



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

2021/22

— Interim Report

THE FINANCIAL STATEMENTS

INTERIM RESULTS

The board of directors (the “Board”) of Telecom Digital Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	<i>Notes</i>	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	677,677	517,850
Cost of inventories sold		(417,649)	(264,905)
Staff costs		(97,151)	(97,558)
Depreciation		(40,338)	(42,972)
Other income and gains	6	2,462	27,090
Other operating expenses		(53,975)	(53,948)
Loss on change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(1,475)	–
Share of results of associates		4,022	3,174
Finance costs	7	(2,341)	(3,179)
Profit before tax		71,232	85,552
Income tax expense	8	(13,895)	(10,407)
Profit for the period attributable to owners of the Company		57,337	75,145

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2021

	Note	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Other comprehensive income Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		15	82
Other comprehensive income for the period		15	82
Total comprehensive income for the period attributable to owners of the Company		57,352	75,227
Earnings per share (HK\$) Basic and diluted	10	0.14	0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	243,596	270,527
Right-of-use assets	12	49,619	51,350
Investment properties	13	90,802	63,948
Club membership		1,560	1,560
Interests in associates		18,415	22,375
Rental deposits	14	5,749	5,824
Prepayments for purchase of property, plant and equipment		1,122	9,235
		410,863	424,819
Current assets			
Inventories		108,160	49,932
Financial assets at FVTPL	15	43,525	–
Trade and other receivables	14	68,380	64,400
Amount due from a related company	22(a)	–	11
Amount due from an associate	22(b)	21,628	27,341
Loan to an associate	22(c)	–	–
Tax recoverable		580	1,511
Pledged bank deposits		5,089	5,088
Bank balances and cash		109,500	72,174
		356,862	220,457

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2021

	<i>Notes</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Current liabilities			
Trade and other payables	16	103,925	54,947
Contract liabilities		7,981	10,658
Amounts due to related companies	22(a)	954	188
Lease liabilities		36,274	37,982
Bank overdrafts	17	–	1,343
Bank borrowings	17	200,042	131,205
Tax payables		16,766	7,639
		365,942	243,962
Net current liabilities		(9,080)	(23,505)
Total assets less current liabilities		401,783	401,314
Non-current liabilities			
Long service payment obligations		394	429
Lease liabilities		16,803	17,759
Deferred tax liabilities		1,638	1,005
		18,835	19,193
Net assets		382,948	382,121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2021

	<i>Note</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Capital and reserves			
Share capital	18	4,039	4,039
Reserves		378,909	378,082
Total equity		382,948	382,121

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Equity attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note (a))	Exchange reserve HK\$'000	Legal reserve HK\$'000 (Note (b))	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 April 2020 (audited)	4,039	98,195	4,533	(278)	91	252,208	358,788	(1)	358,787
Profit for the period	-	-	-	-	-	75,145	75,145	-	75,145
Other comprehensive income:									
Exchange differences arising on translation of foreign operations	-	-	-	82	-	-	82	-	82
Total comprehensive income for the period	-	-	-	82	-	75,145	75,227	-	75,227
Dividends (Note 9)	-	-	-	-	-	(64,600)	(64,600)	-	(64,600)
At 30 September 2020 (unaudited)	4,039	98,195	4,533	(196)	91	262,753	369,415	(1)	369,414
At 1 April 2021 (audited)	4,039	98,195	4,533	(138)	91	275,401	382,121	-	382,121
Profit for the period	-	-	-	-	-	57,337	57,337	-	57,337
Other comprehensive income:									
Exchange differences arising on translation of foreign operations	-	-	-	15	-	-	15	-	15
Total comprehensive income for the period	-	-	-	15	-	57,337	57,352	-	57,352
Dividends (Note 9)	-	-	-	-	-	(56,525)	(56,525)	-	(56,525)
At 30 September 2021 (unaudited)	4,039	98,195	4,533	(123)	91	276,213	382,948	-	382,948

