on its ESG performance. The consulting firm had assisted in gathering and analysing the views of the Group's internal stakeholders on ESG issues and conducted materiality assessments. The Board then reviewed the results of the assessment and identified the Group's key ESG issues. The Board regularly reviews the communication channels for stakeholder engagement to ensure that the Group maintains effective communication with its stakeholders.

To effectively drive the Group's ESG progress, the Board will continue to oversee the ESG-related work and ensure the Group's operation closely follows the latest regulations and trends regarding ESG-related issues. The Board will also seek opportunities to develop clearer ESG objectives and targets for the Group.

2.1 Stakeholder Engagement

The preparation of the ESG Report was supported by employees across various departments, enabling us to have a clearer understanding of our current environmental and social development. The information that the Group gathered is a summary of the environmental and social initiatives the Group had done during the year and acts as a basis for mapping out the Group's short-term and long-term sustainable development strategies.

Environmental, Social and Governance Report (continued)

In the meantime, the Group spares no effort to maintain supporting and trusting relationships with stakeholders. The valuable opinions collected are useful for improving the quality of the ESG Report and reinforcing the Group's internal management. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and regulators	• Strict compliance with national policies, laws and regulations • Support for local economic growth • Contribution to local employment • Tax payment in full and on time • Product safety	• Regular information reporting • Regular meetings with regulators
Shareholders	• Returns • Compliant operation • Raise in company value • Transparency and effective communication	• General meetings • Announcements • Email, telephone communication and company website
Business partners	• Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefits and win-win situations	• Review and appraisal meetings • Business communication • Discussion and exchange of opinions • Engagement and cooperation
Customers	• Outstanding products and services • Health and safety • Performance of contracts • Operational integrity	• Customer service centre and hotline • Social media platforms • Calling for feedback
Environment	• Compliance with emission regulations • Energy saving and emission reduction • Environmental protection	• Reporting
Industry	• Establishment of industry standards • Enhancement of industry development	• Participation in industry forums
Employees	• Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares	• Meetings with employees • Employee mailbox • Training and workshop • Employee activities
Community and the public	• Enhancement of community environment • Participation in charity • Transparency	• Company website

In the future, the Group will continue to increase the involvement of stakeholders in order to collect more constructive opinions to improve its governance.

Environmental, Social and Governance Report (continued)

2.2 Materiality Assessment

To develop a clear and effective ESG management approach, the Group has conducted a materiality assessment during the year to identify ESG issues of importance to its business and stakeholders. This materiality assessment is based on stakeholder questionnaires, analysis of the stakeholders' views by the third-party ESG consultancy and materiality mapping provided by reputable external organisations[1]. During the year, the key ESG issues identified by the Group were as follows:

Aspects	Material issues
Environmental	• Energy management • Greenhouse gas emissions
Employment and labour practices	• Employment compliance • Labour management • Diversity and equal opportunity
Operating practices	• Responsible sales and marketing • Customer service management • Information security • Supply chain management

3. ENVIRONMENTAL PROTECTION

The Group recognises the importance of maintaining environmental sustainability in its daily operations and considers environmental protection as the core part of its operational objectives. The Group strictly complies with environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Water Pollution Control Ordinance, Air Pollution Control Ordinance and Waste Disposal Ordinance of Hong Kong.

During the year, no violation of relevant environmental laws and regulations was informed or discovered by the Group.

3.1 Emission

As a service-oriented enterprise, the Group has not engaged in activities that would generate industrial wastewater or exhaust emissions or raise any significant environmental issues. The major kind of wastewater generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system.

The exhaust emissions of the Group are mainly from the use of vehicles in Hong Kong. The Group pays considerable attention on managing its fleet's exhaust emissions, such as providing regular maintenance for the vehicles and requiring the drivers to switch off idling engines.

1 The materiality maps referenced in the materiality assessment included the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

Environmental, Social and Governance Report (continued)

The Group generates waste including non-hazardous waste and hazardous waste. The non-hazardous waste generated by the Group comprises general waste and food waste produced during day-to-day office operation. To enhance waste management, the Group places recycling bins in both Hong Kong head office and Shenzhen office to collect recyclable waste. The recyclable waste is then transferred to qualified recycling companies for further treatment, while other general waste is collected and processed by the property management office. The hazardous waste, such as toner cartridges, discarded electronic products and related accessories, is collected and transferred by corresponding suppliers and qualified companies for further handling. In Shenzhen office, employees are encouraged to reuse envelopes, folder, file cards and other stationery, so as to reduce the use of disposable and non-recyclable products to minimise the production of waste.

3.2 Energy Conservation

The Group has adopted energy saving plans to improve the efficiency of its equipment and infrastructure and to reduce energy consumption. The Group fully utilises natural light and cleans the light fixtures regularly to reduce energy consumption of the lighting system. In addition, the Group encourages employees to set the computers on automatic standby or sleep mode when they are not in use and to turn off electrical devices or lights before leaving the offices. To reduce the use of air-conditioning, minimise heat adsorption and maximise cooling efficiency, the Group installed anti-ultraviolet films on the windows, sets the temperature of the air conditioner on an energy-efficient level and adopts a specific office layout design. Also, the Group allows the employees in Shenzhen office to wear casual clothes if there are no meetings with clients.

During the year, 23 retail stores of the Group received Gold Award and one retail store received the New Participant Award of the "Charter on External Lighting" award scheme from the Environmental Bureau of Hong Kong in recognition of the stores' active support to the energy reduction event. During the event, those retail stores have switched off lighting installations of decorative, promotional or advertising purposes that would affect the outdoor environment from midnight to 7 a.m. on the following day to reduce energy consumption and the impacts induced by external lightings.

3.3 Green Operation

The Group aims to reduce the resources consumption in its operation. In offices, we reduce paper consumption by printing documents on both sides, recycling paper, disseminating information via electronic means, using smaller fonts and adjusting line spacing for documents, and further minimise greenhouse gas emissions caused by the disposal of paper waste at landfills. The Group also carries out paper volume statistics regularly to monitor paper consumption and make appropriate adjustments accordingly. The Group understands the importance of employees' support and participation in environmental protection. Notices are put up in the offices to remind employees to save energy and resources and to raise their awareness towards environmental protection and encourage their active participation.

Meanwhile, the Group has put effort to reduce water consumption by setting water pressure to the lowest practical. Also, the Group uses dual flush toilets to reduce water consumption and conducts regular checking to prevent water leakage in Shenzhen office. During the year, there was no issue in sourcing water that is fit for purpose.

Environmental, Social and Governance Report (continued)

For the retail stores in Hong Kong, the Group reduces paper consumption by reusing packaging materials. The Group has also introduced an e-signature system and encourages customers to use e-procurement and e-payment systems. The systems adopted promote paperless transactions, eliminate the use of paper, minimise greenhouse gas emissions caused by paper waste disposal at landfills and reduce the amount of hazardous wastes generated from the use of ink and toner cartridges.

3.4 Responding to Climate Change

Climate change is one of the major global issues in recent years. Extreme weather events such as typhoons and rainstorms have become more frequent, which may negatively affect economic activities. Therefore, the Group is highly concerned about climate change and related events, and is committed to reducing its greenhouse gas emissions.

To protect the employees' safety and ensure the Group's smooth operation, the Group has established an internal guideline on working arrangements in times of typhoon, rainstorm and extreme conditions after super typhoons. The Group would stay alert to any announcements by the local governments on weather condition and prepare for emergency actions.

4. EMPLOYMENT AND LABOUR PRACTICES

Employees are our most valuable assets. The Group places great importance to the rights and interests of employees and abides by labour-related laws and regulations, including but not limited to the Labour Law of the PRC, Labour Contract Law of the PRC, Employment Ordinance, Minimum Wage Ordinance, and Employment of Children Regulations of Hong Kong. We also provide employees with training and career opportunities to strengthen our business.

4.1 Employment Guidelines

The Group respects every employee and treats them equally. The Group prohibits any discrimination in terms of disability, sex, age, social status, appearance, language, religion or race. The non-discriminatory approach applies to all employment activities and human resources-related matters, including recruitment, promotion, transfer, reward provisions and training. The Group has also made much effort on meeting the needs of employees and safeguarding their legitimate rights and interests.

The Group recruits new employees according to the needs of different departments. All candidates are assessed quantitatively, fairly and equally based on the selection criteria of entry requirements during the recruitment process. At the same time, candidates are required to provide identification documents for age verification to avoid child labour. The Group signs the employment contract, which specifies working hours, job duties, location of work and other details, with new employees to prevent forced labour. If child labour or forced labour is discovered, the Group will immediately stop his/her work and investigate the incident to prevent the recurrence of similar situation. Also, an exit interview is arranged for employees applying for resignation to understand the employees' reasons of leaving and to improve the Group's operation. Payment of the outstanding salary will be made in a timely manner. The Group also closely monitors staff turnover to identify and manage problems concerning the management of the Group.

Environmental, Social and Governance Report (continued)

During the year, the Group did not discover or involve in any violation of laws and regulations relating to employment and labour standard, including employment of child labour and forced labour.

4.2 Care for Employees

The salary structure is reviewed regularly for full-time employees in terms of the overall economy, employees' performance, achievements and results of the Group and decisions, so as to ensure that the Group offers a competitive remuneration package to its employees. The Group strictly abides by the Labour Law of the PRC and Mandatory Provident Fund Schemes Ordinance of Hong Kong by making contributions to the five components of social insurance and the housing provident fund and Mandatory Provident Fund Schemes for eligible employees in Shenzhen office and Hong Kong office respectively. In addition to statutory holidays, the Group offers its employees the annual leave, sick leave, marriage leave, compassionate leave and maternity leave. Employees are also entitled to discretionary bonus, medical care and insurance.

In addition, the Group provides staff sales or benefits during the year, including discounts offer on movie tickets, company products, medical examinations and vaccination. In order to avoid congestion during lunch breaks, the Group has adopted flexible lunch hours for the employees working at frequently congested areas.

4.3 Health and Safety

The Group maintains occupational health and safety and strictly complies with the relevant laws and regulations, including but not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases, Regulation on Work-Related Injury Insurance of the PRC and Occupational Safety and Health Ordinance of Hong Kong. In order to create a safe and healthy workplace for employees, the Group has organised safety training. In addition, the Group has prohibited smoking at workplace, placed green plants in indoor areas and regularly cleaned the offices to maintain good indoor air quality in offices and retail stores. Employees shall abide by the policies and procedures as required in all safety training, such as attending the regular fire drills organised by the property management office.

During the year, the Group recorded 113 working days lost due to work-related injury and there was no work-related fatality for the past 3 years.

Response to Coronavirus Outbreak

During the year, the outbreak of the COVID-19 epidemic was still a major global health issue. The Group upholds the notion of "Early identification, isolation and treatment" and has implemented a series of preventive measures to protect its employees from infection. We conducted daily temperature checks and records for our employees, allowed employees to obtain virus testing during working hours and required all employees to make health declaration. Employees who have close contact with people diagnosed with COVID-19 shall work from home or have a 14-day self-quarantine. The Group has also provided employees with surgical masks and required them to wear masks in the workplace at all times to avoid spreading viruses.

Environmental, Social and Governance Report (continued)

4.4 Development and Training

In order to encourage the employees to improve, the Group conducts performance appraisal on a regular basis. The appraisal is based on employees' working performance, organisation and management skills, interpersonal skills, presentation of employees and other criteria. In the course of performance appraisal, employees gain a better understanding of their work while supervisors are provided opportunities to deliver feedback on colleagues' work performance. The appraisal results would serve as a standard for employees' promotion and salary adjustment, as well as providing us insights into future training needs.

To establish and maintain a professional team with strong technical expertise as well as essential business soft skills, we offer comprehensive training on all fronts, such as training on code of conduct, industrial laws and regulations and product information for product launch. Customer service skills and sales training is also organised to strengthen employees' soft skills. In addition, employees are encouraged to attend external forums and seminars to enrich their knowledge for their duties.

5. OPERATING PRACTICES

The Group's success highly hinges on market reputation and customers' satisfaction. The Group adheres to a high standard on supply chain management, business ethics and anti-corruption, which support the sustainable growth of the business.

5.1 Supply Chain Management

An effective supply chain management is crucial to the stability and health of a business's operation. The Group has developed a supply chain management mechanism, in which suppliers are assessed based on criteria such as product quality. Only eligible suppliers can be added to our list of approved suppliers, which is updated regularly and distributed to the relevant departments. The Group sources products only from the approved list of suppliers to provide a wide range of quality goods at a reasonable market price to the customers. Procurement decisions are based on inventory levels and movement, expected sales and lead times of the products.

To integrate the Group's environmental vision into the procurement of office supplies, priority is given to products with less impacts on the environment, such as products with energy or water efficiency labels. The Group also gives preference to suppliers that are geographically closer to the Group during the procurement process to reduce the carbon footprint in transportation.

To safeguard the quality of purchased goods, responsible departments will conduct inspection in accordance with product specifications, contract terms, invoices and other related documents. Once a defect is found, the responsible staff will withhold and negotiate with the supplier for remedial actions.

Environmental, Social and Governance Report (continued)

5.2 Business Ethics

The Group commits to providing reliable services and products, places great emphasis on personal data protection and acts in strict compliance with relevant laws and regulations, including but not limited to the Criminal Law of the PRC, Cyber security Law of the PRC and Personal Data (Privacy) Ordinance of Hong Kong. Every employee in Hong Kong is required to sign a confidentiality agreement prohibiting him/her from disclosing confidential or proprietary information outside the Group during or after employment without the Group's authorisation. In addition, a confidentiality clause is listed in the employee handbook for employees in Shenzhen office. To enhance information technology ("IT") security, each employee's computer is installed with anti-virus software and firewall, and the IT systems are regularly checked to prevent computer virus infection and leakage of clients' information.

The Group strictly complies with the laws and regulations relating to intellectual property rights, including but not limited to the Patent Law of the PRC, Trademark Law of the PRC, and Copyright Ordinance and Trade Marks Ordinance of Hong Kong. Only approved and authorised software can be installed on the Group's computers. When using any trademarks of other brands, including title and emblem, in course of business operation, the Group will only use them according to the agreements and guidelines provided by the brands.

During the year, no violation of laws and regulations relating to personal data protection and intellectual property was involved or discovered by the Group.

5.3 Respect towards Customers

The Group's products are advertised through various means, including newspapers and television programmes. The Group conducts its advertising and promotional activities in full compliance with relevant laws and regulations, including but not limited to the Advertising Law of the PRC, the Telecommunications Ordinance and Trade Descriptions Ordinance of Hong Kong. Designated employees have been assigned to monitor the content of the advertisements to ensure that all advertising contents are clear, genuine and free from any false and misleading product descriptions.

The Group has established a product return and exchange procedure, which allows customers to apply for return or exchange of products within 7 days of receipt signed. Various channels, such as customer centres and customer service hotlines, have been established to collect customers' feedback. The customer centres and service hotlines provide satisfactory services to customers, and promptly investigate and address the potential quality and safety issues of the products in response to the complaints from customers. In recognition of the Group's performance in customer service, its retail stores have been accredited by the Hong Kong Tourism Board as "Quality Tourism Services Scheme-accredited Shops" for over 10 consecutive years.

5.4 Anti-corruption

The Group is determined to maintain a fair and competitive market and promote sustainable development of the industry. The Group strictly complies with laws and regulations regarding bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the PRC and Prevention of Bribery Ordinance of Hong Kong. Employees are required to avoid conflicts of interest, bribery and corruption. Policy and guidelines are available to employees with detailed instructions to avoid and report any potential conflict of interest and benefits. Employees can also report any irregularities to the designated personnel. To enhance employees' awareness of anti-money laundering, relevant training is provided.

During the year, the Group was not aware of any legal action against the Group and its employees regarding corruption.

Environmental, Social and Governance Report (continued)

6. COMMUNITY INVESTMENT

The Group has focused on community activities and strongly encouraged its employees to participate in various volunteering works and charitable events. Moreover, the Group strives to establish and maintain a close relationship with the society amid its business development.