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 September 2021

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 of the company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	114,286	104,772
INVESTING ACTIVITIES		
Acquisition of financial assets at FVTPL	(45,000)	–
Purchase of property, plant and equipment	(8,144)	(6,377)
Loan to an associate	–	(640)
Prepayment for acquisition of financial assets at FVTPL	(15,000)	–
Prepayments for purchases of property, plant and equipment	(957)	(4,678)
Placement of pledged bank deposits	(1)	(3)
Dividend received from an associate	7,982	8,271
Proceeds from disposal of property, plant and equipment	–	500
Bank interest received	343	54
NET CASH USED IN INVESTING ACTIVITIES	(60,777)	(2,873)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*For the six months ended 30 September 2021*

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Bank borrowings raised	373,976	204,931
Repayments of bank borrowings	(305,139)	(232,075)
Repayment on capital element of lease liabilities	(24,910)	(28,071)
Interest paid	(2,341)	(3,179)
Dividend paid	(56,525)	(40,375)
Government grants	76	23,357
NET CASH USED IN FINANCING ACTIVITIES	(14,863)	(75,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,646	26,487
CASH AND CASH EQUIVALENTS AT 1 APRIL	70,831	40,969
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	23	105
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by	109,500	67,561
Bank balances and cash	109,500	76,070
Bank overdrafts	–	(8,509)
	109,500	67,561

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL

The Company was incorporated in the Cayman Islands on 20 November 2002, as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company 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 of the Company is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and the address of the principal place of business is 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The directors of the Company (the “Directors”) consider the immediate holding company and ultimate holding company are CKK Investment Limited (“CKK Investment”) and Amazing Gain Limited (“Amazing Gain”) respectively, which are incorporated in the British Virgin Islands (the “BVI”).

The Company is principally engaged in investment holding and the principal activities of its principal subsidiaries are engaged in retail business in sales of mobile phones and other consumer goods and related services, distribution business in mobile phones and provision of operation services.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while the functional currencies for certain subsidiaries established in the PRC and Macau are Renminbi and Macau Patacas, respectively. For the purpose of presenting the condensed consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Group had net current liabilities of HK\$9,080,000 as at 30 September 2021. The condensed consolidated financial statements have been prepared by the Directors on a going concern basis since the following:

- (i) the unutilised banking facilities readily available to the Group amounted to HK\$232,155,000 as at 30 September 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\$52,022,000. All of them are secured by the Group’s certain leasehold land and buildings and investment properties with carrying amounts of HK\$139,475,000 and HK\$90,802,000 respectively as at 30 September 2021. The Directors 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.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. The condensed consolidated financial statements do not include 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.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical costs basis, except for certain financial instruments, and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2021.

Application of new and amendments to HKFRSs

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

The application of the amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework in the Period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents revenue arising from sales of goods and services income recognised for the Period. An analysis of the Group's revenue is as follows:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited) (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Retail business	465,331	304,250
Distribution business	14,413	16,245
– Service rendered		
Retail business	1,636	4,427
Distribution business	153	266
Operation services	176,399	172,865
Other segments	19,745	19,797
	677,677	517,850
Disaggregation of revenue from contracts with customers by timing of recognition		
Timing of revenue recognition		
– At a point of time	480,588	330,072
– Over time	197,089	187,778
	677,677	517,850

Note: Certain comparative figures have been restated to conform with the revised presentation in segment information.

5. 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 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 reporting 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
Operation services	–	Provision of operation services

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group has other operating segment which is engaged in property investment in Hong Kong. As this segment does not meet any of quantitative thresholds for determining reportable segment. Accordingly, the above operating segment is classified under "Other segments".

Following the declining trend in the paging and other telecommunications services operation, the CODM reviews this business segment and consider it is not significant, that are aggregated under the "Other segments" for reporting purpose.

As a result of the above changes, certain prior period figures have been restated to conform with current period presentation.

5. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments. (continued)

For the six months ended 30 September 2020

	Retail business HK\$'000 (unaudited)	Distribution business HK\$'000 (unaudited)	Operation services HK\$'000 (unaudited)	Other segments HK\$'000 (unaudited) (restated)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited) (restated)
Revenue						
External sales	308,677	16,511	172,865	19,797	–	517,850
Inter-segment sales	307	170,898	–	181	(171,386)	–
Segment revenue	308,984	187,409	172,865	19,978	(171,386)	517,850
Segment results	43,574	6,756	42,080	5,349		97,759
Bank interest income						54
Finance costs						(3,179)
Share of results of associates						3,174
Corporate expenses, net						(12,256)
Profit before tax						85,552

5. SEGMENT INFORMATION (continued)

Geographical information

During the Period, the Group's operations were located in Hong Kong and the PRC. During the Period, 100% (2020: 99%) of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong.

Information about major customers

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer A ¹	176,128	172,596
Customer B ²	100,893	–

¹: Revenue from operation services.

²: Revenue from retail business.

6. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	343	54
Interest income from financial assets at FVTPL	99	–
Other interest income	568	–
Exchange gain	232	–
Government subsidies		
– Employment Support Scheme (<i>Note (i)</i>)	–	20,217
– Retail Sector Subsidy Scheme (<i>Note (ii)</i>)	–	3,000
– Others	76	140
Consultancy income	–	300
Gain on disposal of property, plant and equipment	–	500
Handling income	488	41
Leasing income (<i>Note (iii)</i>)	197	2,353
Others	459	485
	2,462	27,090

6. OTHER INCOME AND GAINS (continued)

Notes:

- (i) The amount represents salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region (“HKSAR”) for the use of paying wages of employees from June to September 2020.
- (ii) The amount represents government subsidies granted under Anti-epidemic Fund launched by the Government of the HKSAR for subsidising retail stores’ operation.
- (iii) Included in leasing income were nil (2020: HK\$1,414,000), nil (2020: HK\$468,000) and HK\$197,000 (2020: HK\$471,000) arising from the operating leases of 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 payment were fixed. The related direct operating expenses of HK\$71,800 (2020: HK\$186,000) were incurred during the Period.

7. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)
Interest expenses on:		
– bank borrowings and bank overdrafts	829	1,436
– lease liabilities	1,512	1,743
	2,341	3,179

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– current period	13,261	10,960
PRC Enterprise Income Tax		
– current period	1	–
Deferred tax		
– current period	633	(553)
	13,895	10,407

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 corporations, Hong Kong Profits Tax was calculated at flat rate of 16.5% of the estimated assessable profits for the Period and corresponding period in 2020.

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 Period (2020: 25%).

8. INCOME TAX EXPENSE (continued)

Pursuant to circular issued by Ministry of Finance and National Tax Bureau, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2020 to 31 December 2021. The Group's PRC subsidiaries were qualified during the Period.

During the Period and corresponding period in 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.

9. DIVIDENDS

	Six months ended 30 September			
	2021		2020	
	HK\$ per share	HK\$'000 (unaudited)	HK\$ per share	HK\$'000 (unaudited)
Dividends recognised as distribution during the periods:				
2019/20 fourth interim dividend	–	–	0.10	40,375
2020/21 first interim dividend	–	–	0.06	24,225
2020/21 fourth interim dividend	0.08	32,300	–	–
2021/22 first interim dividend	0.06	24,225	–	–
		56,525		64,600

At a meeting held on 26 November 2021, the Board declared the second interim dividend of HK\$0.07 per share for the Period (2020: HK\$0.06 per share).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	57,337	75,145

	Six months ended 30 September	
	2021 '000 (unaudited)	2020 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	403,753	403,753

The dilutive earnings per share was same as the basic earnings per share as there were no other potential dilutive ordinary shares outstanding during the Period.

11. PROPERTY, PLANT AND EQUIPMENT

The Group paid HK\$8,144,000 (2020: HK\$6,377,000) on acquisition of property, plant and equipment during the Period. Items of property, plant and equipment with a carrying amount of HK\$931,000 (2020: nil) were written off during the Period.

During the 30 September 2020, the Group disposed of certain property, plant and equipment with nil carrying amount (2021: nil) at a consideration of HK\$500,000 (2021: nil).

During the Period, the Group had transferred two properties with carrying amounts of HK\$10,360,000 and HK\$18,251,000 respectively from property, plant and equipment to investment properties due to the change in use, which evidenced by commencement of lease to third parties (2020: nil).

12. RIGHT-OF-USE ASSETS

During the Period, the Group entered into a number of new leases of office premises and retail shops and renewal of existing leases for the use of shops and therefore recognised the additions to right-of-use assets of HK\$22,246,000 (2020: HK\$33,180,000). No right-of-use asset was written off during the Period (2020: HK\$160,000).

13. INVESTMENT PROPERTIES

Except for the transfer from property, plant and equipment stated in note 11, the Group has no acquisition of an investment property during the Period (2020: nil).

14. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade receivables	4,509	4,095
Other receivables (<i>Note</i>)	9,035	5,121
Receivable from disposal of an associate, net	4,772	6,473
Rental deposits	24,840	25,423
Utility and other deposits	4,971	5,074
Prepayments to suppliers	2,836	16,275
Prepayments for acquisition of financial assets at FVTPL	15,000	–
Other prepayments	8,166	7,763
	74,129	70,224
Less: Rental deposits classified as non-current assets	(5,749)	(5,824)
Current portion included in trade and other receivables	68,380	64,400

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 reporting period.

The Group does not hold any collateral over these balances.

As at 30 September 2021, the gross amount of trade receivables arising from contracts with customers amounted to HK\$4,509,000 (31 March 2021: HK\$4,095,000).

14. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period of 7 to 30 days to its trade customers (31 March 2021: 7 to 30 days). 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.

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 90 days	4,214	3,826
91-180 days	223	187
181-365 days	–	2
Over 365 days	72	80
	4,509	4,095

15. FINANCIAL ASSETS AT FVTPL

Investment	Invested Amount HK\$'000	Carrying Amount	
		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unlisted equity linked fixed coupon notes ("FCN")	45,000	43,525	–

15. FINANCIAL ASSETS AT FVTPL (continued)

During the Period, the Group acquired FCN from financial institutions in Hong Kong.

- The FCN are non-guaranteed products, and their returns are linked to a basket of underlying shares.
- The structure of each FCN is to receive the fixed coupon on the/each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the FCN are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the Group is required to redeem the laggard underlying at the put strike price.
- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each FCN.
- The fair values are determined using with the quoted price provided by banks.

The fair values of the FCN as at 30 September 2021 which amounted to HK\$43,525,000 (2020: nil), are determined based on the quoted price provided by a bank. The FCN have maturity of 6 months.

16. TRADE AND OTHER PAYABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade payables	60,042	31,293
Accrued payroll	12,132	14,477
Dividend payable	24,225	–
Accrued expenses and other payables	7,526	9,177
	103,925	54,947

The average credit period on trade payables ranging from 10 to 30 days (31 March 2021: 10 to 30 days). The Group has financial risk management policies to ensure that all payables are settled within credit time-frame. The following is an ageing analysis of trade payables presented based on the invoice date as at the end of the reporting period.

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 60 days	58,211	29,003
61-90 days	51	127
Over 90 days	1,780	2,163
	60,042	31,293

17. BANK OVERDRAFTS/BANK BORROWINGS

Bank overdrafts

During the Period, bank overdrafts carried interest at 1-month Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.25% (2020: 1-month HIBOR plus 1.25%) per annum.

Bank borrowings

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Variable rate mortgage loans	56,197	58,260
Variable rate trust receipt borrowings	143,845	72,945
	200,042	131,205
Secured	104,173	91,018
Unsecured	95,869	40,187
	200,042	131,205

17. BANK OVERDRAFTS/BANK BORROWINGS (continued)**Bank borrowings (continued)**

The amounts due below are based on scheduled repayment dates set out in the loan agreements:

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within one year	148,020	77,045
After one year but within two years	4,238	4,163
After two years but within five years	36,902	38,142
After five years	10,882	11,855
	200,042	131,205
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	148,020	77,045
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)	52,022	54,160
	200,042	131,205

17. BANK OVERDRAFTS/BANK BORROWINGS (continued)

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:

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Variable rate bank borrowings	1.32%-1.63%	1.48%-3.29%

- (b) The bank borrowings are all denominated in HK\$.
- (c) As at 30 September 2021, secured bank borrowings of HK\$104,173,000 (31 March 2021: HK\$91,018,000) were secured by leasehold land and buildings included in property, plant and equipment and investment properties with carrying amounts of HK\$139,475,000 (31 March 2021: HK\$171,930,000) and HK\$90,802,000 (31 March 2021: HK\$63,948,000) respectively.

18. SHARE CAPITAL

	30 September 2021		31 March 2021	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Ordinary shares of HK\$0.01 each				
<i>Authorised</i> At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	10,000,000	100,000	10,000,000	100,000
<i>Issued and fully paid</i> At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	403,753	4,039	403,753	4,039

19. OPERATING LEASE COMMITMENTS

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 period ended 30 September 2021 and 2020. The leases are rented and sub-let to third parties under operating leases with leases negotiated for a term of one to three years as at 30 September 2021 (31 March 2021: one to three years).