7. KEY PERFORMANCE INDICATORS

The data of KPIs for office and retail stores of the Group are as follows:

Environmental Indicators	2020/21	2019/20
Exhaust Emissions from Vehicles[1]		
Nitrogen oxides (kg)	**434**	446
Sulphur dioxides (kg)	**1**	1
Particulates (kg)	**40**	41
Greenhouse Gases		
Total greenhouse gas emissions[2] (tonnes CO_2e)	**1,737**	2,449
Scope 1 – direct emissions[3] (tonnes CO_2e)	**148**	137
Scope 2 – energy indirect emissions[4] (tonnes CO_2e)	**1,529**	2,244
Scope 3 – other indirect emissions[5] (tonnes CO_2e)	**60**	68
Greenhouse gas emissions per employee (tonnes CO_2e)	**2.69**	3.82
Waste[6]		
Total non-hazardous waste produced[7] (tonnes)	**56**	50
Non-hazardous waste produced per employee (tonnes)	**0.09**	0.08
Use of Resources[8]		
Total energy consumption (MWh)	**4,181**	4,582
Indirect energy consumption – Electricity purchased for consumption[9] (MWh)	**3,610**	4,053
Direct energy consumption – Fuel consumption of vehicles[10] (MWh)	**571**	529
Energy consumption per employee (MWh)	**6.48**	7.15
Total water consumption[11] (m^3)	**1,298**	1,171
Water consumption per employee (m^3)	**12.13**	12.59

Environmental, Social and Governance Report (continued)

Notes:

1. The emission factors used are based on the Appendix II "Reporting Guidance on Environmental KPIs" ("Appendix II") published by the Hong Kong Stock Exchange.

2. Total greenhouse gas emissions are calculated in accordance with the Appendix II published by the Hong Kong Stock Exchange, and the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings(Commercial, Residential or Institutional Purpose) in Hong Kong" published by the Environmental Protection Department and the Electrical and Mechanical Services Department. The Group's greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The data of greenhouse gas emissions are presented in tonnes of carbon dioxide equivalent ("tonnes CO_2e") for the ease of reading and understanding.

3. Scope 1 covers emissions from mobile combustion sources. The emission factors used are based on the Appendix II published by the Hong Kong Stock Exchange.

4. Scope 2 covers emissions from electricity purchased from power companies and are calculated based on the emission factor provided by The Hong Kong Electric Co., Limited, the emission factor provided by CLP Holdings Limited and the "Average Carbon Dioxide Emission Factor of China Regional Power Grid in 2011 and 2012" issued by the National Development and Reform Commission of the PRC.

5. Scope 3 covers emissions from water treatment and waste paper disposal and are calculated based on the emission factor provided by Shenzhen Water (Group) Co., Ltd. and the Appendix II published by the Hong Kong Stock Exchange.

6. Hazardous waste was collected by suppliers and qualified companies for treatment and no record was kept by the Group.

7. The Group's non-hazardous waste included general waste in the offices and food waste. The Group starts to include the amount of food waste generated in the year due to the newly imposed regulation on waste classification by the local government of Shenzhen. General waste and food waste are estimated based on daily office operation situation. The Group has reviewed the waste estimation method in 2019/20 and accordingly restated the related data.

8. Due to its business nature, the Group does not involve in any production process or the use of packaging materials.

9. Electricity purchased for consumption is calculated based on the actual amount of purchased electricity.

10. Fuel consumption of vehicles is calculated based on the actual consumption. The conversion factor for fuel and energy is based on the Appendix II published by the Hong Kong Stock Exchange.

11. The water consumption covers the performance of Shenzhen office only and is calculated based on the actual consumption. The water fee of the Group's head office and retail stores in Hong Kong was included in the management fee; hence such data on water consumption cannot be collected.

Environmental, Social and Governance Report (continued)

Social Indicators	2020/21	2019/20
Number of Employees		
Total	**645**	641
By gender		
Male	**361**	356
Female	**284**	285
By employment type[1]		
Full-time	**645**	N/A
Part-time	**–**	N/A
By age group		
Aged below 30	**141**	151
Aged 30 to 50	**381**	377
Aged above 50	**123**	113
By geographical region[1]		
Hong Kong	**538**	N/A
Shenzhen	**107**	N/A
Employee Turnover Rate[2]		
Total	**23%**	N/A
By gender		
Male	**25%**	N/A
Female	**20%**	N/A
By age group		
Aged below 30	**39%**	N/A
Aged 30 to 50	**20%**	N/A
Aged above 50	**12%**	N/A
By geographical region		
Hong Kong	**21%**	N/A
Shenzhen	**34%**	N/A
Average Hours of Training per Employee and Percentage of Employees who Received Training[3]		
Total	**14 (55%)**	23 (54%)
By gender		
Male	**15 (58%)**	23 (61%)
Female	**12 (51%)**	23 (45%)
By employee category		
General staff	**15 (63%)**	24 (53%)
Middle management	**13 (38%)**	16 (63%)
Senior management	**3 (21%)**	15 (63%)

Notes:

1. The Group starts to disclose the number of employees by employment type and by geographical region in the year.

2. The Group starts to disclose the turnover rate of employees in the year. It is calculated in accordance with the Appendix III "Reporting Guidance on Social KPIs" published by the Hong Kong Stock Exchange.

3. Percentage of employees who received training are calculated in accordance with the Appendix III "Reporting Guidance on Social KPIs" published by the Hong Kong Stock Exchange.

Environmental, Social and Governance Report (continued)

8. APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections	Page/ Explanation
Environment			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL PROTECTION Emission	29-30
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION Emission KEY PERFORMANCE INDICATORS	29-30 35-37
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	35-37
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	35-37
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	35-37
KPI A1.5	Description of measures to mitigate emissions and results achieved.	ENVIRONMENTAL PROTECTION Emission	29-30
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	ENVIRONMENTAL PROTECTION Emission	29-30

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION Energy Conservation Green Operation	30-31
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KEY PERFORMANCE INDICATORS	35-37
KPI A2.2	Water consumption in total and intensity.	KEY PERFORMANCE INDICATORS	35-37
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	ENVIRONMENTAL PROTECTION Energy Conservation	30
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	ENVIRONMENTAL PROTECTION Green Operation	30-31
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	KEY PERFORMANCE INDICATORS	35-37
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	30-31
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	30-31

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
Social			
Employment and Labour Practices			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines Care for Employees	31-32
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	KEY PERFORMANCE INDICATORS	35-37
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	KEY PERFORMANCE INDICATORS	35-37
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	32
KPI B2.1	Number and rate of work-related fatalities.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	32

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
KPI B2.2	Lost days due to work injury.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	32
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	32
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYMENT AND LABOUR PRACTICES Development and Training	33
KPI B3.1	The percentage of employees trained by gender and employee category.	KEY PERFORMANCE INDICATORS	35-37
KPI B3.2	The average training hours completed per employee by gender and employee category.	KEY PERFORMANCE INDICATORS	35-37
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	31-32
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	31-32
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	31-32

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
Operating Practices			
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATING PRACTICES Supply Chain Management	33
KPI B5.1	Number of suppliers by geographical region.	No relevant disclosure for the year	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	33
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	OPERATING PRACTICES Business Ethics Respect towards Customers	34
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No relevant disclosure for the year	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No relevant disclosure for the year	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATING PRACTICES Business Ethics	34

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
KPI B6.4	Description of quality assurance process and recall procedures.	No relevant disclosure for the year	–
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATING PRACTICES Business Ethics Respect towards Customers	34
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	OPERATING PRACTICES Anti-corruption	34
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OPERATING PRACTICES Anti-corruption	34
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	OPERATING PRACTICES Anti-corruption	34
Community			
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY INVESTMENT	35
KPI B8.1	Focus areas of contribution.	No relevant disclosure for the year	–
KPI B8.2	Resources contributed to the focus area.	No relevant disclosure for the year	–

Report of the Directors

The Directors submit herewith their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2021.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are in retail business in sales of mobile phones and other consumer goods and related services, distribution business in mobile phones, provision of paging and other telecommunications services and provision of operation services. Details of the principal activities of the subsidiaries of the Company are set out in Note 37 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 March 2021 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 71 to 159 of this annual report.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The third interim dividend for the nine months ended 31 December 2020 of HK$0.06 per Share was paid on Friday, 19 March 2021.

On 24 June 2021, the Board declared a fourth interim dividend of HK$0.08 per Share for the year ended 31 March 2021. The fourth interim dividend will be payable in cash to the Shareholders whose names appear on the register of members of the Company on Tuesday, 13 July 2021.

For the purpose of determining Shareholders' entitlement to the fourth interim dividend, the register of members of the Company will be closed from Monday, 12 July 2021 to Tuesday, 13 July 2021 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the fourth interim dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 9 July 2021.

The fourth interim dividend is expected to be paid on or about Monday, 19 July 2021.

Report of the Directors (continued)

AGM AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "AGM") is scheduled to be held on Thursday, 29 July 2021. A notice convening the AGM will be issued and despatched to the Shareholders on or around 29 June 2021.

For the purpose of determining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 26 July 2021 to Thursday, 29 July 2021 (both days inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 23 July 2021.

DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 20 May 2014 ("Deed of Non-competition") executed by the controlling shareholders of the Company (the "Controlling Shareholders", comprising CKK Investment Limited ("CKK Investment"), Amazing Gain Limited ("Amazing Gain"), the Cheung Brothers and J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust)) in favour of the Company (for itself and as trustee for its subsidiaries), save and except the exceptional circumstances, the Controlling Shareholders have undertaken to the Company that they shall not carry on any business which is in competition with the business of the Group in Hong Kong, Macau and any other country or jurisdiction, the principal terms of which are set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company.

The Company has received an annual declaration from each of the Controlling Shareholders confirming that they complied with the undertakings for the year ended 31 March 2021. The Controlling Shareholders also confirmed in the said annual declaration that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2021.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non–competition during the year ended 31 March 2021:

(i) The Controlling Shareholders had procured the independent non-executive Directors to review, on an annual basis, the compliance with the non-competition undertakings by the Controlling Shareholders under the Deed of Non–competition.

(ii) The Controlling Shareholders had promptly provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition.

(iii) The Controlling Shareholders had provided to the Company a written confirmation relating to the compliance of the Deed of Non-competition and declared that they had complied with the Deed of Non-competition during the year ended 31 March 2021.

Report of the Directors (continued)

(iv) The independent non-executive Directors, having reviewed the relevant information and the written confirmation provided by the Controlling Shareholders, decided that the undertakings in respect of the Deed of Non-competition had been duly enforced and complied with by the Controlling Shareholders during the year ended 31 March 2021.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2021, the Group's top five customers accounted for approximately 41.9% of the revenue. The top five suppliers accounted for approximately 85.2% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 38.5% of the revenue and the Group's largest supplier accounted for approximately 49.6% of the total purchases for the year.

For the year ended 31 March 2021, the Cheung Brothers, who are Directors and Controlling Shareholders, have an indirect interest in SUN Mobile, which was the largest customer of the Group. The revenue attributable to SUN Mobile amounted to approximately HK$400.04 million, representing approximately 38.5% of the Group's revenue for the year ended 31 March 2021.

Save as disclosed above, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of the Shares in issue) had any interest in these major customers and suppliers for the year ended 31 March 2021.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2021 are set out in the consolidated statement of changes in equity and in Note 31 to the consolidated financial statements respectively.

As at 31 March 2021, the Company's reserves available for distribution to Shareholders amounted to approximately HK$165.41 million (2020: HK$278.27 million) as calculated in accordance with the Companies Law of the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group are set out in Notes 16 and 17 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2021 are set out in Note 29 to the consolidated financial statements.

Report of the Directors (continued)

SUBSIDIARY

Particulars of the Company's principal subsidiaries are set out in Note 37 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year ended 31 March 2021 and up to the date of this annual report were:

Executive Directors

Mr. Cheung King Shek *(chairman)*
Mr. Cheung King Shan
Mr. Cheung King Chuen Bobby
Mr. Cheung King Fung Sunny *(chief executive officer)*
Mr. Wong Wai Man
Ms. Mok Ngan Chu

Independent Non-executive Directors

Mr. Lam Yu Lung
Mr. Lau Hing Wah, *MH, JP*
Mr. Chan Yuk Ming[1]
Mr. Lo Kam Wing[2]

1 resigned as Independent Non-executive Director with effect from 19 October 2020
2 appointed as Independent Non-executive Director with effect from 1 January 2021

By virtue of Article 108(a) of the Articles of Association, Mr. Cheung King Fung Sunny, Mr. Wong Wai Man and Mr. Lau Hing Wah will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

By virtue of Article 112 of the Articles of Association, Mr. Lo Kam Wing will retire by rotation and, being eligible, offer himself for re-election at the AGM.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors were independent during the year ended 31 March 2021.

Report of the Directors (continued)

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of one year and renewable automatically until which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing, subject to the provisions on retirement by rotation as set out in the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years.

Save as disclosed above, none of the Directors (including those proposed for re-election at the AGM) has or is proposed to have a service agreement or an appointment letter with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

SHARE OPTION SCHEME

(I) The following is a summary of principal terms of the Share Option Scheme adopted by a resolution in writing passed by the Shareholders on 20 May 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. The Share Option Scheme will remain effective following the Company's transfer of listing from GEM to Main Board subject to certain immaterial amendments to the Share Option Scheme and will be implemented in full compliance with the requirements of Chapter 17 of the Listing Rules.

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

(2) Participants of the Share Option Scheme

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants ("Eligible Participant(s)"), to take up options to subscribe for Shares:

(i) any employee (whether full-time or part-time, including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries ("Subsidiaries") or any entity ("Invested Entity") in which the Group holds an equity interest;

(ii) any non-executive Directors (including independent non-executive Directors), any Subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

Report of the Directors (continued)

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more Eligible Participants. For avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(3) Total number of Shares available for issue under the Share Option Scheme together with the percentage of the Shares in issue that it represents as at the date of the annual report

The total number of Shares available for issue under the Share Option Scheme is 29,104,000 representing approximately 7.2% of the total number of Shares in issue as at the date of this annual report.

(4) Maximum entitlement of each Eligible Participant under the Share Option Scheme

Unless approved by Shareholders in general meetings of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options):

(i) to each participant in any 12-month period shall not exceed 1% of the number of Shares in issue for the time being; and

(ii) a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) in any 12-month period shall not exceed 0.1% of the Shares in issue and with a value in excess of HK$5 million.

(5) Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Report of the Directors (continued)

(6) Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(7) Amount payable on acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

(i) Amount payable on acceptance of the option: a nominal consideration of HK$1

(ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:

21 days after the offer date of an option or such shorter period as the Directors may determine

(8) Basis of determining the subscription price

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the 5 business days immediately preceding the date of the offer of grant; and

(iii) the nominal value of a Share.

(9) Remaining life of the Share Option Scheme

The Share Option Scheme remains in force for a period of 10 years commencing on 20 May 2014, i.e. the remaining life of the Share Option Scheme is approximately 3 years.

(II) Details of Share Options Granted

On 7 July 2015, share options to subscribe for a total of 4,596,000 ordinary shares of HK$0.01 each of the Company were granted under the Share Option Scheme. The exercise period has been expired on 7 July 2018.

On 6 July 2017, share options to subscribe for a total of 6,300,000 ordinary shares of HK$0.01 each of the Company were granted under the Share Option Scheme. The shares which may be issued upon exercise of such share options by a grantee shall be subject to a non-disposal period of 90 days (including the exercise date) from the relevant exercise date of the share options, during which period the option shares are not allowed to be transferred. The exercise period has been expired on 6 July 2019.

No share option lapsed or was granted, exercised or cancelled by the Company under the Share Option Scheme during the year ended 31 March 2021 and there were no outstanding share options under the Share Option Scheme as at 31 March 2021.

Report of the Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

(a) Long position in the Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of Shares in issue [Note A]
Mr. Cheung King Shek	Beneficial owner	20,967,000	5.19%
	Beneficiary of a trust [Note B]	220,000,000	54.49%
Mr. Cheung King Shan	Beneficial owner	20,506,000	5.08%
	Beneficiary of a trust [Note B]	220,000,000	54.49%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,568,000	5.09%
	Beneficiary of a trust [Note B]	220,000,000	54.49%
Mr. Cheung King Fung Sunny	Beneficial owner	20,638,000	5.11%
	Beneficiary of a trust [Note B]	220,000,000	54.49%
Mr. Wong Wai Man	Beneficial owner	30,000	0.0074%
Ms. Mok Ngan Chu	Beneficial owner	30,000	0.0074%

Report of the Directors (continued)

(b) Long position in the shares of associated corporations

Amazing Gain is one of the controlling shareholders of the Company and the holding company of the Company. The companies listed in the table below (apart from Amazing Gain) are subsidiaries of Amazing Gain. Hence, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company under the SFO. Each of the Cheung Brothers is deemed to have interests in the said associated corporations under the SFO.