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be received by the Group in future periods as follows:

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within one year	2,193	2,406
After one year but within two years	1,815	1,980
After two years but within five years	–	825
	4,008	5,211

20. CAPITAL COMMITMENTS

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	-	604

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of the financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
	30 September 2021 HK\$ '000 (unaudited)	31 March 2021 HK\$ '000 (audited)			
Financial assets at FVTPL					
– FCN	43,525	–	Level 2	Quoted asset value provided by a bank (note)	N/A

Note: Quoted asset value provided by bank represents the fair value of the underlying investments.

There were no transfers between Levels 1, 2 and 3 in both periods.

22. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) In addition to the balances elsewhere in the condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the periods:

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Related companies				
Chief Link (Far East) Limited ("Chief Link (Far East)")	Consignment fees received therefrom	(i) & (iii)	37	–
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	(i) & (iii)	317	92
	Rental income received therefrom	(ii) & (iii)	94	16
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	(ii) & (iii)	2,388	2,736

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (a) In addition to the balances elsewhere in the condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the periods: (continued)

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Related companies				
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	420	420
Gold Mask Limited ("Gold Mask") (formerly known as Yohm Health Tech Limited)	Purchases of good therefrom	(i) & (iii)	966	–
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	630	630
Silicon Creation Limited ("SCL")	Rental expenses paid thereto	(ii) & (iii)	3,426	3,390
	Repair service fee paid thereto	(i) & (ii)	360	360
TD King Securities Limited ("TDKS")	Subscription fee income received therefrom	(i) & (ii)	590	453
	IT support service income received therefrom	(i) & (iii)	300	300
	Rental income received therefrom	(ii) & (iii)	452	452
TD King Capital Limited	IT support service income received therefrom	(i) & (iii)	100	300
Telecom Properties Investment Limited	Rental expenses paid thereto	(ii) & (iii)	1,118	1,118

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (a) In addition to the balances elsewhere in the condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the periods: (continued)

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Related companies				
Telecom Service Limited ("TSL")	Rental expenses paid thereto	(ii) & (iii)	605	605
Telecom Service One Limited ("TSO")	Repairs and maintenance fees paid thereto	(i) & (ii)	663	780
	Consignment fees received therefrom	(i) & (iii)	41	2,493
	Logistic fee income received therefrom	(i) & (iii)	153	265
	Grading and refurbishment services income paid thereto	(i) & (ii)	66	214
YoHm Disinfection Tech Limited ("YoHm Disinfection")	Purchases of goods therefrom	(i) & (iv)	-	2,331
An associate				
Sun Mobile Limited	Service fee income received therefrom	(i)	196,282	203,087

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (a) In addition to the balances elsewhere in the condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the periods: (continued)

Details of amount due from a related company are as follows:

		Maximum amount outstanding during the period/year ended			
<i>Notes</i>		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
TDKS	(iii) & (v)	-	11	11	111

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (a) In addition to the balances elsewhere in the condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the periods: (continued)

Details of amounts due to related companies are as follows:

	<i>Notes</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
CKK Central Kitchen	(iii) & (v)	246	–
Chief Link (Far East)	(iii) & (v)	53	–
GEL	(iii) & (v)	40	–
Gold Mask	(iii) & (v)	432	–
SCL	(iii) & (v)	60	–
TSL	(iii) & (v)	3	–
TSO	(iii) & (v)	120	173
YoHm Disinfection	(iv) & (v)	–	15
		954	188

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The rental income and rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.
- (iii) Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the “Cheung Brothers”), the directors of the Company, have direct or indirect beneficial interests in, and control over, the relevant parties.
- (iv) Ever Focus International Limited (“Ever Focus”) interested in 60% of the issued shares of YoHm Disinfection. Ever Focus is wholly owned by Ms. Cheung Lap Yee, Lizamarie, a daughter of Mr. Cheung King Shan, the director of the Company.
- (v) The amounts are unsecured, interest-free and repayable on demand.

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (31 March 2021: 7 days) credit term and aged within 30 days (31 March 2021: 30 days). The amount is neither past due nor impaired as at 30 September 2021 and 31 March 2021.
- (c) The loan to an associate is unsecured, interest-free and has no fixed term of repayment. As at 30 September 2021, the carrying amount of loan to an associate is nil (31 March 2021: nil), net of accumulated impairment loss of HK\$3,680,000 (31 March 2021: HK\$3,680,000).
- (d) **Compensation of key management personnel**

The remuneration of key management personnel during the periods was as follows:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term benefits	7,724	7,095
Post-employment benefits	90	211
	7,814	7,306

The remuneration of the key management personnel is determined by the Directors having regards to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2021, the Group is primarily involved in three business activities: retail sales of mobile phones and other consumer goods and related services; distribution of mobile phones and related services; and the provision of operation services to its associate, Sun Mobile Limited (“SUN Mobile”), which it holds 40% interest in, the balance of which is held by HKT Limited.

During the period under review, the Group recorded revenue of approximately HK\$677.68 million (2020: HK\$517.85 million) and net profit of approximately HK\$57.34 million (2020: HK\$75.15 million).

Hong Kong has one of the world’s highest penetration rates for mobile services. Moving to a more full-bloom adaptation and coverage of 5G networks, the telecommunication industry has been growing healthily in the past 6 months. The retail sales of Hong Kong surged 11.9% in August 2021 following the launch of the Consumption Voucher Scheme by the HKSAR Government. Electronic products especially smartphones are popular expensing items for the population.

The Group is operating 82 retail shops as at the date of this report. Following the expansion of the mobile phones sales brand portfolio in earlier 2021, revenue from the retail operation substantially increased by approximately 51.3%. In addition, COVID-19 pandemic situation has been stabilizing which has benefited the retail business greatly.

In respect of the distribution business segment, revenue decreased by approximately 11.8% owing to less new products launched by a mobile phone manufacturer during the Period.

With regard to the operation services business, the segment continues to deliver a stable source of revenue to the Group.

FINANCIAL REVIEW

Segment Analysis

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Retail business	466,967	308,677
Distribution business	14,566	16,511
Operating services	176,399	172,865
Other segments	19,745	19,797
Total revenue	677,677	517,850

Revenue

The Group's revenue for the Period was approximately HK\$677.68 million (2020: HK\$517.85 million), representing an increase of approximately 30.9% over the corresponding period of the previous year.

During the Period, revenue from retail sales of mobile phones and other consumer goods and related services increased approximately 51.3% as compared to the corresponding period of the previous year to approximately HK\$466.97 million (2020: HK\$308.68 million). This is the major source of revenue of the Group.

The business of mobile phone distribution and provision of related services for the Period decreased approximately 11.8% to approximately HK\$14.57 million (2020: HK\$16.51 million) as compared to the corresponding period of the previous year. It was mainly due to less new products launched by a mobile phone manufacturer during the Period.

Revenue from provision of operation services was approximately HK\$176.40 million (2020: HK\$172.87 million) for the Period, representing a slight increase of approximately 2.0% as compared to the corresponding period of the previous year.

Revenue from other segments comprises mainly provision of paging and other telecommunication services and rental income of approximately HK\$17.56 million and approximately HK\$2.19 million respectively. Revenue slightly decreased approximately 0.3% as compared to the corresponding period of the previous year. This was primarily due to the increase in rental income and offset by the decrease in paging income.

Other Income and Gains

Other income and gains is mainly contributed by leasing income, bank and other interest income, handling income and exchange gain. During the Period, the significant decrease is due to one-off government subsidies amounted to approximately HK\$23.22 million received from the Employment Support Scheme and Retail Sector Subsidy Scheme in last year. Other income and gains was approximately HK\$2.46 million for the Period (2020: HK\$27.09 million).

Other Operating Expenses

The Group's other operating expenses are mainly consisted of building management fees, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre and customer service centre, repair costs for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the Period were approximately HK\$53.98 million (2020: HK\$53.95 million). There is no material change as compare to the corresponding period of previous year.

Share of Results of Associates

Share of results of associates was approximately HK\$4.02 million for the Period (2020: HK\$3.17 million), representing an increase of approximately 26.8% as compared to the corresponding period of the previous year. The amount represents the Group's share of net profit of SUN Mobile. The increase was mainly due to the increase in revenue of SUN Mobile.