Name of associated corporations	Capacity	Number of shares/Amount of share capital	Approximate percentage of interests
Amazing Gain Limited	Beneficiary of a trust *Note B*	100	100%
CKK Investment Limited	Beneficiary of a trust *Note B*	1	100%
Pin International Holdings Limited	Beneficiary of a trust *Note B*	12	100%

Note A: The calculation is based on 403,753,000 Shares in issue as at 31 March 2021.

Note B: The 220,000,000 Shares, representing approximately 54.49% of the Shares in issue, are held by CKK Investment, of which the Cheung Brothers are directors. CKK Investment is wholly-owned by Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Family Trust is a discretionary trust, the discretionary objects of which include the Cheung Brothers. Each of the Cheung Brothers is deemed to be interested in the shares in the Company held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 31 March 2021, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2021 was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

EQUITY-LINKED AGREEMENT

Save as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of Shares in issue *Note A*
CKK Investment *Note B*	Beneficial owner	220,000,000	54.49%
Amazing Gain *Note B*	Interest in a controlled corporation	220,000,000	54.49%
J. Safra Sarasin Trust Company (Singapore) Limited *Note B*	Trustee (other than a bare trustee)	220,000,000	54.49%
Ms. Tang Fung Yin Anita *Note C*	Interest of spouse	240,506,000	59.57%
Ms. Yeung Ho Ki *Note C*	Interest of spouse	240,638,000	59.60%

Note C: Ms. Tang Fung Yin Anita is the wife of Mr. Cheung King Shan. Ms. Yeung Ho Ki is the wife of Mr. Cheung King Fung Sunny. Pursuant to Part XV of the SFO, each of Ms. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 240,506,000 Shares and 240,638,000 Shares respectively in which their respective husbands are interested.

Save as disclosed above, as at 31 March 2021, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Report of the Directors (continued)

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2021 and up to the date of this annual report, the Company has maintained the public float required by the Listing Rules.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 13 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2021 or at any time during that year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2021, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Report of the Directors (continued)

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the latest interim report, the changes in the Director's information are as follows:

Mr. Chan Yuk Ming resigned as an independent non-executive Director, chairman of nomination committee, member of each of audit committee and remuneration committee of the Company with effect from 19 October 2020.

Mr. Lam Yu Lung appointed as a chairman of the nomination committee of the Company with effect from 19 October 2020 and resigned the same position with effect from 1 January 2021.

Mr. Lo Kam Wing has been appointed as an independent non-executive Director, chairman of nomination committee, member of each of audit committee and remuneration committee of the Company with effect from 1 January 2021.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51 B (1) of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2021 are set out in Note 26 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2021 are set out in Note 34 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The related party transactions of the Group for the year ended 31 March 2021 are set out in Note 36 to the consolidated financial statements. Other than disclosed below, the related party transactions of the Group did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Non-exempt Continuing Connected Transactions

During the year ended 31 March 2021, the Group has entered into the following transactions, each of which constituted a non-exempt continuing connected transaction for the Company subject to announcement, annual review and reporting requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, particulars of which were previously disclosed in the announcements of the Company dated 31 March 2020, 3 August 2020, 4 December 2020, 4 January 2021 and 12 January 2021. The Company shall comply with the annual review and reporting requirements for all of the following non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

Report of the Directors (continued)

1. Transaction with East-Asia Group

(a) Leasing of properties by certain subsidiaries of East-Asia to the Group

The Group has been leasing properties in Hong Kong and Shenzhen from certain wholly-owned subsidiaries of East-Asia Pacific Limited ("East-Asia", collectively as the "East-Asia Group") for the use by the Group as shops, cell sites, office premises, customer service centre and IT support office and carparking spaces. On 31 March 2020, the Group and East-Asia Group also entered into the 2020/21 Tenancy Agreements (the "2020/21 Tenancy Agreements") and 2020/21 Licence Agreements (the "2020/21 Licence Agreements") in relation to the tenancy of the properties and the carparking spaces with the East-Asia Group for a term of one year ended 31 March 2021.

On 1 April 2021, the Group entered into the 2021/22 Tenancy Agreements and the 2021/22 Licence Agreements with the East-Asia Group for renewal of the tenancy of the properties and the carparking spaces for a further term of one year ending 31 March 2022. The rents and licence fees paid by the Group to the East-Asia Group were determined with reference to the prevailing market rents and licence fees of similar properties in the nearby locations.

As East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds approximately 54.49% of the Shares in issue, each of the following wholly-owned subsidiaries of East-Asia, namely, (a) Glossy Enterprises Limited, (b) Glossy Investment Limited, (c) Silicon Creation Limited ("SCL"), (d) Telecom Properties Investment Limited, (e) Telecom Service Limited and (f) Marina Trading Inc., being a party to the respective tenancy agreements, is a connected person of the Company as defined under the Listing Rules. Accordingly, the tenancy agreements entered into between the Group and East-Asia Group in relation to the tenancies as listed below constitute continuing connected transactions for the Company.

	Address	**Usage**	**Term**	**Monthly rent HK$**
1	Roof of 17/F., Cheron Court, Hunghom, Kowloon	Cell site	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	4,700 4,700
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	155,000 155,000
3	Units 1–2 and Portion B of Unit 12, 36/F., Tower 2, Metroplaza, Kwai Fong, New Territories	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	154,702 154,702
4	Unit C, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	51,117 51,117
5	Unit D, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	58,608 58,608

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
6	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	98,000 98,000
7	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	53,500 53,500
8	19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	413,424 413,424
9	Room & Roof top of Flat G, 5/F., Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	11,300 11,300
10	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	98,000 98,000
11	Shop C28 & C29, 1/F., Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	77,000 77,000
12	Roof Level of Flat E on 22/F. of Block 5, Hong Kong Garden (Phase 1), 101 Castle Peak Road, Tsing Lung Tau, New Territories	Cell site	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	2,800 2,800
13	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	Shop	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	98,000 98,000
14	Unit 1801 to Unit 1809 and Unit 1812 to Unit 1820, Shen Rong Building, No.1045 Fuqiang Road, Futian District, Shenzhen City, PRC	Customer service centre and IT support office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	105,000 105,000

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
15	Portion B of Unit 3608-3611, 36/F, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories	Office	1 April 2020 – 31 March 2021 (tenancy terminated in advance on 4 December 2020)	20,867
16	Portion A of Unit 3612, 36/F, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022 (tenancy terminated in advance on 31 May 2021)	50,620 40,505
17	Carparking Space Nos. 5, 6 and 7 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	11,400 11,400
18	Carparking Space Nos. 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	19,000 19,000

(b) Provision of properties refurbishment, repair and maintenance services by SCL to Telecom Digital Services Limited ("TDS")

SCL has been providing services to TDS for properties refurbishment, repair and maintenance for the retail shops of the Group. In consideration for such services, TDS will pay a fixed monthly service fee of HK$60,000 to SCL which is determined with reference to the prevailing market rate of the similar services in market for the works to be required by the Group. The service fees charged by SCL shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The Group will consult with no less than two independent third parties for quotations and market transaction prices of the same type of services.

As disclosed in the announcements of the Company dated 31 March 2020, 4 December 2020, 1 April 2021 and 17 May 2021, the annual caps for the aggregate rents and licence fees payable by the Group for the transactions with East-Asia Group for the two years ended/ending 31 March 2021 and 2022 are HK$17,716,000 and HK$17,740,000 respectively. The aggregate amount of rents and licence fees paid by the Group to the East-Asia Group for the year ended 31 March 2021 was approximately HK$17,708,000.

Report of the Directors (continued)

2. Transactions with TSO

Telecom Service One Limited ("TSO", a wholly-owned subsidiary of TSO Holdings) is principally engaged in 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. On 31 March 2020, the Company entered into the separate individual services agreements for 2020/21 with TSO in which setting out the governing terms and conditions in relation to the services provided by TSO and the Group to each other for a term up to 31 March 2021.

The Group expects that the services will continue after the expiration of the agreements for 2020/21. Therefore, on 1 April 2021, each of the following wholly-owned subsidiaries of the Company, namely, (1) Telecom Digital Data Limited ("TDD"), (2) TDS, (3) Telecom Service Network Limited ("TSN") and (4) Distribution One Limited ("D1"), entered into the separate individual service agreements for 2021/22 with TSO in respect of the (a) provision of repair and refurbishment services for pagers by TSO to TDD; (b) consignment of accessories for mobile phones and personal electronic products of TSO by TDS; (c) provision of logistic services to TSO by TSN, (d) provision of repair and refurbishment services for a brand of mobile phones by TSO to D1 and (e) provision of grading and refurbishment services for used mobile phones by TSO to TDS respectively for a term of one year ending 31 March 2022 and fixed the aggregate annual caps for the above services with TSO to HK$7,000,000.

TSO is indirectly owned by the Cheung Family Trust as to 51.43% which indirectly holds 54.49% of the Shares in issue and is therefore a connected person of the Company under the Listing Rules. Accordingly, the below transactions constitute continuing connected transactions for the Company.

a. *Provision of repair and refurbishment services for pagers by TSO to TDD*

TSO has been providing repair and refurbishment services for pagers to TDD since 2013. The service fees charged by TSO shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The service fees are calculated on a "per device" basis and are determined by TSO and TDD on a cost plus basis. TSO estimated the cost primarily comprising (i) the labour costs and overhead costs with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, TSO added a mark-up in the range of the then prevailing markups charged by TSO to independent third parties for comparable repair and refurbishment services.

The amount of repair and refurbishment service fees for pagers paid by TDD to TSO for the year ended 31 March 2021 is approximately HK$1,162,000.

Report of the Directors (continued)

b. ***Consignment of accessories for mobile phones and personal electronic products of TSO by TDS***

TDS has allowed TSO to sell the accessories for mobile phones and personal electronic products of certain brands at retail shops of TDHL Group on a consignment basis in consideration of a consignment fee. The consignment fee, which is calculated on a fixed percentage of the selling prices of the consigned goods, shall be paid by TSO to TDS for the consignment arrangement. Such consignment fee shall be determined at arm's length negotiation between TSO and TDS after taking reference to the consignment fees, which are also calculated on fixed percentages of the selling prices of the consigned goods, charged by the Group to independent third parties which sell their comparable consigned goods on the online platform of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of comparable products by the Group on its online shopping platform would be taken.

The consignment fees received by TDS from TSO for the year ended 31 March 2021 was approximately HK$3,039,000.

c. ***Provision of logistic services to TSO by TSN***

TSN has been providing logistic services for delivery of goods (for example, defective devices for repair and refurbishment) between the office, service centers and collection points of TSO. The fees charged by TSN are on a "per delivery" basis. The Group will get quotations from no less than two popular independent logistics services providers of the same type of services as reference when considering the charging rate.

The amount of logistic services fees paid by TSO to TSN for the year ended 31 March 2021 was approximately HK$265,000.

d. ***Provision of repair and refurbishment services for a brand of mobile phones by TSO to D1***

TSO has been providing repair and refurbishment services for a brand of mobile phones to D1 since 1 April 2019. The service fees shall be determined at arm's length negotiation between the parties on a cost plus basis and are calculated on a "per mobile phone" basis. TSO estimated the cost primarily comprising (i) the labour costs and overhead costs, with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, TSO added a mark-up in the range of the then prevailing mark-ups charged by TSO to independent third parties for comparable repair and refurbishment services.

The amount of repair and refurbishment services fees for a brand of mobile phones paid by D1 to TSO for the year ended 31 March 2021 was approximately HK$289,000.

e. ***Provision of grading and refurbishment services for used mobile phones by TSO to TDS***

TSO has been providing grading and refurbishment services for used mobile phones trade in by TDS since 1 November 2019. The service fees shall be determined at arm's length negotiation between the parties on a cost plus basis and are calculated on a "per mobile phone" basis. TSO estimated the cost primarily comprising (i) the labour costs and overhead costs, with reference to the complexity and time of work processes required in the repair and refurbishment; (ii) the number of work orders; (iii) the number of staff required and their salaries and (iv) the rental and overhead of the requested work space in the relevant workshops and service centre. After arriving at an estimated cost, TSO added a markup in the range of the then prevailing mark-ups charged by TSO to independent third parties for comparable grading and refurbishment services.

Report of the Directors (continued)

The amount of grading and refurbishments services fees paid by TDS to TSO for the year ended 31 March 2021 was approximately HK$515,000.

3. Transactions with Sun Asia Group

The Group will continue various transactions with Sun Asia Pacific Limited ("Sun Asia") and its subsidiaries (collectively as the "Sun Asia Group") for a term of one year commencing on 1 April 2021 and the scope of transactions includes (i) leasing of a property by Carries Technology Limited ("CTL") to TD King Securities Limited ("TDKS"); (ii) provision of steaming real-time quote service by TDD to TDKS; (iii) provision of IT support services by TDS to TDKS and TD King Capital Limited ("TDKC"); (iv) leasing of a property by CKK Properties Limited ("CKKP") to CKK Central Kitchen Limited ("CKKCK"); (v) sales of products of Mango Mall Limited ("Mango Mall") to TDKS and King's Restaurant Limited and its subsidiaries ("KRL Group"); (vi) consignment of Cheung Kung Koon's festive products by Mango Mall from KRL Group; and (vii) purchase of face masks and disinfection products by Mango Mall from YoHm Health Tech Limited* ("YoHm").

As Sun Asia, an investment holding company, is indirectly owned by the Cheung Brothers who are the beneficiary of the Cheung Family Trust which indirectly holds 54.49% of the Shares in issue, each of the subsidiaries of Sun Asia, namely, TDKS, TDKC, CKKCK, KRL Group and YoHm, being a party to the respective transactions, is a connected person as defined under the Listing Rules. Accordingly, the transactions between the Group and Sun Asia Group as listed below constitute continuing connected transactions for the Company. The annual caps is fixed based on the aggregate annual fees and the amount of goods to be purchased for respective transactions for the year ending 31 March 2022 to HK$9,800,000.

(i) Leasing of a property by CTL to TDKS

CTL will continue to lease the property to TDKS as office for a term of one year commencing from 1 April 2021. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. TDKS paid the monthly rental in accordance with the tenancy agreement and in the same manner as the tenancy agreement with independent third parties. The principle terms of the tenancy are set out below:

Address	**Usage**	**Term**	**Monthly rent HK$**
Unit A, 10/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2020 – 31 March 2021 1 April 2021 – 31 March 2022	75,339 75,339

The total rental received by CTL from TDKS for the year ended 31 March 2021 was approximately HK$904,000.

(ii) Provision of steaming real-time quote services by TDD to TDKS

TDD shares the steaming real-time quote services provided by HKEx Information Services Limited with TDKS via mobile applications. The fee shall be determined at arm's length negotiation between the parties and is calculated on a per-user basis with reference to the prevailing market rate of the said services. The market price of the services shall be determined according to the price charged by TDD to independent third parties for the provision of same kind of services. The amount for such services paid by TDKS to TDD for the year ended 31 March 2021 was approximately HK$909,000.

* YoHm Health Tech Limited has changed its name to Gold Mask Limited with effect from 3 June 2021.

Report of the Directors (continued)

(iii) Provision of IT support services by TDS to TDKS and TDKC

TDS assists TDKS and TDKC to develop software applications and provide related information technology support. In consideration for such services, TDS receives a fixed monthly service fee determined with reference to the remuneration cost of the relevant personnel designated for the provision of the IT support. The monthly service fees of HK$50,000 would be received from each of TDKS and TDKC for such services. The total amount for such services paid by TDKS and TDKC to TDS for the year ended 31 March 2021 was HK$1,200,000.

(iv) Leasing of a property by CKKP to CKKCK

CKKP will continue to lease the property to CKKCK as food factory for a term of one year commencing from 1 April 2021. The rental was determined with reference to the prevailing market rent of comparable properties in nearby location. CKKCK paid the monthly rental in accordance with the tenancy agreement and in the same manner as the tenancy agreement with independent third parties. The principle terms of the tenancy are set out below:

Address	Usage	Term	Monthly rent HK$
Portion A of Unit 905, 9/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Food factory	3 August 2020–31 March 2021	15,700
		1 April 2021–31 March 2022	15,700

The total rental received by CKKP from CKKCK for the year ended 31 March 2021 was approximately HK$110,000.

(v) Sales of Mango Mall's products to TDKS and KRL Group

TDKS and KRL Group launched a promotion programme. Customers who meet the requirements will be rewarded during the promotion period. TDKS and KRL Group purchase Mango Mall's products for such promotion programme. The selling prices of the products which are sold by Mango Mall to TDKS and KRL Group are same as the selling prices of those products offered by Mango Mall to other external customers. The amount for the sales of Mango Mall's products paid by TDKS and KRL Group to Mango Mall for the year ended 31 March 2021 was approximately HK$51,000.

(vi) Consignment of Cheung Kung Koon's festive products by Mango Mall from KRL Group

Mango Mall has allowed KRL Group to sell the festive products in the brand of Cheung Kung Koon at the online platform and retail shops of the Group on a consignment basis in consideration of a consignment fee. The consignment fee, which is based on a fixed percentage, ranging from 6% to 22%, of the selling price of the consigned goods, shall be paid by KRL Group to Mango Mall for the consignment arrangement. Such consignment fee has been determined by KRL Group and Mango Mall with reference to the gross profit margins of the sales of other goods, which are of the same nature and of similar selling price, by Mango Mall.

The consignment fees received by Mango Mall from KRL Group for the year ended 31 March 2021 was approximately HK$498,000.

Report of the Directors (continued)

(vii) Purchase of face masks and disinfection products by Mango Mall from YoHm

Mango Mall has business transactions with YoHm in which Mango Mall would purchase face masks and disinfection products from YoHm for sales on the online platform and retail shops of the Group. The prices of the products are determined by Mango Mall and YoHm from time to time on an arm's length basis and with reference to the prevailing market rates of similar products. In this regard, the project manager and the accounting manager of Mango Mall are designated to be responsible to monitor the purchase price and ensure that the purchase price are comparable to the prevailing market rate of same or similar products and the terms of the transaction (including the market rates) are no less favourable than the terms offered to the Group from independent third parties.

The amount for purchase of relevant face masks and disinfection products paid by Mango Mall for the year ended 31 March 2021 was approximately HK$4,410,000.

In respect of the connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

Confirmation of Independent Non-executive Directors

The Audit Committee, comprising three independent non-executive Directors, has reviewed the above non-exempt continuing connected transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from Auditor of the Company

The Board of Directors has received an unqualified letter issued by the auditor of the Company in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) and with reference to Practice Note 740 issued by the Hong Kong Institute of Certified Public Accountants confirming that:

a. nothing has come to their attention that causes them to believe that the above non-exempt continuing connected transactions have not been approved by the Board;

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

Report of the Directors (continued)

c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

d. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the letter has been provided by the Company to the Stock Exchange.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 25 of this annual report. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 March 2021 and the material factors underlying its results and financial position can be found in the Management Discussion and Analysis on pages 6 to 11 of this annual report. These discussions form part of this Report of the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ESG Report of the Company for the year ended 31 March 2021 is set out on pages 26 to 43 of this annual report which elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities. The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmental friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principles of Recycling and Reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

Report of the Directors (continued)

The Group will review the environmental policy from time to time and will consider implementing further environmental friendly measures and practices in the operation of the Group's businesses.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

In relation to human resources, the Group is committed to complying with the requirements of the ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

On the corporate level, the Group complies with the requirements under the Companies Law (Revised) under the laws of Cayman Islands, the Listing Rules, the Companies Ordinance and the SFO under the laws of Hong Kong for, among other things, the disclosure of information and corporate governance, and the Group has adopted the required standard of dealings set out in Model Code as the code of conduct regarding securities transactions by the Directors.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationship with its customers and suppliers to fulfill its immediate and long-term goals. During the year ended 31 March 2021, there was no material and significant dispute between the Group and its customers and/or suppliers.

FINANCIAL SUMMARY

An analysis of the results and of the assets and liabilities of the Group using financial key performance indicators is set out in the financial summary on page 160 of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the AGM.

By Order of the Board
Cheung King Shek
Chairman

Hong Kong, 24 June 2021

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TELECOM DIGITAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Telecom Digital Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 71 to 159, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Valuation of inventories

Refer to Notes 4 and 21 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2021, the carrying amount of the inventories was HK$49,932,000, net of accumulated allowance for inventories of HK$64,000, representing 23% of the Group's total current assets. We have identified the valuation of inventories as a key audit matter because of their significance to the consolidated financial statements and the involvement of significant judgement and estimation in identifying inventories with net realisable values that are lower than their carrying amounts, and obsolescence, with reference to the selling prices and conditions of inventories.	Our audit procedures were designed to assess management estimations and judgements on the assessment of net realisable value of inventories and identification of obsolete items based on their subsequent usage and selling prices subsequent to the end of the reporting period and current market conditions. We have assessed the net realisable value and sales of inventories subsequent to the end of the reporting period on a sample basis and discussed with the management in respect of the adequacy of the allowance made by the management based on subsequent sales, ageing analysis and current market conditions. We have assessed the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates.

Independent Auditor's Report (continued)

Impairment test on retail business cash generating units

Refer to Notes 4, 16 and 17 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's retail business cash generating units ("Retail Business CGUs") consisted of certain property, plant and equipment and right-of-use assets with carrying amounts of HK$150,497,000 and HK$51,350,000 respectively as at 31 March 2021. During the year ended 31 March 2021, no impairment losses were recognised against property, plant and equipment and right-of-use assets respectively. We have identified the impairment assessment of the Retail Business CGUs as a key audit matter because of its significance to the consolidated financial statements and because determination of the recoverable amount of the relevant cash generating units required significant management judgement and assumptions made for the profit and cash flow forecasts.	Our audit procedures were designed to assess the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information together with other external available information. In particular, we have tested the future cash flow forecast prepared by management on whether it is agreed to the budget approved by the directors of the Company and compared the budget with actual results available up to the report date. We have also evaluated the appropriateness of the assumptions, including the future revenue, the future expenses and profit margin, against latest market expectations. We have also assessed the discount rate employed in the calculation of value-in-use by reviewing its basis of calculation and comparing its input data to market sources. As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested management's sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in future revenue and expenses.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor’s Report (continued)

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

Independent Auditor's Report (continued)

- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
24 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**1,038,946**	1,087,240
Cost of inventories sold		**(539,409)**	(569,156)
Staff costs		**(195,472)**	(216,433)
Depreciation		**(84,398)**	(97,059)
Other income and gains	9	**43,923**	5,459
Other operating expenses		**(112,019)**	(115,068)
Share of results of associates		**7,986**	12,685
Finance costs	10	**(5,824)**	(8,384)
Profit before tax		**153,733**	99,284
Income tax expense	11	**(18,515)**	(16,670)
Profit for the year	12	**135,218**	82,614
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**140**	(56)
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) on long service payment obligations	27	**1,026**	(702)
Other comprehensive income (expense) for the year		**1,166**	(758)
Total comprehensive income for the year		**136,384**	81,856
Profit for the year attributable to:			
Owners of the Company		**135,218**	80,201
Non-controlling interests		**–**	2,413
		135,218	82,614
Total comprehensive income for the year attributable to:			
Owners of the Company		**136,384**	79,443
Non-controlling interests		**–**	2,413
		136,384	81,856
Earnings per share (HK$)	15		
Basic		**0.33**	0.20
Diluted		**0.33**	0.20

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**270,527**	287,461
Right-of-use assets	*17*	**51,350**	55,640
Investment properties	*18*	**63,948**	67,389
Club membership	*19*	**1,560**	1,560
Interests in associates	*20*	**22,375**	24,129
Rental deposits	*22*	**5,824**	6,636
Prepayments for purchase of property, plant and equipment		**9,235**	814
		424,819	443,629
Current assets			
Inventories	*21*	**49,932**	60,864
Trade and other receivables	*22*	**64,400**	63,008
Amount due from a related company	*36(a)*	**11**	–
Amount due from an associate	*36(b)*	**27,341**	30,428
Loan to an associate	*36(c)*	**–**	–
Tax recoverable		**1,511**	3,004
Pledged bank deposits	*23*	**5,088**	5,085
Bank balances and cash	*23*	**72,174**	41,640
		220,457	204,029
Current liabilities			
Trade and other payables	*24*	**54,947**	66,386
Contract liabilities	*25*	**10,658**	10,557
Amounts due to related companies	*36(a)*	**188**	615
Lease liabilities	*17*	**37,982**	41,438
Bank overdraft	*23*	**1,343**	671
Bank borrowings	*26*	**131,205**	145,733
Tax payables		**7,639**	698
		243,962	266,098
Net current liabilities		**(23,505)**	(62,069)
Total assets less current liabilities		**401,314**	381,560
Non-current liabilities			
Long service payment obligations	*27*	**429**	1,352
Lease liabilities	*17*	**17,759**	20,472
Deferred tax liabilities	*28*	**1,005**	949
		19,193	22,773
Net assets		**382,121**	358,787

Consolidated Statement of Financial Position (continued)

As at 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	29	**4,039**	4,039
Reserves		**378,082**	354,749
Equity attributable to owners of the Company		**382,121**	358,788
Non-controlling interests		**–**	(1)
Total equity		**382,121**	358,787

The consolidated financial statements on pages 71 to 159 were approved and authorised for issue by the board of directors on 24 June 2021 and are signed on its behalf by:

Cheung King Shek
Director

Cheung King Fung Sunny
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note (a))*	Share option reserve HK$'000	Exchange reserve HK$'000	Legal reserve HK$'000 *(Note (b))*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2019	4,039	98,195	5,404	2,881	(222)	91	242,509	352,897	(3,284)	349,613
Profit for the year	–	–	–	–	–	–	80,201	80,201	2,413	82,614
Other comprehensive expense:										
Exchange differences arising on translation of foreign operations	–	–	–	–	(56)	–	–	(56)	–	(56)
Actuarial loss on long service payment obligations *(Note 27)*	–	–	–	–	–	–	(702)	(702)	–	(702)
Total comprehensive (expense) income for the year	–	–	–	–	(56)	–	79,499	79,443	2,413	81,856
Deregistration of a subsidiary *(Note (c))*	–	–	–	–	–	–	(5)	(5)	(1)	(6)
Transactions with non-controlling interest *(Note 37(ii))*	–	–	(871)	–	–	–	–	(871)	871	–
Dividends *(Note 14)*	–	–	–	–	–	–	(72,676)	(72,676)	–	(72,676)
Effect of share options										
– lapse	–	–	–	(2,881)	–	–	2,881	–	–	–
At 31 March 2020	4,039	98,195	4,533	–	(278)	91	252,208	358,788	(1)	358,787

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2021

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note (a))*	Share option reserve HK$'000	Exchange reserve HK$'000	Legal reserve HK$'000 *(Note (b))*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	4,039	98,195	4,533	–	(278)	91	252,208	358,788	(1)	358,787
Profit for the year	–	–	–	–	–	–	135,218	135,218	–	135,218
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	–	–	–	–	140	–	–	140	–	140
Actuarial gain on long service payment obligations *(Note 27)*	–	–	–	–	–	–	1,026	1,026	–	1,026
Total comprehensive income for the year	–	–	–	–	140	–	136,244	136,384	–	136,384
Transactions with non-controlling interest *(Note (d))*	–	–	–	–	–	–	(1)	(1)	1	–
Dividends *(Note 14)*	–	–	–	–	–	–	(113,050)	(113,050)	–	(113,050)
At 31 March 2021	4,039	98,195	4,533	–	(138)	91	275,401	382,121	–	382,121

Notes:

(a) Other reserve includes (i) the reserve arising from acquisition of additional interest of subsidiaries from non-controlling interests and (ii) the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

(b) In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax profit (after offsetting any losses of prior years) as determined in accordance with the applicable laws and regulations in the PRC, to statutory reserve until the reserve balance reaches 50% of the registered capital of the relevant subsidiaries. The transfer to this reserve must be made before distribution of a dividend to equity owners.

(c) F1 Global Limited has been deregistered on 27 June 2019.

(d) During the year ended 31 March 2021, the Group acquired an additional 20% of issued shares of TD King Hotel & Property Management Limited ("TDK Hotel") for nil consideration. Immediately prior to the acquisition, the carrying amount of the existing 20% non-controlling interest in TDK Hotel was a deficit of HK$1,000. The Group recognised an interest in non-controlling interest of HK$1,000.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**153,733**	99,284
Adjustments for:		
Allowance for inventories	**–**	1,744
Bank interest income	**(104)**	(211)
Depreciation of property, plant and equipment	**29,002**	27,680
Depreciation of investment properties	**2,457**	3,307
Depreciation of right-of-use assets	**52,939**	66,072
Finance costs	**5,824**	8,384
Gain on deregistration of a subsidiary	**–**	(6)
Gain on disposal of interest in an associate	**–**	(143)
Gain on disposal of property, plant and equipment	**(1,045)**	(392)
Gain on lease termination	**(4)**	–
Government grants	**(33,537)**	–
Impairment loss on a right-of-use asset	**–**	4,434
Impairment loss on an investment property	**984**	–
Impairment loss on loan to an associate	**640**	–
Impairment loss on property, plant and equipment	**–**	543
Loss on written off of property, plant and equipment	**–**	30
Provision for long service payment obligations	**352**	297
Reversal of allowance for inventories	**(1,754)**	(1,640)
Reversal of expected loss on receivable from disposal of an associate	**(1,986)**	–
Share of results of associates	**(7,986)**	(12,685)
Operating cash inflows before movements in working capital	**199,515**	196,698
Decrease in inventories	**12,686**	38,456
(Increase) decrease in trade and other receivables	**(8,614)**	13,797
Decrease (increase) in amount due from an associate	**3,087**	(5,563)
(Increase) decrease in amount due from a related company	**(11)**	116
Decrease in trade and other payables	**(11,467)**	(6,685)
(Decrease) increase in amounts due to related companies	**(427)**	276
Increase (decrease) in contract liabilities	**101**	(1,911)
Decrease in long service payment obligations	**(249)**	(2,680)
Cash generated from operations	**194,621**	232,504
Hong Kong Profits Tax paid	**(10,025)**	(30,670)
PRC Enterprise Income Tax paid	**–**	(46)
NET CASH FROM OPERATING ACTIVITIES	**184,596**	201,788

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,254)	(10,772)
Prepayments for purchase of property, plant and equipment	(9,235)	(814)
Loan to an associate	(640)	–
Placement in pledged bank deposits	(3)	(14)
Proceeds from disposal of an associate	10,020	–
Dividend received from an associate	9,740	15,148
Proceeds from disposal of property, plant and equipment	1,045	396
Bank interest received	104	211
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(223)	4,155
FINANCING ACTIVITIES		
Repayment of bank borrowings	(381,866)	(527,087)
Dividend paid	(113,050)	(72,676)
Repayment on capital element of lease liabilities	(54,814)	(66,047)
Interest paid	(5,824)	(8,384)
Bank borrowings raised	367,338	465,222
Government grants	33,537	–
NET CASH USED IN FINANCING ACTIVITIES	(154,679)	(208,972)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,694	(3,029)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	40,969	44,086
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	168	(88)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by	70,831	40,969
Bank balances and cash	72,174	41,640
Bank overdraft	(1,343)	(671)
	70,831	40,969

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

The Company was incorporated in the Cayman Islands on 20 November 2002 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 May 2017. The address of the registered office and the principal place of business of the Company are detailed in the section headed "Corporate Information" to the annual report.

The directors of the Company consider the immediate holding company and ultimate holding company are CKK Investment Limited and Amazing Gain Limited respectively, which are incorporated in the British Virgin Islands (the "BVI"). The Group has been under the control and beneficially owned by Cheung Family Trust, Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (the "Cheung Brothers") since 1 April 2013. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in retail business in sales of mobile phones and other consumer goods and related services, distribution business in mobile phones, provision of paging and other telecommunications services and provision of operation services.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency. Other than the subsidiaries established in the PRC and Macau which functional currencies are Renminbi ("RMB") and Macau Pataca ("MOP") respectively, the functional currency of the Company and other subsidiaries is HK$.

Basis of preparation

As at 31 March 2021, the Group had net current liabilities of HK$23,505,000. The consolidated financial statements have been prepared by the directors of the Company on a going concern basis since the following:

(i) the unutilised banking facilities readily available to the Group amounted to HK$303,054,000 at 31 March 2021;

(ii) bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause and shown under current liabilities amounted to HK$54,160,000. All of them are secured by the Group's certain leasehold land and buildings and investment properties with carrying amounts of HK$171,930,000 and HK$63,948,000 respectively. The fair value of these investment properties as at 31 March 2021 was HK$69,600,000. The directors of the Company are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group did not breach covenants imposed by the banks; and

(iii) the Group is expected to generate adequate cash flows to maintain its operations.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis of preparation (continued)

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2020.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 – *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments in the current year had no impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)") (continued)

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts and related Amendments*[5]
Amendments to HKFRS 3	*Reference to Conceptual Framework*[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendment to HKFRS 16	*COVID-19 – Related Rent Concessions*[1]
Amendment to HKFRS 16	*COVID-19 – Related Rent Concessions beyond 30 June 2021*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[5]
Amendments to HKAS 8	*Definition of Accounting Estimates*[5]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[5]
Amendments to HKAS 16	*Property, plant and Equipment: Proceeds before Intended Use*[4]
Amendments to HKAS 37	*Onerous Contacts – Cost of Fulfilling a Contract*[4]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[4]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 April 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3 – *Reference to the Conceptual Framework*

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Hong Kong Financial Report Interpretations Committee Interpretations ("HK (IFRIC)-Int") 21 Levies, the acquirer applies HK (IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)") (continued)

New and amendments to HKFRSs issued but not yet effective (continued)

Amendments to HKAS 1 – *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendment to HKFRS 16 – *COVID-19 Related Rent Concessions*

The amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 as if the changes were not lease modifications. Forgiveness or waiver of lease payments is accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The amendment is effective for annual periods beginning on or after 1 June 2020. The directors of the Company anticipate that the application of the amendment will have no material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, interests in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

All interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When an objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are property held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of owner-occupation, the carrying amount of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

Club membership

Club membership is carried at cost less accumulated impairment losses (see the accounting policy in respect of impairment losses on non-financial assets and club membership below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

Deposit with a maturity over three months that are not readily convertible into known amounts of cash are defined as deposit with a bank in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "Other income and gains" line item.

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and trade-related amount due from an associate. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic; or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All the Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the following major sources:

Sales of mobile phones and other consumer goods and related services in the Group's retail shops

For the sales of the mobile phones and other consumer goods, revenue is recognised when control passes to the retail customers, being the point the retail customers purchase the goods at the retail shops. Payment of transaction price is due immediately at the point the retail customers purchase the goods.

Other related services comprise customer services, promotion services and consignment services. Customer services related to routine services, the income is recognised over the contract terms when services are rendered. The Group renders promotion services to its supplies on ad-hoc basis, service income is recognised when services are rendered. The Group allows certain customers to sell goods at the retail shops on a consignment basis in consideration of a consignment fee. The consignment service fee which based on a fixed percentage of the sales of consigned goods, is recognised when the retail customers purchase the consigned goods at the retail shops.

Principal versus agent

When another party is involved in providing goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good before that good is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good by another party. In this case, the Group does not control the specified good provided by another party before that good is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party.

Distribution of mobile phones and related services to its distributors

Revenue from sales of goods or services to distributors is recognised when control of the goods has transferred, being when the goods are delivered and there is no unfulfilled obligation that could affect them to accept the goods.

The Group renders logistics services to its customers. Service income is recognised when services are rendered.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract liabilities (continued)

Provision of paging and other telecommunications services

The Group provides paging and other telecommunications services to customers through a variety of plans on a postpaid or prepaid basis. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customers. Service revenue is billed in advance and included under contract liabilities.

For service plan based on usage, where monthly usage exceeds the allowance, the overage usage represents options held by the customers for incremental services and the usage-based fee is recognised when the customers exercise the option.

Provision of operation services

The operation services are undertaken by the Group's one of associates, Sun Mobile Limited ("SUN Mobile"). The operation services the Group provides to SUN Mobile include sale management services, marketing operation services, customer services, billing payment and debt collection services, and customer data compilation and analysis services. Revenue from provision of operation services is recognised over time which reflects the pattern by which the Group satisfies the performance obligation through the transfer of services to SUN Mobile.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee (continued)

Lease liabilities (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment property".

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee (continued)

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties and leased retail areas. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the exemption described above, the sublease shall be classified as an operating lease.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefit costs and termination benefits

Payments to defined contribution plan/state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a state-managed retirement benefit scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the state-managed retirement benefit scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs.

Employment Ordinance long service payments

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in consolidated statement of financial position with a charge or credit recognised in other comprehensive income in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Components of defined benefit costs are service cost in profit or loss; net interest on the net defined benefit liability or asset in profit or loss; and remeasurements of net defined benefit liability or asset in other comprehensive income.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax is recognised in profit or loss.

Impairment losses on property, plant and equipment, right-of-use assets and club membership

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Club membership is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on property, plant and equipment, right-of-use assets and club membership (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss immediately.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of property, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its high and best use.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies (continued)

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to office premises and retail shops. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Leases are considered no longer enforceable when the Group as the lessee and the relevant lessors both have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- the extent of leasehold improvements undertaken by the Group; or
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment on retail business cash generating units ("Retail Business CGUs")

The Group's Retail Business CGUs consist of certain property, plant and equipment and right-of-use assets. In determining whether there is any impairment loss of the Retail Business CGUs, management estimated the recoverable amounts of the Retail Business CGUs based on the value in use calculation. The value in use calculation is based on the management's assumptions and estimates taking into account the existing business plan and other strategic business development. These calculations require the use of estimates such as the future revenue, expenses and discount rates.

As at 31 March 2021, the carrying values of related property, plant and equipment and related right-of-use assets were HK$150,497,000 (2020: HK$163,411,000) and HK$51,350,000 (2020: HK$55,440,000) respectively. No impairment losses (2020: HK$543,000 and HK$4,434,000) were recognised on property, plant and equipment and right-of-use assets respectively in relation to the Retail Business CGUs during the year ended 31 March 2021.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance for inventories

The Group makes the allowance for inventories based on assessments of the net realisable value and ageing analysis of inventories and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2021, the carrying amount of inventories was HK$49,932,000 (2020: HK$60,864,000), net of accumulated allowance for obsolete inventories of HK$64,000 (2020: HK$1,818,000). No allowance for inventories (2020: HK$1,744,000) and reversal of allowance for inventories of HK$1,754,000 (2020: HK$1,640,000) were recognised during the year ended 31 March 2021.

Impairment of trade receivables and trade-related amount due from an associate

The impairment provisions for trade receivables and trade-related amount due from an associate are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical credit loss experience, existing market conditions and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. The ECL on trade receivables is assessed collectively by using a provision matrix with appropriate groupings. As at 31 March 2021, the carrying amounts of trade receivables and an amount due from an associate were HK$4,095,000 (2020: HK$4,687,000) and HK$27,341,000 (2020: HK$30,428,000) respectively. No impairment losses have been recognised during the year ended 31 March 2021 (2020: nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment assessment of interests in associates

The Group's interests in associates are initially recognised at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less impairment in the values of individual investments. As such, the Group is required to assess at the end of the each reporting period whether there is any indication that the carrying amount of interests in associates may be impaired. For those associates in which such indication exists, the Group assessed the carrying amounts for impairment. As at 31 March 2021, the Group's carrying amount of interest in UC Now Communication Limited ("UC Now") was nil (2020: nil) after sharing the loss during the year. There was no impairment indication on the remaining associate, the carrying amount of interests in associates was HK$22,375,000 (2020: HK$24,129,000).

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

As at 31 March 2021, there were no changes on the estimated useful lives after performing annual assessment and the related depreciation of the property, plant and equipment and investment properties with carrying amounts of HK$270,527,000 (2020: HK$287,461,000) and HK$63,948,000 (2020: HK$67,389,000) respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank overdraft, bank borrowings, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
At amortised cost (including bank balances and cash)	150,800	137,584
Financial liabilities		
At amortised cost	187,683	213,405

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) related companies and an associate, loan to an associate, pledged bank deposits, bank balances and cash, trade and other payables, bank overdraft and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances and prepayments to suppliers (2020: bank balances and trade payables) are denominated in currencies other than the functional currencies of the entities to which they relate. The Group currently does not have a foreign currency hedging policy. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
United States dollars ("USD")	12,333	553	–	4,681

No sensitivity analysis was prepared for USD as HK$ is pegged to USD.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is primarily exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances, bank borrowings and bank overdraft carried at prevailing market rates. However, the exposure in pledged bank deposits, bank balances and bank overdraft is minimal to the Group as the pledged bank deposits, bank balances and bank overdraft are all short-term in nature. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's Hong Kong dollars denominated bank borrowings and bank overdraft.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used for the years ended 31 March 2021 and 2020 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower for the year ended 31 March 2021 and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK$548,000 (2020: HK$608,000). This is attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

Credit risk

As at 31 March 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade and other receivables, amounts due from a related company and an associate, loan to an associate, pledged bank deposits and bank balances and cash. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables and trade-related amount due from an associate, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance for impairment at lifetime ECL. The Group determines the ECL on trade receivables collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

Management considered that the other receivables and amount due from a related company to be low credit risk and thus the allowance for impairment recognised during the year was limited to 12-month ECL. During the year ended 31 March 2021, the Group assessed the ECL for other receivables, reversal of impairment loss of HK$1,986,000 (2020: impairment loss of HK$3,913,000) was recognised. For the years ended 31 March 2021 and 2020, the Group assessed the ECL for amount due from a related company was immaterial and thus no loss allowance was recognised.

For loan to an associate, the Group has assessed and concluded that there are events that having a detrimental impact on the estimated future cash flows of that asset have occurred. As at 31 March 2021, the financial position of the associate was deteriorated, therefore accumulated impairment loss on loan to an associate of HK$3,680,000 (2020: HK$3,040,000) was recognised. During the year ended 31 March 2021, the financial position of the associate was deteriorated, impairment loss of HK$640,000 (2020: nil) was recognised.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked a team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

31 March 2021	*Notes*	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Trade receivables	*22*	Note	Lifetime ECL (not credit-impaired)	4,095	–	4,095
Other receivables and deposits	*22*	Performing	12-month ECL	44,018	(1,927)	42,091
Amount due from a related company	*36(a)*	Performing	12-month ECL	11	–	11
Amount due from an associate	*36(b)*	Note	Lifetime ECL (not credit-impaired)	27,341	–	27,341
Loan to an associate	*36(c)*	Default	Lifetime ECL (credit-impaired)	3,680	(3,680)	–
Pledged bank deposits	*23*	Performing	12-month ECL	5,088	–	5,088
Bank balances and cash	*23*	Performing	12-month ECL	72,174	–	72,174
				156,407	(5,607)	150,800

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

31 March 2020	*Notes*	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Trade receivables	*22*	Note	Lifetime ECL (not credit-impaired)	4,687	–	4,687
Other receivables and deposits	*22*	Performing	12-month ECL	59,657	(3,913)	55,744
Amount due from an associate	*36(b)*	Note	Lifetime ECL (not credit-impaired)	30,428	–	30,428
Loan to an associate	*36(c)*	Default	Lifetime ECL (credit-impaired)	3,040	(3,040)	–
Pledged bank deposits	*23*	Performing	12-month ECL	5,085	–	5,085
Bank balances and cash	*23*	Performing	12-month ECL	41,640	–	41,640
				144,537	(6,953)	137,584

Note: The Group has applied simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

Other than concentration of credit risk on amounts due from a related company and an associate, receivable from disposal of an associate and liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers and spread across diverse industries.

The Group's concentration of credit risk by geographical locations is all in Hong Kong, as all trade receivables as at 31 March 2021 and 2020 are due from customers located in Hong Kong.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the loan covenants.

The Group is exposed to liquidity risk as at 31 March 2021 as the Group had net current liabilities of HK$23,505,000 (2020: HK$62,069,000). The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations and the details of which are set out in Note 1.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities at the end of reporting period. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate that existed at the end of the reporting period.

	Within one year or on demand HK$'000	After one year but within two years HK$'000	After two years but within five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2021					
Trade and other payables	54,947	–	–	54,947	54,947
Amounts due to related companies	188	–	–	188	188
Bank overdraft	1,343	–	–	1,343	1,343
Bank borrowings	131,205	–	–	131,205	131,205
	187,683	–	–	187,683	187,683
Lease liabilities	39,946	16,198	2,030	58,174	55,741

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Within one year or on demand HK$'000	After one year but within two years HK$'000	After two years but within five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2020					
Trade and other payables	66,386	–	–	66,386	66,386
Amounts due to related companies	615	–	–	615	615
Bank overdraft	671	–	–	671	671
Bank borrowings	145,733	–	–	145,733	145,733
	213,405	–	–	213,405	213,405
Lease liabilities	43,008	16,771	4,211	63,990	61,910

Bank borrowings with a repayment on demand clause are included in the "total undiscounted cash flows due on demand or within one year" time band in the above maturity analysis. As at 31 March 2021, the aggregate principal amounts of these bank borrowings amounted to HK$131,205,000 (2020: HK$145,733,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the respective loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$135,159,000 (2020: HK$156,060,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

7. REVENUE

Revenue represents revenue arising from sales of goods and service income, net of discounts, where applicable. An analysis of the Group's revenue for the year is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Retail business	608,782	644,249
Distribution business	35,256	23,504
– Services rendered		
Retail business	7,239	9,245
Distribution business	266	782
Paging and other telecommunications services	37,058	45,709
Operation services	350,345	363,751
	1,038,946	1,087,240

Disaggregation of revenue from contracts with customers by timing of recognition

	2021 HK'000	2020 HK'000
Timing of revenue recognition		
At a point of time	651,204	677,195
Over time	387,742	410,045
	1,038,946	1,087,240

Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 March 2021 and 2020, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at the end of both reporting periods.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the executive directors of the Company. The information reported to the CODM for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the Group's CODM have been aggregated in arriving at the reportable segments of the Group. The Group's operating and reportable segments are as follows:

Retail business	–	Sales of mobile phones and other consumer goods and related services
Distribution business	–	Distribution of mobile phones and related services
Paging and other telecommunications services	–	Provision of paging services and other telecommunications services
Operation services	–	Provision of operation services

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2021

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Elimination HK$'000	Total HK$'000
Revenue						
External sales	616,021	35,522	37,058	350,345	–	1,038,946
Inter-segment sales	12,097	324,746	362	–	(337,205)	–
Segment revenue	628,118	360,268	37,420	350,345	(337,205)	1,038,946
Segment results	76,708	11,578	2,915	71,046		162,247
Bank interest income						104
Finance costs						(5,824)
Share of results of associates						7,986
Corporate expenses, net						(10,780)
Profit before tax						153,733

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2020

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Elimination HK$'000	Total HK$'000
Revenue						
External sales	653,494	24,286	45,709	363,751	–	1,087,240
Inter-segment sales	–	337,552	161	–	(337,713)	–
Segment revenue	653,494	361,838	45,870	363,751	(337,713)	1,087,240
Segment results	34,963	1,823	4,909	66,854		108,549
Bank interest income						211
Gain on disposal of interest in an associate						143
Finance costs						(8,384)
Share of results of associates						12,685
Corporate expenses, net						(13,920)
Profit before tax						99,284

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represented the profits earned by each segment without allocation of bank interest income, gain on disposal of interest in an associate, finance costs, share of results of associates, certain corporate expenses and income and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2021 HK$'000	2020 HK$'000
Segment assets		
Retail business	349,054	332,452
Distribution business	18,924	23,323
Paging and other telecommunications services	26,267	48,185
Operation services	49,515	42,099
Total segment assets	443,760	446,059
Unallocated corporate assets	201,516	201,599
Total assets	645,276	647,658
Segment liabilities		
Retail business	81,671	81,650
Distribution business	21,486	31,518
Paging and other telecommunications services	14,742	17,504
Operation services	1,137	6,120
Total segment liabilities	119,036	136,792
Unallocated corporate liabilities	144,119	152,079
Total liabilities	263,155	288,871

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to segments other than certain property, plant and equipment, investment properties, club membership, interests in associates, certain other receivables, amount due from a related company, tax recoverable, pledged bank deposits and certain bank balances and cash managed on central basis; and

- all liabilities are allocated to segments other than certain other payables, deferred tax liabilities, amounts due to related companies, bank overdraft, bank borrowings, tax payables and long service payment obligations.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

The segment information is as follows:

For the year ended 31 March 2021

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	25,399	318	1,435	–	1,850	29,002
Depreciation of right-of-use assets	52,899	40	–	–	–	52,939
Additions to non-current assets	59,402	1,475	–	–	–	60,877
Reversal of allowance for inventories	–	(1,754)	–	–	–	(1,754)
Gain on disposal of property, plant and equipment	650	315	80	–	–	1,045
Gain on lease termination	–	(4)	–	–	–	(4)
Impairment loss on an investment property	–	–	–	–	984	984
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	–	–	(7,986)	–	(7,986)
Finance costs	3,528	840	–	292	1,164	5,824
Income tax expense	5,611	108	427	11,577	792	18,515

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

The segment information is as follows: (continued)

For the year ended 31 March 2020

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	24,096	331	2,006	–	1,247	27,680
Depreciation of right-of-use assets	65,915	157	–	–	–	66,072
Additions to non-current assets	49,966	593	2,460	–	–	53,019
Allowance for inventories	–	1,744	–	–	–	1,744
Reversal of allowance for inventories	–	(1,640)	–	–	–	(1,640)
Gain on disposal of property, plant and equipment	4	–	388	–	–	392
Loss on written off of property, plant and equipment	–	–	30	–	–	30
Impairment loss on a right-of-use asset	4,434	–	–	–	–	4,434
Impairment loss on property, plant and equipment	543	–	–	–	–	543
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	–	–	(12,685)	–	(12,685)
Finance costs	3,097	2,137	–	969	2,181	8,384
Income tax expense	6,001	39	(218)	9,916	932	16,670

Additions to non-current assets represented the additions of property, plant and equipment and right-of-use assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong, the PRC and Macau.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of these assets.

Revenue from external customers

	2021 HK$'000	2020 HK$'000
Hong Kong (place of domicile)	1,038,946	1,087,091
Macau	–	149
	1,038,946	1,087,240

Non-current assets

	2021 HK$'000	2020 HK$'000
Hong Kong (place of domicile)	418,995	436,087
The PRC	–	906
	418,995	436,993

Non-current assets excluded rental deposits.

Information about major customer

Details of the customer contributing over 10% of total revenue of the Group are as follows:

	2021 HK$'000	2020 HK$'000
Customer A[1]	349,908	363,041

[1] Revenue from operation services.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

9. OTHER INCOME AND GAINS

	2021 HK$'000	2020 HK$'000
Bank interest income	104	211
Consultancy income	1,205	331
Gain on deregistration of a subsidiary	–	6
Gain on disposal of interest in an associate *(Note 20)*	–	143
Gain on disposal of property, plant and equipment	1,045	392
Gain on lease termination	4	–
Government grants		
– Employment Support Scheme ("ESS") *(Note a)*	30,333	–
– Retail Sector Subsidy Scheme ("RSS") *(Note b)*	3,000	–
– Others	204	–
Foreign exchange differences, net	623	–
Handling income	128	651
Rental and sub-letting income *(Note c)*	4,675	3,546
Reversal of impairment loss on receivable from disposal of an associate	1,986	–
Others	616	179
	43,923	5,459

Notes:

(a) The amount represented salaries and wages subsidies granted related to ESS provided by the Government of the Hong Kong Special Administrative Region (the "HKSAR") under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.

(b) The amount represented retail stores' operation subsidies granted related to RSS provided by the Government of the HKSAR under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.

(c) Included in rental and sub-letting income were HK$2,835,000 (2020: HK$3,167,000), HK$1,110,000 (2020: nil) and HK$730,000 (2020: HK$379,000) arising from the operating leases of its investment properties, certain of its ownership interests in leasehold land and buildings and sub-letting part of the rented retail shops and transmission stations, respectively, of the Group whose lease payments were fixed. The related direct operating expenses of HK$373,000 (2020: HK$411,000) were incurred during the year ended 31 March 2021.

10. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest expenses on:		
– bank borrowings and bank overdraft	2,296	5,471
– lease liabilities	3,528	2,913
	5,824	8,384

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

11. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Hong Kong Profits Tax		
– current year	**20,451**	18,101
– over-provision in prior years	**(1,993)**	(799)
	18,458	17,302
PRC Enterprise Income Tax		
– current year	**1**	37
Deferred tax		
– current year *(Note 28)*	**56**	(669)
	18,515	16,670

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Other than the qualifying corporation, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 31 March 2021 (2020: 25%).

From 1 January 2019 to 31 December 2021, under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective tax rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective tax rate of 5%, whereas the excess portion will be subject to the effective tax rate of 10%.

During the years ended 31 March 2021 and 2020, no Macau Complementary Income Tax has been provided since there were no assessable profits generated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

11. INCOME TAX EXPENSE (continued)

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK$'000	2020 HK$'000
Profit before tax	**153,733**	99,284
Tax expense at rates applicable to profits in the jurisdictions concerned	**25,254**	16,483
Tax benefit for the small enterprises and thin-profit enterprises in the PRC	**–**	(142)
Adjustments in respect of current tax of previous periods	**(1,993)**	(799)
Tax effect of share of results of associates	**(1,318)**	(2,093)
Tax effect of expenses not deductible for tax purpose	**2,951**	3,831
Tax effect of income not taxable for tax purpose	**(5,872)**	(703)
Tax effect of tax losses not recognised	**253**	2,191
Tax effect of deductible temporary difference not recognised	**457**	106
Tax exemption *(Note)*	**(101)**	(137)
Utilisation of tax losses previously not recognised	**(1,116)**	(2,067)
Income tax expense for the year	**18,515**	16,670

Note: During the year ended 31 March 2021, twelve (2020: seven) Hong Kong subsidiaries were entitled to 75% tax deduction on Hong Kong Profits Tax with a cap at HK$10,000 (2020: HK$20,000).

Details of deferred taxation are set out in Note 28.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

12. PROFIT FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments *(Note 13)*		
– fees	**335**	290
– salaries, allowances and other benefits	**8,721**	8,098
– discretionary bonuses	**797**	168
– contributions to retirement benefits scheme	**352**	168
	10,205	8,724
Other staff costs		
– salaries, allowances and other benefits *(Note a)*	**177,655**	199,276
– contributions to retirement benefits scheme	**7,260**	8,136
– provision for long service payments	**352**	297
	185,267	207,709
Total staff costs	**195,472**	216,433
Allowance for inventories *(Notes b and c)*	**–**	1,744
Reversal of allowance for inventories *(Notes c and 21)*	**(1,754)**	(1,640)
Auditor's remuneration *(Note d)*	**1,000**	1,000
Advertising and promotion expenses *(Note d)*	**12,425**	9,857
Bank charges *(Note d)*	**7,632**	5,900
Depreciation of property, plant and equipment	**29,002**	27,680
Depreciation of investment properties	**2,457**	3,307
Depreciation of right-of-use assets	**52,939**	66,072
Impairment loss on a right-of-use asset *(Note d)*	**–**	4,434
Impairment loss on an investment property *(Note d)*	**984**	–
Impairment loss on loan to an associate *(Note d)*	**640**	–
Impairment loss on property, plant and equipment *(Note d)*	**–**	543
Loss on written off of property, plant and equipment *(Note d)*	**–**	30
Share of income tax expenses of associates	**1,500**	2,607

Notes:

(a) Salaries, allowances and other benefits included redundancy cost of HK$741,000 (2021: nil).

(b) During the year ended 31 March 2021, no allowance for inventories (2020: HK$1,744,000) was made for write-down of obsolete inventories that are no longer suitable for sell in the market.

(c) These expenses are included in "Cost of inventories sold" in profit or loss.

(d) These expenses are included in "Other operating expenses" in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of eleven (2020: nine) directors and chief executive were as follows:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000 *(Note (i))*	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 March 2021					
Executive directors:					
Mr. Cheung King Shek	–	1,923	161	22	2,106
Mr. Cheung King Shan	–	1,847	161	98	2,106
Mr. Cheung King Chuen Bobby	–	1,847	161	98	2,106
Mr. Cheung King Fung Sunny	–	1,847	161	98	2,106
Mr. Wong Wai Man	–	717	72	18	807
Ms. Mok Ngan Chu	–	540	81	18	639
Independent non-executive directors:					
Mr. Chan Yuk Ming *(Note (ii))*	65	–	–	–	65
Mr. Lo Kam Wing *(Note (iii))*	30	–	–	–	30
Mr. Lam Yu Lung	120	–	–	–	120
Mr. Lau Hing Wah	120	–	–	–	120
Total	335	8,721	797	352	10,205

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and Chief Executive's emoluments (continued)

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000 *(Note (i))*	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 March 2020					
Executive directors:					
Mr. Cheung King Shek	–	1,710	–	33	1,743
Mr. Cheung King Shan	–	1,710	–	33	1,743
Mr. Cheung King Chuen Bobby	–	1,710	–	33	1,743
Mr. Cheung King Fung Sunny	–	1,710	–	33	1,743
Mr. Wong Wai Man	–	718	87	18	823
Ms. Mok Ngan Chu	–	540	81	18	639
Independent non-executive directors:					
Mr. Chan Yuk Ming *(Note (ii))*	50	–	–	–	50
Mr. Hui Ying Bun *(Note (iv))*	–	–	–	–	–
Mr. Lam Yu Lung	120	–	–	–	120
Mr. Lau Hing Wah	120	–	–	–	120
Total	290	8,098	168	168	8,724

Notes:

(i) Discretionary bonuses were determined with reference to the Group's operating results and individual performance.

(ii) Appointed on 1 November 2019 and resigned on 19 October 2020.

(iii) Appointed on 1 January 2021.

(iv) Resigned on 1 August 2019.

Mr. Cheung King Fung Sunny is also the chief executive ("CE") of the Company and his emoluments disclosed above include those for services rendered by him as the CE.

No directors or CE waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2021 and 2020, except for Mr. Hui Ying Bun agreed to waive his director's fee of HK$40,000 for the year ended 31 March 2020. No emoluments were paid by the Group to any of the directors or CE as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2021 and 2020.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included four directors of the Company during the years ended 31 March 2021 and 2020 respectively, whose emoluments are included in the analysis presented above. Details of emoluments paid to the remaining one individual of the Group during the years ended 31 March 2021 and 2020 were as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits	**1,176**	1,174
Discretionary bonuses *(Note)*	**196**	225
Contributions to retirement benefits scheme	**18**	18
	1,390	1,417

The above emolument is analysed as follows:

	2021 No. of employees	2020 No. of employees
HK$1,000,000 to HK$1,500,000	**1**	1

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2021 and 2020.

Note: Discretionary bonuses were determined with reference to the Group's operating results and individual performance.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

14. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends recognised as distribution during the year:		
2018/19 fourth interim dividend of HK$0.06 per share	–	24,225
2019/20 first interim dividend of HK$0.06 per share	–	24,225
2019/20 second interim dividend of HK$0.03 per share	–	12,113
2019/20 third interim dividend of HK$0.03 per share	–	12,113
2019/20 fourth interim dividend of HK$0.10 per share	40,375	–
2020/21 first interim dividend of HK$0.06 per share	24,225	–
2020/21 second interim dividend of HK$0.06 per share	24,225	–
2020/21 third interim dividend of HK$0.06 per share	24,225	–
	113,050	72,676

Subsequent to the end of the reporting period, the fourth interim dividend of HK$0.08 per share in respect of the year ended 31 March 2021 has been declared by the directors of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2021 HK$'000	2020 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	135,218	80,201

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	403,753	403,753
Effect of dilutive potential ordinary shares:		
Share options *(Note)*	N/A	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	403,753	403,753

Note: The computation of diluted earnings per share for the year ended 31 March 2020 did not assume the exercise of the Company's remaining share options because the exercise price of those options was higher than the average market price for shares during the period from 1 April 2019 to 5 July 2019.

The diluted earnings per share for the year ended 31 March 2021 are the same as basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year or at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings HK$'000	Radio and transmitting equipment HK$'000	Tele-communication devices HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Total HK$'000
COST							
As at 1 April 2019	255,696	75,100	2,636	13,116	41,312	72,769	460,629
Additions	–	–	–	7,240	2,268	4,117	13,625
Transferred from investment properties *(Note 18)*	47,150	–	–	–	–	–	47,150
Disposals	–	–	–	(860)	–	(8)	(868)
Written off	–	–	(362)	(40)	–	(144)	(546)
As at 31 March 2020 and 1 April 2020	302,846	75,100	2,274	19,456	43,580	76,734	519,990
Additions	–	–	–	5,522	2,313	4,233	12,068
Disposals	–	–	–	(3,245)	–	–	(3,245)
Written off	–	–	(232)	(948)	–	–	(1,180)
As at 31 March 2021	302,846	75,100	2,042	20,785	45,893	80,967	527,633
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 1 April 2019	37,802	74,577	2,453	12,892	24,579	53,383	205,686
Provided for the year	12,799	214	141	1,179	6,171	7,176	27,680
Impairment loss recognised	–	–	–	–	480	63	543
Eliminated on disposals	–	–	–	(860)	–	(4)	(864)
Eliminated on written off	–	–	(348)	(40)	–	(128)	(516)
As at 31 March 2020 and 1 April 2020	50,601	74,791	2,246	13,171	31,230	60,490	232,529
Provided for the year	13,649	207	24	2,342	5,460	7,320	29,002
Eliminated on disposals	–	–	–	(3,245)	–	–	(3,245)
Eliminated on written off	–	–	(232)	(948)	–	–	(1,180)
As at 31 March 2021	64,250	74,998	2,038	11,320	36,690	67,810	257,106
CARRYING AMOUNTS							
As at 31 March 2021	238,596	102	4	9,465	9,203	13,157	270,527
As at 31 March 2020	252,245	309	28	6,285	12,350	16,244	287,461

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Ownership interests in leasehold land and buildings	Over the shorter of term of the leases or 50 years
Radio and transmitting equipment	5 years
Tele-communication devices	5 years
Motor vehicles	5 years
Leasehold improvements	Over the shorter of lease term or 5 years
Furniture and fixtures	5 years

At 31 March 2021, the Group's ownership interests in leasehold land and buildings with carrying amounts of HK$171,930,000 (2020: HK$183,041,000) have been pledged to secure banking facilities granted to the Group.

During the year ended 31 March 2021, no impairment loss (2020: HK$543,000) was recognised in the profit or loss which was allocated to the retail shop assets. Details of the impairment assessment are set out in Note 17.

The Group as lessor

The Group leases partial of ownership interests in leasehold land and buildings under operating leases. The leases typically run for an initial period of 1 year (2020: nil). None of the leases includes variable lease payments. The disaggregation of these land and buildings under operating leases included within ownership interests in leasehold land and buildings and the reconciliation of the carrying amount at the beginning and end of the reporting period are set out as below:

	HK$'000
COST	
As at 1 April 2020 and 31 March 2021	35,935
ACCUMULATED DEPRECIATION	
As at 1 April 2020	6,234
Provided for the year	1,090
As at 31 March 2021	7,324
CARRYING AMOUNTS	
As at 31 March 2021	28,611

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. LEASES

(i) Right-of-use assets

	2021 HK$'000	2020 HK$'000
Other properties leased for own use	**51,350**	55,640

The Group has lease arrangements for retail shops and office premises. The lease terms are generally ranged from 2 to 6 years. The Group has also entered into short-term leases arrangements in respect of carparks, retail shops, transmission stations and office premises.

Additions to the right-of-use assets for the year ended 31 March 2021 amounted to HK$48,809,000 (2020: HK$39,394,000), due to new leases of retail shops and renewal of existing leases.

As at 31 March 2021, carrying amounts of Retail Business CGUs consisted of property, plant and equipment and right-of-use assets amounting to HK$150,497,000 (2020: HK$163,411,000) and HK$51,350,000 (2020: HK$55,440,000) respectively. The Group regards each individual retail shop as a separately identifiable cash CGU. Management carried out an impairment assessment for the retail shop assets, including property, plant and equipment and right-of-use assets, which have an impairment indicator. The carrying amount of the retail shop assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. As a result, no impairment losses on property, plant and equipment and right-of-use assets (2020: HK$543,000 and HK$4,434,000 respectively) were recognised in other operating expenses during the year ended 31 March 2021. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash projection at pre-tax discount rate of 5.01% (2020: 4.37%) per annum based on the financial forecasts approved by management covering the remaining tenure of the lease.

During the year ended 31 March 2021, the Group has entered into sublease agreements and has classified the subleases as operating leases. During the year ended 31 March 2021, the Group recognised rental income from subleasing right-of-use assets of HK$248,000 (2020: HK$286,000).

During the year ended 31 March 2020, the Group has negotiated with landlords for temporary rental relief for certain leased retail shops, this resulted a reduction on right-of-use assets of HK$562,000 (2021: nil) upon modification of the relevant leases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. LEASES (continued)

(ii) Lease liabilities

	2021 HK$'000	2020 HK$'000
Non-current portion	**17,759**	20,472
Current portion	**37,982**	41,438
	55,741	61,910

	2021 HK$'000	2020 HK$'000
Analysed into payable		
Within one year	**37,982**	41,438
In the second year	**15,757**	16,321
In the third to fifth years, inclusive	**2,002**	4,151
	55,741	61,910
Less: current portion	**(37,982)**	(41,438)
Non-current portion	**17,759**	20,472

(iii) Amounts recognised in profit or loss

	2021 HK$'000	2020 HK$'000
Depreciation of right-of-use assets by class of underlying asset:		
Other properties leased for own use	**52,939**	66,072
Gain on lease termination (included in other income and gains)	**4**	–
Interest expenses on lease liabilities (included in finance costs)	**3,528**	2,913
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	**110**	181
Expenses relating to short-term leases (included in other operating expenses)	**28,598**	24,968

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. LEASES (continued)

(iv) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows under cash outflows is as follows:

	2021 HK$'000	2020 HK$'000
Within operating activities	28,708	25,149
Within financing activities	58,342	68,960
	87,050	94,109

(v) Others

Some of the retail shops in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the relevant retail shops. The breakdown of lease payments for these retail shops is as follows:

	2021 HK$'000	2020 HK$'000
Fixed payments	1,297	756
Variable payments	110	181
	1,407	937

Restrictions or covenants on leases

As at 31 March 2021, lease liabilities of HK$55,741,000 are recognised with related right-of-use assets of HK$51,350,000 (2020: lease liabilities of HK$61,910,000 and related right-of-use assets of HK$55,640,000). The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

18. INVESTMENT PROPERTIES

	HK$'000
COST	
As at 1 April 2019	127,353
Transferred to property, plant and equipment *(Note 16)*	(52,322)
As at 31 March 2020, 1 April 2020 and 31 March 2021	75,031
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
As at 1 April 2019	9,507
Provided for the year	3,307
Transferred to property, plant and equipment *(Note 16)*	(5,172)
As at 31 March 2020 and 1 April 2020	7,642
Provided for the year	2,457
Impairment loss for the year	984
As at 31 March 2021	11,083
CARRYING AMOUNTS	
As at 31 March 2021	63,948
As at 31 March 2020	67,389

During the year ended 31 March 2020, the Group had transferred a property with carrying amount of HK$47,150,000 (2021: nil) from investment properties to property, plant and equipment due to the change in use, which evidenced by commencement of owner occupation.

The fair value of the Group's investment properties as at 31 March 2021 was HK$69,600,000 (2020: HK$71,000,000). The fair value has been arrived at based on a valuation carried out by Greater China Appraisal Limited ("Greater China") (2020: Prudential Surveyors (Hong Kong) Limited), a member of Hong Kong Institute of Surveyors by market comparison approach with reference to the prices for similar properties in the similar locations and conditions. The valuation of the fair value of the investment properties is grouped into fair value hierarchy Level 3. In estimating the fair value of the investment properties, the highest and best use of fair value hierarchy is their current use.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2021 and 2020.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

18. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2021, the directors of the Company conducted a review of the Group's investment properties with reference to the valuation carried out by Greater China, accordingly an impairment loss of HK$984,000 (2020: nil) was recognised.

The above investment properties are depreciated on a straight-line basis over the term of the leases.

At 31 March 2021, the Group's investment properties with carrying amounts of HK$63,948,000 (2020: HK$67,389,000) have been pledged to secure banking facilities granted to the Group.

19. CLUB MEMBERSHIP

	2021 HK$'000	2020 HK$'000
Club membership, at cost	**1,560**	1,560

The directors of the Company consider no impairment identified with reference to the second hand market price of the club membership as at 31 March 2021 and 2020.

20. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Costs of investment, unlisted	**16,800**	16,800
Share of post-acquisition results and other comprehensive income, net of dividends received	**5,575**	7,329
	22,375	24,129

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

20. INTERESTS IN ASSOCIATES (continued)

Details of the associates as at the end of the reporting period are as follows:

Name of company	Form of entity	Place of incorporation and operation	Class of shares held/ share capital	Proportion of ownership interest held by the Group	Principal activity
SUN Mobile	Incorporated	Hong Kong	Ordinary shares/ HK$1,000	40% (2020: 40%)	Provision of mobile services including voice and data products
UC Now	Incorporated	Hong Kong	Ordinary shares/ HK$1,000,000	16% (2020: 16%) *(Note (a))*	Sales and provision of online instant communication software, programs, platforms and services

Note:

(a) At 31 March 2021, the Group is able to exercise significant influence over UC Now because it has 25% (2020: 25%) voting interest, in the meetings of board of directors which governs the financial and operating policies decision of the investee pursuant to memorandum and article of association.

The associates were accounted for using the equity method in the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

20. INTERESTS IN ASSOCIATES (continued)

In the opinion of the directors of the Company, SUN Mobile is the material associate of the Group for the years ended 31 March 2021 and 2020. Summarised financial information of associates was set out below, which represented amounts shown in its financial statements prepared in accordance with HKFRSs.

	2021 HK$'000	2020 HK$'000
Current assets	237,007	225,328
Non-current assets	1,016	344
Current liabilities	(181,900)	(165,350)
Non-current liabilities	(187)	–
Net assets	55,936	60,322
Revenue	1,006,968	1,081,667
Profit and total comprehensive income for the year	19,964	36,217
Dividends received from the associate during the year	9,740	15,148

Reconciliation of the above summarised financial information to the carrying amount of the interest in SUN Mobile was set out below:

	2021 HK$'000	2020 HK$'000
Opening net assets	60,322	61,975
Profit for the year	19,964	36,217
Dividend paid out	(24,350)	(37,870)
Net assets of SUN Mobile	55,936	60,322
Group's effective interest	40%	40%
Carrying amount of the Group's interest in SUN Mobile	22,375	24,129

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

20. INTERESTS IN ASSOCIATES (continued)

The financial information and carrying amount, in aggregate, of the Group's interests in associates, that are not individually material and are accounted for using the equity method are set out below:

	2021 HK$'000	2020 HK$'000
The Group's share of losses	–	(1,802)
Aggregate carrying amount of the Group's interests in immaterial associates	–	–

Unrecognised share of loss of an associate

	2021 HK$'000	2020 HK$'000
The unrecognised share of loss of an associate for the year	970	535

On 31 March 2020, the Group disposed of its equity interest in Powersky Century Holdings (HK) Limited ("Powersky") to independent third parties for a total consideration of HK$18,420,000, comprised cash consideration which would be settled by 6 monthly instalments with effective from 1 July 2020 and fair value of non-cash consideration, representing face value of cash coupons, which would be expiring on 30 June 2021. The fair value of non-cash consideration was computed with reference to the price of similar products in the market. The fair value of cash consideration was estimated with reference to the probability of default. The gross contractual amounts of disposal consideration receivables amounted to HK$18,420,000 at the date of disposal. The best estimate at disposal date of the contractual cash flows not expected to be collected amounted to HK$3,913,000. Before the disposal, the Group owned 16% equity interest in Powersky and the investment was previously accounted for as an investment in an associate using the equity method of accounting. This transaction resulted a gain of disposal of HK$143,000 in profit or loss.

	HK$'000
Fair value of consideration receivable	14,507
Less: carrying amount of the 16% investment on the date of disposal	(14,364)
Gain recognised in profit or loss	143

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

21. INVENTORIES

	2021 HK$'000	2020 HK$'000
Merchandises	**49,932**	60,864

During the year ended 31 March 2021, certain impaired inventories were sold at a gross profit. As a result, a reversal of allowance for inventories of HK$1,754,000 (2020: HK$1,640,000) had been recognised and included in cost of inventories sold.

22. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**4,095**	4,687
Other receivables *(Note)*	**5,121**	8,962
Receivable from disposal of an associate, net of allowance for impairment *(Note 20)*	**6,473**	14,507
Rental deposits	**25,423**	27,070
Utility and other deposits	**5,074**	5,205
Prepayments to suppliers	**16,275**	4,025
Other prepayments	**7,763**	5,188
	70,224	69,644
Less: Rental deposits classified as non-current assets	**(5,824)**	(6,636)
Current portion included in trade and other receivables	**64,400**	63,008

Note: The amounts comprised credit card receivables from financial institutions and rebate receivables from suppliers which are expected to be recovered within one year from the end of the reporting period.

The Group does not hold any collateral over these balances.

As at 31 March 2021, the gross amount of trade receivables arising from contracts with customers amounted to HK$4,095,000 (2020: HK$4,687,000).

As at 1 April 2019, trade receivables from contracts with customers amounted to HK$4,230,000.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

22. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period ranging from 7 to 30 days (2020: 7 to 30 days) to its trade customers. The following is an ageing analysis of trade receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	2021 HK$'000	2020 HK$'000
Within 90 days	3,826	3,892
91-180 days	187	231
181-365 days	2	150
Over 365 days	80	414
	4,095	4,687

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The Group considers the credit risk characteristic and the days past due of trade receivables to measure the expected credit losses. The Group considers the historical loss rates in prior years and adjusts for forward looking macroeconomic data in calculating the expected credit loss rates.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 March 2021 and 2020, the expected credit loss rates for trade receivables based on ageing of customers were very low, the identified impairment loss for trade receivables was immaterial.

For receivable from disposal of an associate, the Group determined the ECL based on individual assessment after taken into account historical data together with other external available information and they are adjusted to reflect current and forward-looking information on macroeconomic factors.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

22. TRADE AND OTHER RECEIVABLES (continued)

The movements in the allowance for impairment of receivable from disposal of an associate are set out below:

	HK$'000
At 1 April 2019	–
Impairment loss recognised	3,913
At 31 March 2020 and 1 April 2020	3,913
Impairment loss reversed	(1,986)
At 31 March 2021	1,927

The Group's prepayments to suppliers that are denominated in currencies other than the functional currency of the relevant group entity to which they related are set out below:

	2021 HK$'000	2020 HK$'000
USD	11,813	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH/BANK OVERDRAFT

Pledged bank deposits represented deposits pledged to a bank to secure banking facilities granted to the Group. All the deposits have been pledged to secure bank overdraft as at 31 March 2021 and 2020. The pledged deposits carried interest at prevailing market rates ranging from 0.01% to 0.25% per annum during the year ended 31 March 2021 (2020: 0.2% to 0.25%).

During the year ended 31 March 2021, bank balances carried interest at prevailing market rates ranging from 0.01% to 2.20% (2020: 0.2% to 2.68%) per annum.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 6.

During the year ended 31 March 2021, bank overdraft carried interest at 1-month HIBOR plus 1.25% (2020: 1-month HIBOR plus 1.25%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entity to which they related are set out below:

	2021 HK$'000	2020 HK$'000
USD	520	553

24. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	31,293	39,588
Accrued payroll	14,477	16,929
Accrued expenses and other payables	9,177	9,869
	54,947	66,386

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

24. TRADE AND OTHER PAYABLES (continued)

The average credit period on trade payables is 10 – 30 days (2020: 10 – 30 days). The Group has financial risk management policies to ensure that all payables are paid within credit time-frame. The following is the ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 HK$'000	2020 HK$'000
Within 60 days	29,003	36,156
61 – 90 days	127	259
Over 90 days	2,163	3,173
	31,293	39,588

The Group's trade and other payables that are denominated in currencies other than the functional currency of relevant group entity to which they relate are set out below:

	2021 HK$'000	2020 HK$'000
USD	–	4,681

25. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Advances received to deliver goods and services	10,658	10,557

Receipts in advance are mainly from Paging and other telecommunications services. In general, the Group charges service fees derived from standard service plans in advance upon signing of the service contracts.

Revenue recognised during the year ended 31 March 2021 that was included in the contract liabilities as at 1 April 2020 is HK$10,557,000 (2020: HK$12,468,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

As at 1 April 2019, contract liabilities amounted to HK$12,468,000.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

26. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Variable rate mortgage loans	**58,260**	62,319
Variable rate trust receipt borrowings	**72,945**	83,414
	131,205	145,733
Secured	**91,018**	107,912
Unsecured	**40,187**	37,821
	131,205	145,733

The amounts due below are based on scheduled repayment dates set out in the loan agreements:

	2021 HK$'000	2020 HK$'000
Within one year	**77,045**	87,288
After one year but within two years	**4,163**	4,004
After two years but within five years	**38,142**	17,597
After five years	**11,855**	36,844
	131,205	145,733
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	**77,045**	87,288
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**54,160**	58,445
	131,205	145,733

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

26. BANK BORROWINGS (continued)

(a) All the bank borrowings carried interest at floating rates. The ranges of effective interest rates per annum on the Group's bank borrowings are as follows:

	2021	2020
Variable rate bank borrowings	**1.35%-3.29%**	2.73%-4.48%

(b) The bank borrowings are all denominated in HK$.

(c) As at 31 March 2021, secured bank borrowings of HK$91,018,000 (2020: HK$107,912,000) were secured by certain ownership interest in leasehold land and buildings included in property, plant and equipment and investment properties with carrying amounts of HK$171,930,000 (2020: HK$183,041,000) and HK$63,948,000 (2020: HK$67,389,000) respectively.

27. LONG SERVICE PAYMENT OBLIGATIONS

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further in Note 3. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. The provision represented the management's best estimate of the Group's liability at the end of the reporting period.

The Group exposes to actuarial risks such as interest rate risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2021 by Asset Appraisal Limited, a member of The Hong Kong Institute of Surveyors. The present value of the defined benefit obligation, and the related service cost, were measured using the projected unit credit method.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2021

27. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Movement of present value of provision for long service payments is as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of the year	1,352	1,179
Charged to profit or loss	352	297
Actuarial (gain) loss recognised in other comprehensive income	(1,026)	702
Benefits paid during the year	(249)	(826)
At the end of the year	429	1,352

Movement of present value of the defined benefit obligations is as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of the year	1,352	1,179
Current service cost	351	289
Interest cost	1	8
Remeasurement (gain) loss:		
Actuarial (gain) loss recognised in other comprehensive income	(1,026)	702
Less: benefits paid during the year	(249)	(826)
At the end of the year	429	1,352

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2021 HK$'000	2020 HK$'000
Current service cost	351	289
Net interest expense	1	8
Components of defined benefit costs recognised in profit or loss (included in staff costs)	352	297

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

27. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Remeasurement on the net defined benefit liability:

	2021 HK$'000	2020 HK$'000
Actuarial (gain) loss arising from changes in financial assumptions	(1,026)	702
Components of defined benefit costs recognised in other comprehensive (income) expense	(1,026)	702

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2021 HK$'000	2020 HK$'000
Cumulative amount of actuarial gains at the beginning of the year	(764)	(1,466)
Net actuarial (gain) loss during the year	(1,026)	702
Cumulative amount of actuarial gains at the end of the year	(1,790)	(764)

As at 31 March 2021 and 2020, the amounts are calculated based on the principal assumptions stated as below:

	2021	2020
Annual salary increment	3.66%	3.89%
Turnover rate	0.50%-18.45%	0.56%-26.67%
MPF return rate	4.8%	3.1%
Discount rate	0.090%-1.332%	0.569%-0.613%

Significant actuarial assumptions for the determination of the long service payment obligations are discount rate and annual salary increment. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the long service payment obligations would decrease by HK$24,000 (increase by HK$22,000) (2020: decrease by HK$132,000 (increase by HK$88,000)).

If the annual salary increment increases (decreases) by 100 basis points, the long service payment obligations would increase by HK$195,000 (decrease by HK$143,000) (2020: increase by HK$1,143,000 (decrease by HK$597,000)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

27. LONG SERVICE PAYMENT OBLIGATIONS (continued)

The sensitivity analysis presented above may not be representative of the actual change in the long service payment obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the long service payment obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the long service payment obligations liability recognised in the consolidated statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

The weighted average duration of the long service payment obligations is 25 (2020: 26) years.

28. DEFERRED TAXATION

	2021 **HK$'000**	2020 HK$'000
Deferred tax liabilities	**1,005**	949

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	Accelerated tax depreciation **HK$'000**
As at 1 April 2019	1,618
Credited to the profit or loss *(Note 11)*	(669)
As at 31 March 2020 and 1 April 2020	949
Charged to the profit or loss *(Note 11)*	56
As at 31 March 2021	1,005

At 31 March 2021, the Group has unused tax losses of HK$15,125,000 (2020: HK$20,509,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

28. DEFERRED TAXATION (continued)

As at 31 March 2021, no deferred tax liabilities have been recognised in respect of the temporary difference of HK$362,000 (2020: HK$656,000) associated with undistributed earnings of subsidiaries established and operating in the PRC because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 March 2021, the Group has deductible temporary differences of HK$3,489,000 (2020: HK$719,000). At 31 March 2021, no deferred asset has been recognised in relation to such deductible temporary difference and it is not considered probable that taxable profits will be available against which such deductible temporary differences can be utilised.

29. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	403,753,000	4,039

30. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 20 May 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 May 2024. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, subject to the acceptance from them to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

30. SHARE OPTION SCHEME (continued)

Options granted must be taken up within twenty-one days from the date of the offer, upon payment of HK$1 per acceptance of offer. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Options may be exercised at any time from the date of grant of the share option to the 3 anniversary of the date of grant.

During the year ended 31 March 2020, all the remaining share options were lapsed upon the expiry of option period.

Details of the share options outstanding during the year are as follows:

For the year ended 31 March 2020

				Number of share options			
	Date of grant	**Exercisable period**	**Exercise price**	**Outstanding at 1 April 2019**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31 March 2020**
Directors	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	60,000	–	(60,000)	–
Employees	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	4,790,000	–	(4,790,000)	–
Total				4,850,000	–	(4,850,000)	–
Exercisable at the end of the year							N/A
Weighted average exercise price				HK$3.05	N/A	HK$3.05	N/A

No share option was granted during the years ended 31 March 2021 and 2020.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
Non-current asset			
Investment in a subsidiary		**37,715**	37,715
Current assets			
Amounts due from subsidiaries	*(i)*	**710,361**	709,142
Bank balance		**365**	290
		710,726	709,432
Current liabilities			
Other payables		**405**	446
Amounts due to subsidiaries	*(i)*	**578,589**	464,388
		578,994	464,834
Net current assets		**131,732**	244,598
Total assets less current liabilities		**169,447**	282,313
Capital and reserves			
Share capital	*29*	**4,039**	4,039
Reserves	*(ii)*	**165,408**	278,274
Total equity		**169,447**	282,313

Notes:

(i) The amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes: (continued)

(ii) Reserves

	Share premium HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2019	98,195	31,956	2,881	71,718	204,750
Profit and total comprehensive income for the year	–	–	–	146,200	146,200
Dividends *(Note 14)*	–	–	–	(72,676)	(72,676)
Effect of share options					
– Lapse	–	–	(2,881)	2,881	–
At 31 March 2020 and 1 April 2020	98,195	31,956	–	148,123	278,274
Profit and total comprehensive income for the year	–	–	–	184	184
Dividends *(Note 14)*	–	–	–	(113,050)	(113,050)
At 31 March 2021	98,195	31,956	–	35,257	165,408

32. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group sub-leases part of its rented retail shops and transmission stations and leases out its investment properties and partial of ownership interests in leasehold land and buildings during the years ended 31 March 2021 and 2020. The leases are rented to third parties under operating leases with leases negotiated for a term of one to three years (2020: one to two years) as at 31 March 2021. None of the leases includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2021 HK$'000	2020 HK$'000
Within one year	2,406	1,698
After one year but within two years	1,980	312
Over two years	825	–
	5,211	2,010

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

33. CAPITAL COMMITMENTS

	2021 HK$'000	2020 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	604	200

34. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees makes monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a cap of HK$1,500 (2020: HK$1,500) per month.

Employees employed by the Group's operations in Macau Special Administration Region ("MSAR") are members of government-managed retirement benefits schemes operated by the MSAR government. The MSAR operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the MSAR government is to make the required contributions under the schemes.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2021, the total expenses charged to the consolidated statement of profit or loss and other comprehensive income of HK$7,612,000 (2020: HK$8,304,000) represented contributions payable to the scheme by the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 April 2019	89,125	207,598	296,723
Financing cash flows			
– Bank borrowings raised	–	465,222	465,222
– Repayment of bank borrowings	–	(527,087)	(527,087)
– Repayment of lease liabilities	(66,047)	–	(66,047)
– Interest paid	(2,913)	(5,471)	(8,384)
Net cash used in financing cash flows	(68,960)	(67,336)	(136,296)
New leases entered	39,394	–	39,394
Lease modification	(562)	–	(562)
Interest expenses	2,913	5,471	8,384
At 31 March 2020 and 1 April 2020	61,910	145,733	207,643
Financing cash flows			
– Bank borrowings raised	–	367,338	367,338
– Repayment of bank borrowings	–	(381,866)	(381,866)
– Repayment of lease liabilities	(54,814)	–	(54,814)
– Interest paid	(3,528)	(2,296)	(5,824)
Net cash used in financing cash flows	(58,342)	(16,824)	(75,166)
New leases entered	48,809	–	48,809
Early termination of lease	(164)	–	(164)
Interest expenses	3,528	2,296	5,824
At 31 March 2021	55,741	131,205	186,946

(b) Major non-cash transaction

During the year ended 31 March 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$48,809,000 and HK$48,809,000 respectively, in respect of lease arrangements for retail shops (2020: HK$39,394,000 and HK$39,394,000 respectively).

During the year ended 31 March 2021, the Group had non-cash reductions to right-of-use assets and lease liabilities of HK$160,000 (2020: nil) and HK$164,000 (2020: nil) respectively, in respect of early termination of leases.

During the year ended 31 March 2020, the Group had non-cash reductions to right-of-use assets and lease liabilities of HK$562,000 (2021: nil) and HK$562,000 (2021: nil) respectively, in respect of lease modification for leased retail shops.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS AND BALANCES

(a) In addition to the balances elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties:

Name of company	Nature of transactions	*Notes*	**2021 HK$'000**	2020 HK$'000
Related companies				
Chief Link Limited ("Chief Link")	Purchase of goods therefrom	*(i) & (iii)*	**–**	728
	Consignment fees received therefrom	*(i) & (iii)*	**–**	272
	Sales of goods thereto	*(i) & (iii) & (v)*	**7**	–
CKK Central Kitchen Limited	Consignment fee received therefrom	*(i). (iii) & (v)*	**498**	–
	Rental income received therefrom	*(ii), (iii) & (v)*	**110**	–
	Sales of goods thereto	*(i), (iii) & (v)*	**4**	–
Glossy Enterprises Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**5,383**	5,304
Glossy Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**840**	815
H.K. Magnetronic Company Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**–**	114
Marina Trading Inc.	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,260**	1,200
Silicon Creation Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**6,779**	6,575
	Repair service fees paid thereto	*(i) & (iii)*	**720**	720
TD King Securities Limited ("TDKS")	Subscription fee income received therefrom	*(i), (iii) & (v)*	**909**	1,097
	IT support service income received therefrom	*(i), (iii) & (v)*	**600**	–
	Consultancy fee income received therefrom	*(i) & (iii)*	**–**	300
	Technical support service income received therefrom	*(i) & (iii)*	**–**	120
	Rental income received therefrom	*(ii), (iii) & (v)*	**904**	–
	Sales of goods thereto	*(i), (iii) & (v)*	**40**	–
TD King Capital Limited	Sales of goods thereto	*(i) & (iii)*	**–**	189
	IT support service income received therefrom	*(i), (iii) & (v)*	**600**	150
Telecom Properties Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**2,236**	2,172
Telecom Service Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,210**	1,172

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) In addition to the balances elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties: (continued)

Name of company	Nature of transactions	*Notes*	**2021 HK$'000**	2020 HK$'000
Related companies				
Telecom Service One Limited ("TSO")	Repairs and refurbishment service fees paid thereto	*(i), (iii) & (v)*	**1,451**	1,885
	Consignment fees received therefrom	*(i), (iii) & (v)*	**3,039**	1,125
	Logistic fee income received therefrom	*(i), (iii)& (v)*	**265**	781
	Grading and refurbishment service fees paid thereto	*(ii), (iii) & (v)*	**515**	156
YoHm Disinfection Tech Limited ("YoHm Disinfection")	Purchase of goods therefrom	*(i), (v) & (vi)*	**4,410**	–
An associate				
SUN Mobile	Service income received therefrom	*(i)*	**400,039**	428,919

Details of amount due from a related company are as follows:

		As at 31 March		Maximum amount During the year ended 31 March	
	Notes	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
TDKS	*(iii) & (iv)*	**11**	–	**111**	111

Details of amounts due to related companies are as follows:

	Notes	**2021 HK$'000**	2020 HK$'000
TSO	*(iii) & (iv)*	**173**	615
YoHm Disinfection	*(iv) & (vi)*	**15**	–
		188	615

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) In addition to the balances elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with related parties: (continued)

Notes:

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) The grading and refurbishment charges, rental income and rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.

(iii) Cheung Brothers, the directors of the Company, have direct or indirect beneficial interests in, and control over, the relevant parties.

(iv) The amount is unsecured, interest-free and repayable on demand.

(v) The transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the "Report of the Directors" section to the annual report.

(vi) Ever Focus International Limited ("Ever Focus") holds 60% of issued share capital of YoHm Disinfection. Ever Focus is wholly owned by Ms. Cheung Lap Yee, Lizamarie, a daughter of Mr. Cheung King Shan, a director of the Company.

(b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (2020: 7 days) credit term and aged within 30 days (2020: 30 days). The amount was neither past due nor impaired.

The Group measures the loss allowance for amount due from an associate at an amount equal to lifetime ECL. The Group considers the days past due of amount due from an associate to measure the expected credit losses. The Group considers the historical loss rates in prior years and adjusts for forward looking macroeconomic data in calculating the expected credit loss rates. As at 31 March 2021 and 2020, the expected loss rate for amount due from an associate based on ageing was very low, the identified impairment loss was immaterial.

(c) The loan to an associate is unsecured, interest-free and has no fixed term of repayment.

During the year, the Group has assessed and concluded that the loan was credit-impaired due to the financial position of the associate as at 31 March 2021 was deteriorated. As at 31 March 2021, a full impairment loss on loan to an associate of HK$3,680,000 (2020: HK$3,040,000) was recognised.

(d) Compensation of key management personnel

The remuneration of key management during the years ended 31 March 2021 and 2020 was as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**14,501**	13,356
Post-employment benefits	**424**	240
	14,925	13,596

The remuneration of the key management personnel is determined by the directors of the Company having regards to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2021	2020	2021	2020	
Anton Sunrise Limited	Hong Kong 18 November 2016	Ordinary	HK$1	–	–	100%	100%	Property investment
Ace Kingdom Enterprise Limited	Hong Kong 18 July 2018	Ordinary	HK$1	–	–	100%	100%	Property investment
Carries Technology Limited	Hong Kong 30 June 1987	Ordinary	HK$300,000	–	–	100%	100%	Installation, provision of maintenance and management services for paging transmission stations
CKK Properties Limited	Hong Kong 19 January 1990	Ordinary	HK$1,000	–	–	100%	100%	Property investment
Distribution One Limited ("D1") *(Note ii)*	Hong Kong 16 February 2016	Ordinary	HK$100	–	–	100%	100% *(Note (ii))*	Provision of distribution services
Fully Sky Corporation Limited	Hong Kong 19 May 2017	Ordinary	HK$1	–	–	100%	100%	Property investment
Gold Hill Limited	Hong Kong 1 June 2016	Ordinary	HK$1	–	–	100%	100%	Property investment
Gold Luck Investment Limited	Hong Kong 21 June 2018	Ordinary	HK$1	–	–	100%	100%	Investment holding
Mango Limited	Hong Kong 5 August 2002	Ordinary	HK$1,000	–	–	100%	100%	Provision of technical support activities
Mango Mall Limited	Hong Kong 19 July 2017	Ordinary	HK$1	–	–	100%	100%	E-commerce business
深圳市恩榮咨詢有限公司 *(Note i)*	The PRC 6 August 2018	Paid-up capital	RMB1,000,000	–	–	100%	100%	Provision of consulting services
深圳市恩榮信息服務有限公司 *(Note i)*	The PRC 6 August 2018	Paid-up capital	RMB1,000,000	–	–	100%	100%	Provision of technical support activities
Telecom Digital 2 Limited	Hong Kong 7 August 2002	Ordinary	HK$1,000	–	–	100%	100%	Provision of telecommunications services
Telecom Digital Data Limited	Hong Kong 3 September 1999	Ordinary	HK$5,000,000	–	–	100%	100%	Trading of telecommunications products and provision of paging services, maintenance services and two-way wireless data services

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries as at 31 March 2021 and 2020 are as follows: (continued)

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2021	2020	2021	2020	
Telecom Digital Investment Limited	BVI 12 March 2014	Ordinary	US$1	100%	100%	–	–	Investment holding
Telecom Digital Mobile Limited	Hong Kong 27 August 2001	Ordinary	HK$1,000	–	–	100%	100%	Provision of operation services
Telecom Digital Services Limited	Hong Kong 17 September 2001	Ordinary	HK$1,000	–	–	100%	100%	Provision of management consultancy and professional services, sales of telecommunications products and provision of telecommunications services
Telecom Service Network Limited	Hong Kong 3 September 1999	Ordinary	HK$1,000	–	–	100%	100%	Provision of distribution services

Notes:

(i) Being wholly foreign owned enterprises.

(ii) On 30 March 2020, the Group acquired an additional 28% of the issued shares of D1 for nil consideration. Immediately prior to the acquisition, the carrying amount of the existing 28% non-controlling interest in D1 was a deficit of HK$871,000. The Group recognised an increase in non-controlling interest of HK$871,000.

Certain subsidiaries which do not materially affect the results or financial position of the Groups are not included in the above.

None of the subsidiaries had any debt securities issued subsisting at the end of both years ended or any time during both years.

Financial Summary

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,038,946**	1,087,240	1,239,247	1,297,573	1,092,263
Cost of inventories sold	**(539,409)**	(569,156)	(661,798)	(745,637)	(630,220)
Staff costs	**(195,472)**	(216,433)	(195,209)	(190,841)	(169,153)
Depreciation	**(84,398)**	(97,059)	(31,152)	(30,253)	(24,846)
Other income and gains	**43,923**	5,459	5,795	6,034	6,078
Other operating expenses	**(112,019)**	(115,068)	(209,257)	(201,990)	(193,775)
Share of results of associates	**7,986**	12,685	15,394	20,728	32,502
Finance costs	**(5,824)**	(8,384)	(4,899)	(3,708)	(3,448)
Profit before tax	**153,733**	99,284	158,121	151,906	109,401
Income tax expense	**(18,515)**	(16,670)	(29,110)	(24,428)	(13,659)
Profit for the year	**135,218**	82,614	129,011	127,478	95,742
Profit (loss) for the year attributable to:					
Owners of the Company	**135,218**	80,201	131,753	128,168	95,593
Non-controlling Interests	**–**	2,413	(2,742)	(690)	149
	135,218	82,614	129,011	127,478	95,742
Earnings per share (HK$)					
Basic	**0.33**	0.20	0.33	0.32	0.24
Diluted	**0.33**	0.20	0.33	0.32	0.24
ASSETS AND LIABILITIES					
Total assets	**645,276**	647,658	658,745	606,089	494,573
Total liabilities	**(263,155)**	(288,871)	(307,376)	(287,377)	(229,337)
	382,121	358,787	351,369	318,712	265,236
Equity attributable to owners of the Company	**382,121**	358,788	354,653	319,254	265,088
Non-controlling interests	**–**	(1)	(3,284)	(542)	148
	382,121	358,787	351,369	318,712	265,236