Finance Costs

There is no significant change in the Group's bank borrowings throughout the Period. The finance costs for the Period were approximately HK\$2.34 million (2020: HK\$3.18 million). It mainly consisted of interest expense on interest-bearing bank borrowings for supporting for the Group's daily operation and business expansion and interest expense on lease liabilities.

Income Tax Expense

Income tax expense represents the sum of the tax payable based on taxable profits and deferred tax. Income tax expense during the Period was approximately HK\$13.90 million (2020: HK\$10.41 million).

Profit for the Period Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the period ended 30 September 2021 was approximately HK\$57.34 million (2020: HK\$75.15 million). The significant decrease is due to one-off government subsidies amounted to approximately HK\$23.22 million received in last year.

INVESTMENTS

As at 30 September 2021, the Group held in aggregate approximately HK\$43.53 million of FCN, representing approximately 5.7% of the total assets of the Group as at 30 September 2021. The FCN are linked with securities listed on Main Board of the Stock Exchange. The Group acquired the FCN through on-market purchases with financial institutions in Hong Kong. The Group will from time to time monitor the movement of prices in securities and may adjust its investment portfolio as and when appropriate. There was no securities investment in an investee company with a value of 5% or more of the Group's total assets as at 30 September 2021. The following table sets out the main investments of FCN held by the Group as at the end of the Period:

Issuer	Linked equities (Note)	Tenor (months)	Interest rate	Investment cost HK\$'000	Fair value as at 30 September 2021 HK\$'000	Percentage to the Group's total assets as at 30 September 2021	Realised income during the Period HK\$'000	Unrealized loss during the Period HK\$'000
HSBC Bank PLC	- HKEX - HKT-SS	6	8.01%	15,000	14,600	1.9%	53	400
Barclays Bank PLC	- HKEX - Swire Pacific A - AIA	6	8.01%	16,000	15,572	2.0%	26	428
Citigroup Global Markets funding Luxembourg S.C.A.	- Wharf REIC - AIA	6	8.01%	7,000	7,000	0.9%	-	-
BNP Paribas Hong Kong SAR	- HKEX - New World Dev	6	8.01%	7,000	6,353	0.9%	20	647
				45,000	43,525	5.7%	99	1,475

Note:

Stock short name	Stock code	Company name
AIA	01299.HK	AIA Group Limited
HKEX	00388.HK	Hong Kong Exchanges and Clearing Limited
HKT-SS	06823.HK	HKT Trust and HKT Limited
New World Dev	00017.HK	New World Development Co Ltd
Swire Pacific A	00019.HK	Swire Pacific Ltd
Wharf REIC	01997.HK	Wharf Real Estate Investment Company Limited

The Group's Investment Strategy for These Investments

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had net current liabilities of approximately HK\$9.08 million (31 March 2021: HK\$23.51 million) and had cash and cash equivalents of approximately HK\$109.50 million (31 March 2021: HK\$70.83 million).

The Group has a current ratio of approximately 0.98 as at 30 September 2021 comparing to that of approximately 0.90 as at 31 March 2021. As at 30 September 2021, the Group's gearing ratio was approximately 52.5% as compared to approximately 34.7% as at 31 March 2021, which is calculated based on the Group's total borrowings (bank overdrafts, bank borrowings and amounts due to related companies) of approximately HK\$201.00 million (31 March 2021: HK\$132.74 million) and the Group's total equity of approximately HK\$382.95 million (31 March 2021: HK\$382.12 million). The Group's total cash at banks as at 30 September 2021 amounted to approximately HK\$114.59 million (31 March 2021: HK\$77.26 million) including of pledged bank deposits of approximately HK\$5.09 million (31 March 2021: HK\$5.09 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 30 September 2021, the Group has the unutilised banking facilities of approximately HK\$232.16 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

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: nil).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in note 20 to the condensed consolidated financial statements.

SECOND INTERIM DIVIDEND

The second interim dividend of HK\$0.07 per share (2020: HK\$0.06 per share) will be paid on or about 24 December 2021 to shareholders whose names appear on the register of members of the Company on 17 December 2021.

CAPITAL STRUCTURE

There was no change in the capital structure during the Period.

The capital structure of the Group consists of amounts due to related companies, bank overdrafts, 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, issue of new shares as well as the issue of new debt or the redemption of existing debt.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any material acquisition or disposal of subsidiaries during the six months ended 30 September 2021 (31 March 2021: nil).

As at 30 September 2021, the Group's properties in Hong Kong with carrying values of approximately HK\$294.51 million (31 March 2021: HK\$302.54 million).

Save as disclosed in the paragraph headed "Investments" above, the Group did not hold any significant investment as of 30 September 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed 641 (31 March 2021: 645) 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

Looking forward to the second half of the financial year of 2021/2022, with the second and third consumption vouchers released in October 2021 and to be releasing in December 2021, we are optimistic about our retail sales. While it has been a global trend to fully develop 5G services, Hong Kong's 5G coverage leads the world, according to a research of Hong Kong Trade Development Council. According to HKSAR Government, the 5G coverage in Hong Kong reached over 90% of the population as at May 2021 and the coverage networks in some core business districts or areas with high pedestrian flow even topped 99%. 5G related services and products including 5G smartphones will continue to thrive the forthcoming growth of telecom industry.

In addition, the Group will explore business opportunities that capitalise on current market conditions. It will particularly examine investments that possess the potential for strengthening its business performance and which ultimately lead to the Group's sustainable business development.

OTHER INFORMATION

SECOND INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declares the payment of the second interim dividend of HK\$0.07 per share for the Period. The second interim dividend will be payable in cash to shareholders whose names appear on the register of members of the Company on Friday, 17 December 2021.

The register of members of the Company will be closed from Thursday, 16 December 2021 to Friday, 17 December 2021 (both days inclusive), for the purpose of determining shareholders' entitlement to the second interim dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the second interim dividend, all transfers of shares of the Company 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 Wednesday, 15 December 2021.

The second interim dividend is expected to be paid on or about Friday, 24 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the shareholders of the Company on 20 May 2014 which will remain in force for a period of 10 years from the effective date 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.

During the Period, the Company has no share option under the Share Option Scheme lapsed or was granted, exercised or cancelled and there were no outstanding share options under the Share Option Scheme as at 30 September 2021.

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

As at 30 September 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 (the "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 the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long position in the shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's 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%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (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 <i>Note B</i>	100	100%
CKK Investment Limited	Beneficiary of a trust <i>Note B</i>	1	100%
Pin International Holdings Limited	Beneficiary of a trust <i>Note B</i>	12	100%

Note A: The calculation is based on 403,753,000 shares of the Company in issue as at 30 September 2021.

Note B: The 220,000,000 shares representing approximately 54.49% of the Company's shares in issue are held by CKK Investment. 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 and the associated corporations held by the Cheung Family Trust under the SFO.

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

(b) Long position in the shares of associated corporations (continued)

Save as disclosed above, as at 30 September 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 as set out in Appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period 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).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 Period, 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 Period.

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

As at 30 September 2021, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Company's 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 issued ordinary shares held	Approximate percentage of the Company's shares in issue ^{Note A}
CKK Investment Limited ^{Note B}	Beneficial owner	220,000,000	54.49%
Amazing Gain Limited ^{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 of the Company respectively in which their respective husbands are interested.

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

Save as disclosed above, as at 30 September 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.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the Period except the deviation mentioned in the following paragraph.

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 Period, 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.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B OF THE LISTING RULES

Changes of Directors' information since the Company's last published annual report required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

- On 30 July 2021, discretionary bonuses determined with reference to the Group's operating results and individual performance were paid to the following Directors:

Name of Director	Discretionary bonus
Mr. Cheung King Shek	HK\$162,000
Mr. Cheung King Shan	HK\$162,000
Mr. Cheung King Chuen Bobby	HK\$162,000
Mr. Cheung King Fung Sunny	HK\$162,000
Mr. Wong Wai Man	HK\$38,900
Ms. Mok Ngan Chu	HK\$29,300

Save as disclosed above, the Company is not aware of other changes of the Directors' information which is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

REVIEW OF RESULTS

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 Audit Committee has reviewed the Group’s unaudited interim results for the Period.

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

Hong Kong, 26 November 2021

As at the date of this report, the executive directors of the Company are Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby, Mr. Cheung King Fung Sunny, Mr. Wong Wai Man and Ms. Mok Ngan Chu and the independent non-executive directors of the Company are Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing.