Telecom Digital
電訊數碼
Wireless Data

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
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Cheung King Shek *(chairman)*
Cheung King Shan
Cheung King Chuen Bobby, *MH*
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
Registered Public Interest Entity Auditor
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 2022.

RESULTS

During the last year, the business environment remained challenging due to the COVID-19 pandemic. Nonetheless, thanks to the revenue increase in the retail business segment of the Group, the Group recorded revenue of approximately HK$1,505.08 million (2021: HK$1,038.95 million), representing an increase of approximately 44.9% year-on-year. Profit attributable to owners of the Company was approximately HK$113.06 million (2021: HK$135.22 million).

In light of the encouraging performance, the Board has recommended the payment of a third interim dividend of HK$0.06 per share of the Company ("Share"). Taking into account the two dividends already paid, the total dividend for the year amounts to HK$0.19 per Share.

BUSINESS OVERVIEW

Over the past year, we have continued to act as one of the leading comprehensive telecommunication service providers in Hong Kong and strive to provide our customers with superior products and services. The Group operates three main business segments, comprising: (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; and (iii) provision of operation services to Sun Mobile Limited ("SUN Mobile"), an associate owned as to 40% by the Group and as to 60% by HKT Limited ("HKT").

The retail business continued to remain as the largest revenue contributor of the Group during the year. As at the date of this report, the Group is operating a total of 82 retail shops. By leveraging the brand equity of Telecom Digital, enriched mobile phone brands portfolio and continuously growing customer recognition of our e-commerce business, and benefited from the Consumption Voucher Scheme 2021, the Group's retail business is able to achieve remarkable revenue growth of approximately 74.2% when compared with the corresponding period of last year. The Group's e-commence platform, Mango Mall, has also continued to gain customer confidence since its launch in 2017.

As for our operation services, the Group has continued to maintain a close partnership with HKT on the collaboration of SUN Mobile and contributed a steady revenue in light of the stable customer base. Our distribution business recorded a revenue growth of a year-on-year increase of approximately 24.4% through the effective delivery of popular mobile phones and associated services.

Chairman's Statement (continued)

PROSPECTS

The business environment was extremely challenging in the past few years due to the COVID-19 pandemic and in particular the outbreak of the Omicron variant and the fifth wave of COVID-19 since the first quarter of 2022. Despite the disruption caused by the outbreak of COVID-19, the Group was able to capture opportunities and sustain healthy growth during these difficult times. Looking forward, it is expected that Hong Kong will be gradually recovered from the pandemic situation and the Group is optimistic on the prospects for the coming year. The distribution of the second phase of the 2022 consumption voucher scheme is also expected to further boost the overall retail sales in Hong Kong. The Group will continue to develop our business by providing quality telecommunication services. This will include enhancing our retail network, expanding our product portfolio and strengthening our e-commerce platform with a view to provide exceptional shopping experience to our customers. We will also reinforce our relation with our employees to uphold their sense of belonging to raise overall operational efficiency and service quality.

In the coming year, we will continue to optimize our business model and performance. At the same time, we will continue to explore business opportunities and seek diversification to generate synergies with our core business to achieve sustainable growth.

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 2022

Chief Executive Officer's Review

OPERATION OVERVIEW

During the past year, the business environment continues to be challenging due to the COVID-19 pandemic, the Group will nevertheless continue maintaining its proactive while prudent approach to advance through cycles and attain long term sustainable growth. We have demonstrated resilience and commitment to enhance our business performance, achieving business growth with the solid support from the Group's 82-shop retail network. To enrich customer experience and bolster the physical presence, we continually strengthened the service quality and improved our sales team's overall workflow and efficiency, which currently has over 300 experienced front-line staff.

Despite the drawbacks brought by the COVID-19, it also presented us with the great potential opportunities for the fast-growing e-commerce business. We have relentlessly enhanced our online shopping platform, Mango Mall, to provide a better experience and services for our customers which will in turn strengthen customer loyalty. This strategic decision has allowed the Group to operate under a more diversified and comprehensive business model. Other than the business development and diversification, the Group had also implemented various cost control measures during the year to further deal with the challenging environment. We believe that with our determination in achieving cost and operational efficiency, we will be able to maintain a healthy position and remain competitive despite the unprecedented challenges and uncertainty in the market.

On 16 May 2022, the Group completed the acquisition of a building in Kwun Tong. The building comprises the whole block of a 13-storey revitalised industrial building with a gross floor area of approximately 97,314 square feet. The acquisition could provide a good opportunity for the Group to secure desirable offices and warehouses space in Hong Kong without being affected by the fluctuations in rents and hence is beneficial to the development of the Group's business. On the other hand, the Group intends to lease out the remaining portion of the building. Therefore, the acquisition presents an excellent opportunity for the Group to generate stable rental income in the near future and will enhance the property investment portfolio of the Group in the long run, as well as the Group may also benefit from any long term capital appreciation.

FUTURE PROSPECTS

Looking ahead, we will continue fortifying our retail network, making upgrades ranging from the storefront appearance, shop size, to the store location. We will stay assertive yet cautious in tracking appropriate sites to strategically enhance our retail network. We will also persist in the e-commerce business development by enhancing the product mix and platform functions, steadily offer seasonal promotions and promoting the "Mango Dollar" programme. Apart from that, the Group will continue the talent recruitment and retention exercise, and provide all-round training to our employees. We believe that our people are valuable assets and crucial to our business success. And by persistently investing in our people, we will be able to add to and maximize the Group's overall value by providing quality services and pleasant customer experience.

APPRECIATION

As the Chief Executive Officer of the Group, I would like to express my heartfelt appreciation to the management team and our valuable staff for their commitment and contribution to the Group during the past year. I would also like to extend my gratitude to our valued customers, business partners, suppliers and shareholders for their persistent support and trust, which is important to the Group's future development.

Cheung King Fung Sunny
Chief Executive Officer and Executive Director
Hong Kong, 24 June 2022

Management Discussion and Analysis

INDUSTRY OVERVIEW

Looking back at 2021, the telecommunications industry continued to demonstrate a robust growth benefited from the rapid development of the 5G network and 5G devices in the Hong Kong market. In December 2021, the subscription rate of mobile communication services in Hong Kong was 24.82 million, with the mobile subscriber penetration rate reaching 323.4%, and subscriptions of 2.5G/3G/4G/5G mobile broadband services reaching approximately 24.76 million. In terms of mobile data usage in Hong Kong, as of December 2021, it escalated to a record high of approximately 114,863 Terabytes, representing an increase of 30.5% and 64.3% than that in December 2020 and 2019, respectively, indicating the rapid growth of the telecommunication services market.

Throughout the past year, the Group remained focus on strengthening its market position by enhancing the retail network and e-commerce business, and recorded satisfactory results and sustained its market position in the competitive business environment.

BUSINESS REVIEW

The Group maintained its market position as one of the leading comprehensive telecommunications service providers in Hong Kong. The business segments of the Group include (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services and (iii) provision of operation services to SUN Mobile, an associate owned as to 40% by the Group and as to 60% by HKT Limited.

Despite the keen competition and outbreak of the COVID-19 epidemic, the Group has delivered satisfactory financial results in the past year. Benefitting from the Consumption Voucher Scheme 2021, it recorded a substantial growth of revenue to approximately HK$1,505.08 million (2021: HK$1,038.95 million), increasing approximately 44.9% year-on-year. In which, approximately HK$1,073.21 million was contributed by retail business.

Retail business remained as the largest revenue contributor of the Group. The Group is keeping on maintaining its product diversification drive prudently, examining and sourcing high-potential products for attracting and retaining customers. As at the date of this Report, the Group is operating 82 shops in Hong Kong. As in the past, the Group has continued with its strategy of either opening or relocating shops to locations that are easily accessible to target customers. Shops are also designed to appeal to new customers, as well as to enhance the shopping experience in general.

The performance of the operation service segment continued to perform in a stable manner and contributed approximately HK$348.76 million revenue to the Group. With regard to the distribution business, the Group's cautious approach to product procurement led to revenue growth with a year-on-year increase of approximately 24.4%.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Segment Analysis

	2021/22		2020/21	
	HK$'000	**%**	HK$'000	%
Retail business	**1,073,208**	**71.3**	616,021	59.3
Distribution business	**44,191**	**2.9**	35,522	3.4
Operation services	**348,756**	**23.2**	350,345	33.7
Other segments	**38,924**	**2.6**	37,058	3.6
Total revenue	**1,505,079**	**100.0**	1,038,946	100.0

Revenue

The Group's revenue for the year ended 31 March 2022 was approximately HK$1,505.08 million (2021: HK$1,038.95 million), representing a substantial increase of approximately 44.9% over the previous year. The increase in the Group's revenue was mainly due to increase in revenue generated from retail business. This was principally due to an expanded brand portfolio which appealed to existing and new customers.

During the year ended 31 March 2022, revenue from retail business substantially increased approximately 74.2% as compared to the corresponding period of the previous year. The increase was mainly benefited from the Consumption Voucher Scheme 2021 and an expanded mobile phone brand portfolio. 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 2022 increased approximately 24.4% 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 operation services remain stable and recorded a slight decrease in revenue of approximately 0.5% for the year ended 31 March 2022 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$34.61 million and approximately HK$4.31 million respectively. Revenue increased approximately 5.0% 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.

Management Discussion and Analysis (continued)

Other Income and Gains

Other income and gains for the year ended 31 March 2022 was approximately HK$8.35 million (2021: HK$43.92 million), representing a substantial decrease of approximately 81.0% as compared to previous year. The decrease was primarily due to the receipt of government grants in respect of COVID-19 related subsidies of approximately HK$33.54 million in previous year (2022: HK$0.22 million). Other income and gains of the year mainly comprised interest income from investment in financial assets, bank and other interest income, handling income, exchange gain and leasing 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 2022 were approximately HK$107.21 million (2021: HK$111.04 million), representing a slight decrease of approximately 3.4% over the previous year.

The decrease was mainly brought by the decrease in information fees, promotion expenses and bank charges and offset by the increase in Octopus transaction fee and utilities expenses. The decrease in information fees was mainly due to the decrease in financial data charged by the HKEx Information Services Limited by reference to the usage of information. In view of the unstable market conditions, less promotion expenses were incurred in the year under review. In addition, due to the Consumption Voucher Scheme 2021, more payments were made via Octopus rather than credit cards. The changes in payment method drove down the credit card charges but increased the Octopus transaction fee.

Share of Results of Associates

Share of results of associates for the year was approximately HK$10.55 million (2021: HK$7.99 million), representing an increase of approximately 32.0% as compared to the previous year. The amount mainly represents our share of net profit of SUN Mobile. The increase was mainly due to the increase 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 2022. The bank interest for the year ended 31 March 2022 was approximately HK$2.06 million (2021: HK$2.30 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 2022 was approximately HK$2.80 million (2021: 3.52 million).

Income Tax Expense

Income tax expense for the year ended 31 March 2022 was approximately HK$24.84 million (2021: HK$18.52 million), representing an increase of approximately 34.1%. The lower effective tax rate in previous year was mainly caused by the non-taxable government grants.

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 2022 was approximately HK$113.06 million (2021: HK$135.22 million), representing a decrease of approximately 16.4% as compared to the previous year. The decrease was primarily due to government subsidies in respect of COVID-19 relief measures in previous year.

Investments in Financial Assets

As at 31 March 2022, the Group's financial assets at fair value through profit or loss amounted to approximately HK$79.60 million (2021: nil), representing approximately 9.4% of the total assets of the Group as at 31 March 2022.

Listed Equity Securities Investment

The underlying shares price of four unlisted equity listed fixed coupon notes ("FCN") closed below the strike price on 16 March 2022, 18 March 2022, 21 March 2022 and 31 March 2022, the Group was obligated to take delivery of 90,576 shares of the underlying HKEX shares at the strike price according to the terms of the FCN. As at 31 March 2022, the Group's listed equity securities investment at fair value through profit or loss amounted to approximately HK$33.64 million (2021: nil). Details of the listed equity securities were as follows:

Stock name	Number of shares held	Approximate percentage held to the total issued share capital in the investment company	Investment cost/Cost of acquisition	Dividend income for the year ended 31 March 2022	Fair value loss for the year ended 31 March 2022	Fair value as at 31 March 2022	Approximate percentage of total assets of the Group as at 31 March 2022
			HK$'000	HK$'000	HK$'000	HK$'000	
HKEX *(Note)*	90,576	0.01%	37,984	–	4,344	33,640	4.0%

FCN Investment

As at 31 March 2022, the Group's FCN investment at fair value through profit or loss amounted to approximately HK$45.96 million (2021: nil). 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.

Management Discussion and Analysis (continued)

The following table sets out the investment of FCN held by the Group as at the end of the year:

Issuer	Linked equities *(Note)*	Tenor (months)	Interest rate	Investment cost HK$'000	Fair value as at 31 March 2022 HK$'000	Percentage to the Group's total assets as of 31 March 2022	Realised income during the year HK$'000	Unrealized loss during the year HK$'000
HSBC Bank PLC	– HKEX – LINK REIT	6	8.01%	12,000	11,044	1.3%	235	956
HSBC Bank PLC	– CCB – CM BANK	6	8.01%	10,000	9,914	1.2%	134	86
Société Générale Corporate & Investment Banking	– HSBC HOLDINGS – CM BANK	6	8.0004%	8,000	8,000	0.9%	60	–
J.P. Morgan Structured Products B.V	– HKEX – LINK REIT	6	8.01%	9,000	8,353	1.0%	60	647
J.P. Morgan Structured Products B.V	– CCB – CM BANK	6	8.01%	9,000	8,653	1.0%	91	347
				48,000	45,964	5.4%	580	2,036

Note:

Stock short name	Stock code	Company name
HSBC HOLDINGS	00005.HK	HSBC Holdings plc
HKEX	00388.HK	Hong Kong Exchanges and Clearing Limited
LINK REIT	00823.HK	Link Real Estate Investment Trust
CCB	00939.HK	China Construction Bank Corporation
CM BANK	03968.HK	China Merchants Bank Company Limited

Management Discussion and Analysis (continued)

The Group's Investment Strategy for These Investments

The Company's investment objective 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 recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

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

Liquidity and Financial Resources

As at 31 March 2022, the Group had net current liabilities of approximately HK$35.52 million (2021: HK$23.51 million) and had cash and cash equivalents of approximately HK$112.49 million (2021: HK$70.83 million).

The Group has a current ratio of approximately 0.92 as at 31 March 2022 comparing to that of approximately 0.90 as at 31 March 2021. As at 31 March 2022, the Group's gearing ratio was approximately 72.1% as compared to approximately 34.7% as at 31 March 2021, which is calculated based on the Group's total borrowings of approximately HK$295.66 million (2021: HK$132.74 million) and the Group's total equity of approximately HK$410.30 million (2021: HK$382.12 million). The Group's total cash at banks as at 31 March 2022 amounted to approximately HK$112.49 million (2021: HK$72.17 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 2022, the Group has unutilised banking facilities of approximately HK$179.99 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 31 March 2022, the Group did not have any material contingent liabilities (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 of the Group 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 33 to the consolidated financial statements.

Event After Reporting Period

On 16 February 2022, the Group entered into a provisional sale and purchase agreement with Metro Rider Investment Limited (the "Vendor") and the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell 100% of the issued share capital of Onbo International Limited at the consideration of HK$733.00 million. All the conditions precedent to the provisional sale and purchase agreement have been fulfilled and completion took place on 16 May 2022.

Management Discussion and Analysis (continued)

Dividends

	Year ended 31 March			
	2022		2021	
	HK$ per share	**HK$'000 (audited)**	HK$ per share	HK$'000 (audited)
Dividends recognised as distribution during the year:				
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
2020/21 fourth interim dividend	**0.08**	**32,300**	–	–
2021/22 first interim dividend	**0.06**	**24,225**	–	–
2021/22 second interim dividend	**0.07**	**28,263**	–	–
		84,788		113,050

At a meeting held on 24 June 2022, the Board declared the third interim dividend of HK$0.06 per share for the year ended 31 March 2022 (2021: fourth interim dividend of HK$0.08 per share).

Capital Structure

There was no change in the capital structure during the year ended 31 March 2022.

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.

Material Acquisitions and Disposals

Except as disclosed in follow, the Group did not make any material acquisitions or disposals of properties and subsidiaries during the year ended 31 March 2022 (2021: nil).

On 16 February 2022, the Group entered into a provisional sale and purchase agreement with the Vendor and the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell 100% of the issued share capital of Onbo International Limited at the consideration of HK$733.00 million. All the conditions precedent to the provisional sale and purchase agreement have been fulfilled and completion took place on 16 May 2022. For details, please refer to the announcements of the Company dated 16 February 2022, 8 March 2022, 10 March 2022 and 16 May 2022 and the circular of the Company dated 14 April 2022 (2021: nil).

Management Discussion and Analysis (continued)

Employees and Remuneration Policies

As at 31 March 2022, the Group employed 616 (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 ahead, second phase of the consumption vouchers is scheduled to be distributed in August 2022, and is expected to further boost the spending and provide positive impact to the overall retail sales in Hong Kong. 5G related products and services remain the major driver of the Hong Kong telecommunication service market and according to a research by Hong Kong Trade Development Council, Hong Kong's 5G coverage leads the world and the Hong Kong's upstream and downstream electronic players are using this first-mover advantage to try to develop quality, safe, reliable electronic components and smart products in an effort to maintain their key role in the development of 5G. We believe that our Group's positive sales growth in FY2022 despite the challenging business condition during the wave of Omicron indicate that it is well placed to capture the market potential in the Hong Kong's 5G era.

On the other hand, the Group will continue to seek to enhance the shopping environment and experience, optimizing operating costs as well as to proactively exploring new business opportunities that capitalize on market conditions. It will particularly examine investments that possess the potential for strengthening its business performance and ultimately bring long term value to the Shareholders and lead to the Group's sustainable business development.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung King Shek, aged 70, 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 63, 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, ***MH***, aged 63, 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 54, 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 56, 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 66, 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 44 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 57, 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 33 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 66, 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 45 years of 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 75, 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 53, 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 2022, 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 2022, 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 2022.

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, *MH*
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. Lo Kam Wing

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 14 to 16 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 2022, 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 2022, 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 2022, 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 2022:

(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 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 2022:

(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 53 to 55 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 2022:

(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; and

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

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 2022 are as follows:

		Board Committees			
	Board	Audit Committee	Remuneration Committee	Nomination Committee	2021 Annual General Meeting
No. of meetings held during the year	4	4	1	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	4/4	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	1/1	1/1	1/1
Mr. Lau Hing Wah	4/4	4/4	1/1	1/1	1/1
Mr. Lo Kam Wing	4/4	4/4	1/1	1/1	1/1

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 2022, 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 2022, 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	1,050
Non-audit services*	351
Total	1,401

* 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 2022. Based on the result of the review in respect of the year ended 31 March 2022, 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 2022 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 2022.

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 2021 to 31 March 2022. 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. During the year, the Group set environmental targets, details of which are set out in the section "Environmental Goals and Progress" of the ESG Report. The Board will review the progress of achieving the targets on a regular basis to continuously improve the Group's environmental performance.

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	• 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.

[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)

3.1 Environmental Goals and Progress

The Group is committed to maintaining transparency and tracking the progress of the efforts that address its goals outlined in the year. The table below highlights our environmental-related goals in various aspects. The Group also ensures that its environmental consequences are limited through continual improvement and promises to constantly monitor the progress of its goals.

Aspects[2]	Goals	Section with Corresponding Measures
Waste	• Optimising resource efficiency and recycling renewable resources where feasible to avoid waste • Ensuring that all waste is disposed of in a safe and legal manner	ENVIRONMENTAL PROTECTION Emission
Energy	• Minimising the impact on the environment and natural resources • Continuing to promote energy conservation	ENVIRONMENTAL PROTECTION Energy Conservation
Water	• Continuing to promote water conservation	ENVIRONMENTAL PROTECTION Green Operation

3.2 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.

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, folders, file cards and other stationery, so as to reduce the use of disposable and non-recyclable products to minimise the production of waste.

2 Since the Group does not generate a significate amount of emissions during its business operation, no related goal was set in the year. The Group will continue to monitor and review its emissions and establish related goals in the future.

Environmental, Social and Governance Report (continued)

3.3 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 the 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 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.

3.4 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 raise their awareness of environmental protection and encourage their active participation in environmental protection activities.

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.

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.

As an active enterprise to implement environmental protection measures to further reduce environmental footprints, the Group was awarded as the EcoPartner and EcoPioneer under the BOCHK Corporate Environmental Leadership Awards Programme organised by the Federation of Hong Kong Industries during the year.

Environmental, Social and Governance Report (continued)

3.5 Responding to Climate Change

Climate change is one of the major global issues in recent years. The Group engages with its stakeholders to understand emerging climate-related risks. The Group is aware that 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 typhoons, rainstorms and extreme conditions after super typhoons. The Group would stay alert to any announcements by the local governments on weather conditions 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.

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

Environmental, Social and Governance Report (continued)

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, Social Insurance 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 offices and retail stores respectively. In addition to statutory holidays, the Group offers its employees annual leave, sick leave, marriage leave, compassionate leave and maternity leave. Employees are also entitled to discretionary bonuses, medical care and insurance with outpatient, hospitalisation and surgical benefits.

In order to avoid congestion during lunch breaks, the Group has adopted flexible lunch hours for the employees working at frequently congested areas. In addition, the Group has provided paid leave and a free meal for employees in Hong Kong office who received the COVID-19 vaccination during the year, which are detailed in the section "Health and Safety" of the ESG Report.

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 373.5 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. The administration department has set up a temporary special cleaning team to handle the hygiene issues for the Group. Public areas and frequently-touched surfaces in the offices are regularly cleaned and disinfected. 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 declarations. The Group has 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)

Response to Coronavirus Outbreak

The Group closely monitors the situation of the COVID-19 epidemic and timely adjusts its working arrangement accordingly. To ensure the normal operation of the business while protecting the health and safety of its employees, the Group has established working arrangements for employees who undergo compulsory COVID-19 nucleic acid test, tested positive, tested preliminary positive, pending admission to hospitals or isolation. Employees who have close contact with people diagnosed with COVID-19 shall work from home or have a 14-day self-quarantine.

In addition, in response to the government's third-dose vaccination plan in Hong Kong, the Group provides one-day paid leave to employees who receive the third-dose vaccination, in order to provide employees with adequate rest time after vaccination. To encourage its employees to get vaccinated, all employees who have been vaccinated can obtain a free meal from the designated restaurant by the Group.

4.4 Development and Training

In order to encourage the employees to improve, the Group conducts performance appraisals 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.

Environmental, Social and Governance Report (continued)

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.

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 15 consecutive years.

Environmental, Social and Governance Report (continued)

In view of the severe epidemic situation during the year, to safeguard the health and safety of the customers, the Group has further enhanced the anti-epidemic measures in its retail stores, including the increase in the frequency of cleaning and providing front-line employees with cleaning equipment such as towels, bleach and disinfectant sprays.

During the year, no product sold or shipped subject was recalled for safety and health reasons and no major customer complaints was received.

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.

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.

The Group actively encourages its employees to participate in various volunteering works. During the year, to support the epidemic prevention work of the Hong Kong government, the Group has formed a volunteer team to distribute the anti-epidemic service bags to the public in Sham Shui Po. The Group has also encouraged its employees to participate in the "Run for Food Virtual Charity Run 2021" to raise funds for buying food for the people in desperate financial need due to the COVID-19 epidemic.

In addition, to promote quality education and enhance the educational development of students and teachers in the local community, the Group has donated HKD 1,000,000 to the La Salle Foundation Limited as a support to the La Salle College 90th Anniversary Fund Raising Drive during the year.

Environmental, Social and Governance Report (continued)

7. KEY PERFORMANCE INDICATORS

The data of KPIs for offices, cell sites and retail stores of the Group are as follows:

Environmental Indicators	2021/22	2020/21
Exhaust Emissions from Vehicles[1]		
Nitrogen oxides (kg)	460	434
Sulphur dioxides (kg)	1	1
Particulates (kg)	42	40
Greenhouse Gases		
Total greenhouse gas emissions[2] (tonnes CO_2e)	1,642	1,737
Scope 1 – direct emissions[3] (tonnes CO_2e)	146	148
Scope 2 – energy indirect emissions[4] (tonnes CO_2e)	1,439	1,529
Scope 3 – other indirect emissions[5] (tonnes CO_2e)	57	60
Greenhouse gas emissions per employee (tonnes CO_2e)	2.65	2.69
Waste[6]		
Total non-hazardous waste produced[7] (tonnes)	45	56
Non-hazardous waste produced per employee (tonnes)	0.07	0.09
Use of Resources[8]		
Total energy consumption (MWh)	3,811	4,181
Indirect energy consumption – Electricity purchased for consumption[9] (MWh)	3,249	3,610
Direct energy consumption – Fuel consumption of vehicles[10] (MWh)	562	571
Energy consumption per employee (MWh)	6.16	6.48
Total water consumption[11] (m^3)	1,599	1,298
Water consumption per employee (m^3)	14.28	12.13

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, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. 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 and food waste. General waste and food waste are estimated based on daily office operation situations.

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 the 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	2021/22	2020/21
Number of Employees		
Total	619	645
By gender		
Male	345	361
Female	274	284
By employment type		
Full-time	619	645
Part-time	–	–
By age group		
Aged below 30	106	141
Aged 30 to 50	387	381
Aged above 50	126	123
By geographical region		
Hong Kong	507	538
Shenzhen	112	107
Employee Turnover Rate[1]		
Total	23%	23%
By gender		
Male	27%	25%
Female	18%	20%
By age group		
Aged below 30	40%	39%
Aged 30 to 50	23%	20%
Aged above 50	6%	12%
By geographical region		
Hong Kong	23%	21%
Shenzhen	26%	34%
Average Hours of Training per Employee and Percentage of Employees who Received Training[2]		
Total	14 (53%)	14 (55%)
By gender		
Male	14 (55%)	15 (58%)
Female	13 (51%)	12 (51%)
By employee category		
General staff	15 (62%)	15 (63%)
Middle management	15 (40%)	13 (38%)
Senior management	2 (16%)	3 (21%)
Number of Suppliers[3]		
Total	279	N/A
By geographical region		
Hong Kong	275	N/A
The PRC	1	N/A
Other countries and regions	3	N/A

Notes:

1. The turnover rate of employees is calculated in accordance with the Appendix III "Reporting Guidance on Social KPIs" published by the Hong Kong Stock Exchange.

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

3. The Group starts to disclose the number of suppliers in the year.

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	31-32
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION Emission KEY PERFORMANCE INDICATORS	31-32 39-41
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39-41
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39-41
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	39-41
KPI A1.5	Description of emissions target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Emission	32
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Emission	32

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	33
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KEY PERFORMANCE INDICATORS	39-41
KPI A2.2	Water consumption in total and intensity.	KEY PERFORMANCE INDICATORS	39-41
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Energy Conservation	32-33
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Green Operation	32-33
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	KEY PERFORMANCE INDICATORS	39-41
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	33-34
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	33-34

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION Responding to Climate Change	34
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Responding to Climate Change	34
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	34-35
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	KEY PERFORMANCE INDICATORS	39-41
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	KEY PERFORMANCE INDICATORS	39-41

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
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	35-36
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	35-36
KPI B2.2	Lost days due to work injury.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	35-36
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	35-36
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Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
B4 Labour Standards			
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Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
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	37-38
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KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	OPERATING PRACTICES Business Ethics Respect towards Customers	37-38

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
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 bribery, extortion, fraud and money laundering.	OPERATING PRACTICES Anti-corruption	38
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	38
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OPERATING PRACTICES Anti-corruption	38
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KPI B8.1	Focus areas of contribution.	COMMUNITY INVESTMENT	38
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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 2022.

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 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 2022 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 76 to 167 of this annual report.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

On 24 June 2022, the Board declared a third interim dividend of HK$0.06 per Share for the year ended 31 March 2022. The third interim dividend will be payable in cash to the Shareholders whose names appear on the register of members of the Company on Tuesday, 16 August 2022.

For the purpose of determining Shareholders' entitlement to the third interim dividend, the register of members of the Company will be closed from Monday, 15 August 2022 to Tuesday, 16 August 2022 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the third 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, 12 August 2022.

The third interim dividend is expected to be paid on or about Monday, 5 September 2022.

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, 18 August 2022. A notice convening the AGM will be issued and despatched to the Shareholders in July 2022.

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, 15 August 2022 to Thursday, 18 August 2022 (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, 12 August 2022.

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 2022. 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 2022.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non–competition during the year ended 31 March 2022:

(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 2022.

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 2022.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2022, the Group's top five customers accounted for approximately 51.7% of the revenue. The top five suppliers accounted for approximately 96.0% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 25.7% of the revenue and the Group's largest supplier accounted for approximately 53.5% of the total purchases for the year.

For the year ended 31 March 2022, 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$386.62 million, representing approximately 25.7% of the Group's revenue for the year ended 31 March 2022.

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 2022.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2022 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 2022, the Company's reserves available for distribution to Shareholders amounted to approximately HK$351.79 million (2021: HK$165.41 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 18 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2022 are set out in Note 30 to the consolidated financial statements.

Report of the Directors (continued)

SUBSIDIARIES

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 2022 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, *MH*
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. Lo Kam Wing

By virtue of Article 108(a) of the Articles of Association, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Lam Yu Lung will retire by rotation and, being eligible, offer themselves 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 2022.

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 2 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 2022 and there were no outstanding share options under the Share Option Scheme as at 31 March 2022.

Report of the Directors (continued)

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

As at 31 March 2022, 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 2022.

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 2022, 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 2022 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 2022, 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 2022, 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 2022 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 2022 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 2022.

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 2022, 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)

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2022 are set out in Note 27 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2022 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 2022 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 2022, 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 1 April 2021, 26 April 2021, 18 May 2021 and 15 September 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.

1. Transactions 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 1 April 2021, the Group and East-Asia Group also entered into the 2021/22 Tenancy Agreements (the "2021/22 Tenancy Agreements") and 2021/22 Licence Agreements (the "2021/22 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 2022.

On 1 April 2022, the Group entered into the 2022/23 Tenancy Agreements and the 2022/23 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 2023. 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.

Report of the Directors (continued)

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) Marina Trading Inc., (d) Silicon Creation Limited ("SCL"), (e) Telecom Properties Investment Limited and (f) Telecom Service Limited, 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 2021 – 31 March 2022	4,700
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	154,702 154,702
4	Unit C, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	51,117 51,117
5	Unit D, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	58,608 58,608
6	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	98,000 98,000
7	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	53,500 53,500
8	19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	413,424 413,424

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	11,300 11,300
10	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	98,000 98,000
11	Shop C28 & C29, 1/F., Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	2,800 2,800
13	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	Shop	1 April 2021 – 31 March 2022 1 April 2022 – 31 March 2023	98,000 98,000
14	Portion A of Ground Floor, Cheong K. Building, 84-86 Des Voeux Road Central, Hong Kong	Shop	16 September 2021 – 31 March 2022 1 April 2022 – 31 March 2023	72,000 72,000
15	Portion A of Unit 3612, 36/F, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories	Office	1 April 2021 – 31 March 2022 (tenancy terminated in advance on 31 May 2021)	40,505

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
16	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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	105,000 105,000
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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	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 2021 – 31 March 2022 1 April 2022 – 31 March 2023	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 1 April 2021, 18 May 2021, 15 September 2021 and 1 April 2022, the annual caps for the transactions with East-Asia Group payable by the Group for the two years ended/ending 31 March 2022 and 2023 are HK$18,210,000 and HK$18,467,000 respectively. The aggregate annual fees paid by the Group to the East-Asia Group for the year ended 31 March 2022 was approximately HK$18,208,000.

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 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 ended 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 2022 is approximately HK$987,000.

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 the 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 2022 was approximately HK$57,000.

Report of the Directors (continued)

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 2022 was approximately HK$399,000.

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 2022 was approximately HK$281,000.

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.

The amount of grading and refurbishments services fees paid by TDS to TSO for the year ended 31 March 2022 was approximately HK$104,000.

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 2022 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 streaming real-time quote service by TDD to TDKS; (iii) provision of IT support services by TDS to TDKS; (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; (vii) purchase of face masks and disinfection products by Mango Mall from Gold Mask Limited ("Gold Mask") (formerly known as Yohm Health Tech Limited); and (viii) provision of financial advisory services by TD King Capital Limited ("TDKC") to the Company.

Report of the Directors (continued)

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, CKKCK, KRL Group, Gold Mask and TDKC, 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 two years ended/ending 31 March 2022 and 2023 to HK$9,800,000 and HK$7,400,000 respectively.

(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 2022. 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.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount involved in the leases entered into under the tenancy agreement each year (if applicable)) for the following year on the basis of the property supply plan to be agreed between the parties at the same time. The estimated rent shall be determined by both parties through negotiation by reference to the prevailing market rates of comparable properties in the vicinity of the leased property. 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 2021 – 31 March 2022	75,339
		1 April 2022 – 31 March 2023	75,339

The total rental received by CTL from TDKS for the year ended 31 March 2022 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 2022 was approximately HK$1,202,000.

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

TDS assists TDKS 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 for such services. The total amount for such services paid by TDKS and TDKC to TDS for the year ended 31 March 2022 was HK$700,000.

Report of the Directors (continued)

(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 2022. 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.

During the term of the rental period, the parties shall provide reasonable estimates of the transaction amount (including total rental amount involved in the leases entered into under the tenancy agreement each year (if applicable)) for the following year on the basis of the property supply plan to be agreed between the parties at the same time. The estimated rent shall be determined by both parties through negotiation by reference to the prevailing market rates of comparable properties in the vicinity of the leased property. 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	1 April 2021 – 31 March 2022	15,700
		1 April 2022 – 31 March 2023	15,700

The total rental received by CKKP from CKKCK for the year ended 31 March 2022 was approximately HK$188,000.

(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 2022 was approximately HK$79,000.

(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 food products in the brand of Cheung Kung Koon at the online shopping 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 8% to 31%, 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 consignment fees, which also amount to 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 shopping platform of the Group; and if there are no comparable consigned goods, the gross profit margins of the sales of other comparable food products by the Group on its online shopping platform would be taken.

The consignment fees received by Mango Mall from KRL Group for the year ended 31 March 2022 was approximately HK$445,000.

Report of the Directors (continued)

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

On 1 April 2021, Mango Mall commences business transactions with Gold Mask in which Mango Mall would purchase face masks and disinfection products from Gold Mask for sales on the online shopping platform and retail shops of the Group. The prices of the products are determined by Mango Mall and Gold Mask 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 is 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 Group will get no less than two quotations from independent third parties providing the same kind of products under normal commercial terms for reference.

The amount for purchase of relevant face masks and disinfection products paid by Mango Mall for the year ended 31 March 2022 was approximately HK$1,500,000.

(viii) Provision of financial advisory services by TDKC to the Company

The Company engaged with TDKC for provision of the financial advisory services in relation to the corporate financial exercise starting from 1 April 2022. In consideration for such services, the Company will pay a services fee which is determined with reference to the prevailing market rate of similar services in market for the works to be required by the Company. The service fees charged by TDKC shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis. The Company has consulted with no less than two independent third parties for quotations and market transaction prices of the same type of services. The annual services fee for the year ending 31 March 2023 determined based on the forecast and estimation on the works to be required by the Company is expected to be HK$500,000.

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.

Report of the Directors (continued)

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 (Revised) 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;

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 2022, 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 17 to 27 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.

Report of the Directors (continued)

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 2022 and the material factors underlying its results and financial position can be found in the Management Discussion and Analysis on pages 6 to 13 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 2022 is set out on pages 28 to 48 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.

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 2022, 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 2022, there was no material and significant dispute between the Group and its customers and/or suppliers.

Report of the Directors (continued)

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 168 of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2022 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 2022

Independent Auditor's Report

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

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

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 76 to 167, which comprise the consolidated statement of financial position as at 31 March 2022, 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 2022, 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 2022, the carrying amount of the inventories was HK$101,945,000, net of accumulated allowance for inventories of HK$6,000, representing 26% 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.

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, actions taken to eliminate threats or safeguards applied.

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. Pang Wai Hang.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
24 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	*7*	**1,505,079**	1,038,946
Cost of inventories sold		**(979,793)**	(539,409)
Staff costs		**(199,613)**	(195,472)
Depreciation		**(78,773)**	(84,398)
Other income and gains	*9*	**8,350**	43,923
Other operating expenses		**(107,212)**	(111,035)
Impairment loss on an investment property		**(9,448)**	(984)
Loss on change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(6,380)**	–
Share of results of associates		**10,546**	7,986
Finance costs	*10*	**(4,856)**	(5,824)
Profit before tax		**137,900**	153,733
Income tax expense	*11*	**(24,841)**	(18,515)
Profit for the year attributable to owners of the Company	*12*	**113,059**	135,218
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**31**	140
Item that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain on long service payment obligations	*28*	**(120)**	1,026
Other comprehensive (expense) income for the year		**(89)**	1,166
Total comprehensive income for the year attributable to owners of the Company		**112,970**	136,384
Earnings per share (HK$)	*15*		
Basic		**0.28**	0.33
Diluted		**0.28**	0.33

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	16	**231,985**	270,527
Right-of-use assets	17	**48,000**	51,350
Investment properties	18	**79,597**	63,948
Club membership	19	**1,560**	1,560
Interests in associates	20	**23,198**	22,375
Rental deposits	23	**5,637**	5,824
Deposits for acquisition of a subsidiary	23	**73,315**	–
Prepayments for purchase of property, plant and equipment		**–**	9,235
		463,292	424,819
Current assets			
Inventories	21	**101,945**	49,932
Financial assets at FVTPL	22	**79,604**	–
Trade and other receivables	23	**64,299**	64,400
Amounts due from related companies	36(a)	**9**	11
Amount due from an associate	36(b)	**23,725**	27,341
Loan to an associate	36(c)	**–**	–
Tax recoverable		**511**	1,511
Pledged bank deposits	24	**5,135**	5,088
Bank balances and cash	24	**112,491**	72,174
		387,719	220,457
Current liabilities			
Trade and other payables	25	**74,366**	54,947
Contract liabilities	26	**7,270**	10,658
Amounts due to related companies	36(a)	**598**	188
Lease liabilities	17	**34,967**	37,982
Bank overdraft	24	**–**	1,343
Bank borrowings	27	**295,066**	131,205
Tax payables		**10,975**	7,639
		423,242	243,962
Net current liabilities		**(35,523)**	(23,505)
Total assets less current liabilities		**427,769**	401,314

Consolidated Statement of Financial Position (continued)

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Long service payment obligations	*28*	**1,147**	429
Lease liabilities	*17*	**15,223**	17,759
Deferred tax liabilities	*29*	**1,096**	1,005
		17,466	19,193
Net assets		**410,303**	382,121
Capital and reserves			
Share capital	*30*	**4,039**	4,039
Reserves		**406,264**	378,082
Total equity		**410,303**	382,121

The consolidated financial statements on pages 76 to 167 were approved and authorised for issue by the board of directors on 24 June 2022 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 2022

	Equity attributable to owners of the Company								
	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$'000	Non-controlling interest HK$'000	Total HK$'000
As 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 28)*	–	–	–	–	–	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 (c))*	–	–	–	–	–	(1)	(1)	1	–
Dividends *(Note 14)*	–	–	–	–	–	(113,050)	(113,050)	–	(113,050)
As at 31 March 2021	4,039	98,195	4,533	(138)	91	275,401	382,121	–	382,121

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2022

	Equity attributable to owners of the Company						
	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	Total HK$'000
As at 1 April 2021	**4,039**	**98,195**	**4,533**	**(138)**	**91**	**275,401**	**382,121**
Profit for the year	–	–	–	–	–	**113,059**	**113,059**
Other comprehensive (expense) income:							
Exchange differences arising on translation of foreign operations	–	–	–	**31**	–	–	**31**
Actuarial loss on long service payment obligations *(Note 28)*	–	–	–	–	–	**(120)**	**(120)**
Total comprehensive income for the year	–	–	–	**31**	–	**112,939**	**112,970**
Dividends *(Note 14)*	–	–	–	–	–	**(84,788)**	**(84,788)**
As at 31 March 2022	**4,039**	**98,195**	**4,533**	**(107)**	**91**	**303,552**	**410,303**

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) 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 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**137,900**	153,733
Adjustments for:		
Bank interest income	**(549)**	(104)
Depreciation of property, plant and equipment	**27,255**	29,002
Interest income from financial assets at FVTPL	**(2,825)**	–
Depreciation of investment properties	**3,514**	2,457
Depreciation of right-of-use assets	**48,004**	52,939
Finance costs	**4,856**	5,824
Gain on disposal of property, plant and equipment	**(135)**	(1,045)
Gain on lease termination	**–**	(4)
Government grants	**(215)**	(33,537)
Impairment loss on an investment property	**9,448**	984
Impairment loss on loan to an associate	**–**	640
Loss on change in fair value of financial assets at FVTPL	**6,380**	–
Loss on written off of property, plant and equipment	**653**	–
Provision for long service payment obligations	**633**	352
Reversal of allowance for inventories	**(58)**	(1,754)
Reversal of impairment loss on receivable from disposal of an associate	**(547)**	(1,986)
Share of results of associates	**(10,546)**	(7,986)
Operating cash inflows before movements in working capital	**223,768**	199,515
(Increase) decrease in inventories	**(51,955)**	12,686
Decrease (increase) in trade and other receivables	**835**	(8,614)
Decrease in amount due from an associate	**3,616**	3,087
Decrease (increase) in amounts due from related companies	**2**	(11)
Increase (decrease) in trade and other payables	**19,439**	(11,467)
Increase (decrease) in amounts due to related companies	**410**	(427)
(Decrease) increase in contract liabilities	**(3,388)**	101
Decrease in long service payment obligations	**(35)**	(249)
Cash generated from operations	**192,692**	194,621
Hong Kong Profits Tax paid	**(20,412)**	(10,025)
PRC Enterprise Income Tax paid	**(2)**	–
NET CASH FROM OPERATING ACTIVITIES	**172,278**	184,596

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES		
Acquisition of financial assets at FVTPL	(120,000)	–
Redemption of financial assets at FVTPL	34,016	–
Purchase of property, plant and equipment	(11,937)	(11,254)
Deposits for acquisition of a subsidiary	(73,315)	–
Prepayments for purchase of property, plant and equipment	–	(9,235)
Loan to an associate	–	(640)
Placement in pledged bank deposits	(47)	(3)
Proceeds from disposal of an associate	–	10,020
Dividend received from an associate	9,723	9,740
Proceeds from disposal of property, plant and equipment	3,330	1,045
Bank interest received	549	104
Interest income from financial assets at FVTPL	2,825	–
NET CASH USED IN INVESTING ACTIVITIES	(154,856)	(223)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(1,182,236)	(381,866)
Dividends paid	(84,788)	(113,050)
Repayment on capital element of lease liabilities	(50,205)	(54,814)
Interest paid	(4,856)	(5,824)
Bank borrowings raised	1,346,097	367,338
Government grants	215	33,537
NET CASH FROM (USED IN) FINANCING ACTIVITIES	24,227	(154,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,649	29,694
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	70,831	40,969
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	11	168
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by	112,491	70,831
Bank balances and cash	112,491	72,174
Bank overdraft	–	(1,343)
	112,491	70,831

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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, 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 2022, the Group had net current liabilities of HK$35,523,000 and capital commitments in respect of acquisition of a subsidiary of HK$663,354,000. 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$179,988,000 at 31 March 2022;

(ii) under negotiation for additional banking facilities to be granted to the Group of which HK$503,000,000 have been granted to the Group for settlement of capital commitment before report date;

(iii) out of the secured bank borrowings of HK$155,454,000, 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$49,995,000. All of them were secured by certain ownership interest in leasehold land and buildings included in property, plant and equipment, investment properties, financial assets at FVTPL and pledged bank deposits with carrying amounts of HK$135,182,000, HK$79,597,000, HK$79,604,000 and HK$46,000 respectively. The fair value of these investment properties as at 31 March 2022 was HK$91,300,000. 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

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

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 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 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendments to HKFRS 16	*COVID-19 – Related Rent Concessions*
Amendments to HKFRS 16	*COVID-19 – Related Rent Concessions beyond 30 June 2021*

In addition, the Group applied the agenda decision of the International Financial Reporting Standards Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of 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.

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*[2]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative information*[2]
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[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contacts – Cost of Fulfilling a Contract*[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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

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

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 a reference to HKFRS 3 so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010). 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.

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 2022, the application of the amendments will not result in change in the classification of the Group's liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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

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

Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the "four-step materiality process" described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

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, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. 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 at the measurement date, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

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 2022

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 write off 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 2022

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.

An item of property and equipment becomes an investment property when there is a change in use, as evidenced by end of owner-occupation. When an entity uses the cost model, transfers between owner-occupied property and investment property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

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 of inventories represents the estimated selling price in the ordinary course of business 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 2022

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 (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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 and FVTPL.

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 2022

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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Loss on change in fair value of financial assets at FVTPL" line item. Fair value is determined in the manner described in Note 6.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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 or in the case of trade receivables, when the amounts are over 12 months past due, whichever occurs sooner. 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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.

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.

Modification of financial assets

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Modification of financial assets (continued)

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

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 FVTPL 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 2022

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 2022

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 outlets

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 service outlets. 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 suppliers on ah-hoc basis, service income is recognised when services are rendered. The Group allows certain customers to sell goods at the service outlets on a consignment basis in consideration of a consignment fee. The consignment services 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 service outlets.

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 2022

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; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee (continued)

Lease liabilities (continued)

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

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 2022

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 related to income 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 2022

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 plans/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 2022

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 2022

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 and the Group intends to settle current tax liabilities and assets on a net basis.

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. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Current and deferred tax are recognised in profit or loss.

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and club membership 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

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 2022

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.

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 service outlets. 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 (continued)

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 indicator of the Retail Business CGUs, the evaluation process requires management's judgement and estimation. For any instance where the evaluation process indicates impairment indicator, the management estimated the recoverable amounts of the Retail Business CGUs based on the value in use calculations. 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 2022, the carrying values of related property, plant and equipment and related right-of-use assets were HK$142,986,000 (2021: HK$150,497,000) and HK$48,000,000 (2021: HK$51,350,000) respectively. No impairment losses were recognised on property, plant and equipment and right-of-use assets respectively in relation to the Retail Business CGUs during the years ended 31 March 2022 and 2021.

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 2022, the carrying amount of inventories was HK$101,945,000 (2021: HK$49,932,000), net of accumulated allowance for obsolete inventories of HK$6,000 (2021: HK$64,000). No allowance for inventories (2021: nil) and reversal of allowance for inventories of HK$58,000 (2021: HK$1,754,000) were recognised during the year ended 31 March 2022.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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

Key sources of estimation uncertainty (continued)

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 2022, the carrying amounts of trade receivables and an amount due from an associate were HK$6,554,000 (2021: HK$4,095,000) and HK$23,725,000 (2021: HK$27,341,000) respectively. No impairment losses have been recognised during the year ended 31 March 2022 (2021: nil).

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 2022, the Group's carrying amount of interest in UC Now Communication Limited ("UC Now") was nil (2021: 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$23,198,000 (2021: HK$22,375,000).

Depreciation and impairment assessment 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.

The Group determines whether the property, plant and equipment and investment properties are impaired whenever there is indication of impairment presented. The impairment loss for property, plant and equipment and investment properties are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment and investment properties have been determined based on higher of the fair value less costs of disposal and value-in-use calculations. These calculations require the use of judgements and estimations.

As at 31 March 2022, 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$231,985,000 (2021: HK$270,527,000) and HK$79,597,000 (2021: HK$63,948,000), net of accumulated impairment loss nil (2021: nil) and HK$10,432,000 (2021: 984,000) respectively. No impairment losses were recognised for property, plant and equipment for both years. Impairment loss on an investment property of HK$9,448,000 (2021: HK$984,000) is recognised during the year ended 31 March 2022.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
At amortised cost (including bank balances and cash)	199,415	150,800
At FVTPL		
– Mandatorily measured at FVTPL	33,640	–
– Designated at FVTPL	45,964	–
	279,019	150,800
Financial liabilities		
At amortised cost	370,030	187,683

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, 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, interest rate risk and other price 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

As at 31 March 2022, certain bank balances, prepayments to suppliers and trade payables (2021: certain bank balances and prepayments to suppliers) are denominated in currencies other than the functional currencies of the entities to which they relate. The Group currently does not have a foreign exchange currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange 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	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
RMB	**22,775**	–	**–**	–
United States dollars ("USD")	**1,496**	12,333	**6,413**	–

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% increase or decrease in HK$ against the RMB for the years ended 31 March 2022 and 2021. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

A positive number below indicates an increase in post-tax profit where the respective functional currencies of the reporting entity strengthening 5% (2021: 5%) against the relevant foreign currencies. For a 5% (2021: 5%) weakening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2022 HK$'000	2021 HK$'000
Profit or loss		
– RMB	951	–

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 overdraft and bank borrowings 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 analyses 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 2022 and 2021 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 (2021: 50 basis points) higher/lower for the year ended 31 March 2022 and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK$1,232,000 (2021: HK$548,000). This is attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Other price risk

The Group is exposed to equity price risk through its investments classified as financial assets at FVTPL. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of the investments. For equity securities measured at FVTPL, the Group's equity price risk is mainly concentrated on equity instruments operating in financial industry sector quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2021: N/A) higher/lower post-tax profit for the year ended 31 March 2022 would increase/decrease by HK$6,647,000 (2021: N/A) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk

As at 31 March 2022, 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 related companies 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 2022

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there had been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered that the other receivables and amounts due from related companies 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 2022, the Group assessed the ECL for other receivables, reversal of impairment loss of HK$547,000 (2021: impairment loss of HK$1,986,000) was recognised. For the years ended 31 March 2022 and 2021, 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 had assessed and concluded that there were 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 (2022: 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

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.

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 2022

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 2022	*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	*23*	Note	Lifetime ECL (not credit-impaired)	6,554	–	6,554
Other receivables and deposits	*23*	Performing	12-month ECL	52,881	(1,380)	51,501
Amounts due from related companies	*36(a)*	Performing	12-month ECL	9	–	9
Amount due from an associate	*36(b)*	Note	Lifetime ECL (not credit-impaired)	23,725	–	23,725
Loan to an associate	*36(c)*	Default	Lifetime ECL (credit-impaired)	3,680	(3,680)	–
Pledged bank deposits	*24*	Performing	12-month ECL	5,135	–	5,135
Bank balances and cash	*24*	Performing	12-month ECL	112,491	–	112,491
				204,475	(5,060)	199,415

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 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	*23*	Note	Lifetime ECL (not credit-impaired)	4,095	–	4,095
Other receivables and deposits	*23*	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	*24*	Performing	12-month ECL	5,088	–	5,088
Bank balances and cash	*24*	Performing	12-month ECL	72,174	–	72,174
				156,407	(5,607)	150,800

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 related companies 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 2022 and 2021 are due from customers located in Hong Kong.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 2022 as the Group had net current liabilities of HK$35,523,000 (2021: HK$23,505,000). 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 2022					
Trade and other payables	74,366	–	–	74,366	74,366
Amounts due to related companies	598	–	–	598	598
Bank borrowings	295,066	–	–	295,066	295,066
	370,030	–	–	370,030	370,030
Lease liabilities	36,104	11,992	3,506	51,602	50,190

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 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

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 2022, the aggregate principal amounts of these bank borrowings amounted to HK$295,066,000 (2021: HK$131,205,000). 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$298,212,000 (2021: HK$135,159,000).

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

Financial instruments that are not measured at fair value on a recurring basis

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.

Financial instruments that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	Fair Value as at			
	31 March 2022 HK$'000	31 March 2021 HK$'000	**Fair value hierarchy**	**Valuation technique(s) and key inputs**
Financial assets at FVTPL				
– Listed equity securities	**33,640**	–	Level 1	Quoted bid prices in an active market
– Unlisted equity linked fixed coupon notes ("FCN")	**45,964**	–	Level 2	Quoted asset value provided by banks *(Note)*

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

There were no transfers between levels of fair value hierarchy in the current and prior years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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:

	2022 HK$'000	2021 HK$'000 (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Retail business	1,068,499	608,782
Distribution business	43,792	35,256
– Services rendered		
Retail business	4,709	7,239
Distribution business	399	266
Operation services	348,756	350,345
Other segments	34,612	37,058
	1,500,767	1,038,946
Revenue from other sources		
– Rental income from investment properties under operating leases	4,312	–
	1,505,079	1,038,946

Disaggregation of revenue from contracts with customers by timing of recognition

	2022 HK$'000	2021 HK$'000
Timing of revenue recognition		
At a point of time	1,116,403	651,204
Over time	384,364	387,742
	1,500,767	1,038,946

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

7. REVENUE (continued)

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

As at 31 March 2022 and 2021, 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.

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. 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 in both reporting periods. 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 year figures have been represented to conform with current year's presentation.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

8. SEGMENT INFORMATION (continued)

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 2022

	Retail business HK$'000	Distribution business HK$'000	Operation services HK$'000	Other segments HK$'000	Elimination HK$'000	Total HK$'000
Revenue						
External sales	1,073,208	44,191	348,756	38,924	–	1,505,079
Inter-segment sales	1,673	311,497	–	4,773	(317,943)	–
Segment revenue	1,074,881	355,688	348,756	43,697	(317,943)	1,505,079
Segment results	64,795	10,370	76,596	(6,514)		145,247
Bank interest income						549
Finance costs						(4,856)
Share of results of associates						10,546
Loss on change in fair value of financial assets at FVTPL						(6,380)
Corporate expenses, net						(7,206)
Profit before tax						137,900

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

8. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2021

	Retail business HK$'000	Distribution business HK$'000	Operation services HK$'000	Other segments HK$'000 (restated)	Elimination HK$'000	Total HK$'000 (restated)
Revenue						
External sales	616,021	35,522	350,345	37,058	–	1,038,946
Inter-segment sales	12,097	324,746	–	362	(337,205)	–
Segment revenue	628,118	360,268	350,345	37,420	(337,205)	1,038,946
Segment results	80,543	11,578	71,046	1,578		164,745
Bank interest income						104
Finance costs						(5,824)
Share of results of associates						7,986
Corporate expenses, net						(13,278)
Profit before tax						153,733

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, 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 2022

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	2022 HK$'000	2021 HK$'000 (restated)
Segment assets		
Retail business	280,060	349,054
Distribution business	29,861	18,924
Operation services	56,989	49,515
Other segments	89,217	101,629
Total segment assets	456,127	519,122
Unallocated corporate assets	394,884	126,154
Total assets	851,011	645,276
Segment liabilities		
Retail business	81,066	81,671
Distribution business	29,607	21,486
Operation services	7,571	1,137
Other segments	20,790	15,366
Total segment liabilities	139,034	119,660
Unallocated corporate liabilities	301,674	143,495
Total liabilities	440,708	263,155

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, club membership, interests in associates, deposits for acquisition of a subsidiary, financial assets at FVTPL, certain other receivables, amounts due from related companies, 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 2022

8. SEGMENT INFORMATION (continued)

The segment information is as follows:

For the year ended 31 March 2022

	Retail business HK$'000	Distribution business HK$'000	Operation services HK$'000	Other segments HK$'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	24,560	437	208	594	1,456	27,255
Depreciation of right-of-use assets	48,004	–	–	–	–	48,004
Depreciation of investment properties	–	–	–	3,514	–	3,514
Additions to non-current assets	63,652	96	2,078	–	–	65,826
Reversal of allowance for inventories	(58)	–	–	–	–	(58)
Gain on disposal of property, plant and equipment	(135)	–	–	–	–	(135)
Impairment loss on an investment property	–	–	–	9,448	–	9,448
Loss on written off of property, plant and equipment	653	–	–	–	–	653
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	–	(10,546)	–	–	(10,546)
Finance costs	3,449	496	–	379	532	4,856
Income tax expense	11,209	160	12,095	1,182	195	24,841

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2022

8. SEGMENT INFORMATION (continued)

The segment information is as follows: (continued)

For the year ended 31 March 2021

	Retail business HK$'000	Distribution business HK$'000	Operation services HK$'000	Other segments HK$'000 (restated)	Unallocated HK$'000 (restated)	Total HK$'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
Depreciation of investment properties	–	–	–	2,457	–	2,457
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	11,577	427	792	18,515

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 2022

8. SEGMENT INFORMATION (continued)

Geographical information

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

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

	2022 HK$'000	2021 HK$'000
Hong Kong (place of domicile)	1,505,079	1,038,946
The PRC	–	–
	1,505,079	1,038,946

Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong (place of domicile)	457,655	418,995
The PRC	–	–
	457,655	418,995

Non-current assets excluded rental deposits.

Information about major customers

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

	2022 HK$'000	2021 HK$'000
Customer A[1]	348,289	349,908
Customer B[2]	324,169	–

[1] Revenue from operation services.

[2] Revenue from retail business.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

9. OTHER INCOME AND GAINS

	2022 HK$'000	2021 HK$'000
Bank interest income	549	104
Interest income from financial assets at FVTPL	2,825	–
Other interest income	768	–
Consultancy income	–	1,205
Gain on disposal of property, plant and equipment	135	1,045
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	215	204
Foreign exchange differences, net	713	623
Handling income	1,157	128
Leasing income *(Note (c))*	396	4,675
Reversal of impairment loss on receivable from disposal of an associate *(Note 23)*	547	1,986
Others	1,045	616
	8,350	43,923

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 leasing income were (i) nil (2021: HK$2,835,000); (ii) nil (2021: HK$1,110,000) and (iii) HK$396,000 (2021: HK$730,000) 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 service outlets and transmission stations, respectively, whose lease payments were fixed. The related direct operating expenses of HK$144,000 (2021: HK$373,000) were incurred during the year ended 31 March 2022.

10. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest expenses on:		
– bank borrowings and bank overdraft	2,056	2,296
– lease liabilities *(Note 17(iii))*	2,800	3,528
	4,856	5,824

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

11. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Hong Kong Profits Tax		
– current year	**25,079**	20,451
– overprovision in prior years	**(329)**	(1,993)
	24,750	18,458
PRC Enterprise Income Tax		
– current year	**–**	1
Deferred tax		
– current year *(Note 29)*	**91**	56
	24,841	18,515

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 2022 (2021: 25%).

From 1 January 2019 to 31 December 2022, 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 2022 and 2021, 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 2022

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:

	2022 HK$'000	2021 HK$'000
Profit before tax	**137,900**	153,733
Tax expense at rates applicable to profits in the jurisdictions concerned	**22,770**	25,254
Adjustments in respect of current tax of previous periods	**(329)**	(1,993)
Tax effect of share of results of associates	**(1,740)**	(1,318)
Tax effect of expenses not deductible for tax purpose	**4,973**	2,951
Tax effect of income not taxable for tax purpose	**(203)**	(5,872)
Tax effect of tax losses not recognised	**629**	253
Tax effect of deductible temporary difference not recognised	**670**	457
Tax exemption *(Note)*	**(120)**	(101)
Utilisation of tax losses previously not recognised	**(1,809)**	(1,116)
Income tax expense for the year	**24,841**	18,515

Note: During the year ended 31 March 2022, twelve (2021: twelve) Hong Kong subsidiaries were entitled to 75% tax deduction on Hong Kong Profits Tax with a cap at HK$10,000 (2021: HK$10,000).

Details of deferred taxation are set out in Note 29.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

12. PROFIT FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments *(Note 13)*		
– fees	**360**	335
– salaries, allowances and other benefits	**9,036**	8,721
– discretionary bonuses	**1,271**	797
– contributions to retirement benefits scheme	**111**	352
	10,778	10,205
Other staff costs		
– salaries, allowances and other benefits	**180,935**	177,655
– contributions to retirement benefits scheme	**7,267**	7,260
– provision for long service payments	**633**	352
	188,835	185,267
Total staff costs	**199,613**	195,472
Reversal of allowance for inventories *(Notes (a) and 21)*	**(58)**	(1,754)
Auditor's remuneration *(Note (b))*	**1,050**	1,000
Advertising and promotion expenses *(Note (b))*	**4,774**	12,425
Bank charges *(Note (b))*	**6,562**	7,632
Depreciation of property, plant and equipment	**27,255**	29,002
Depreciation of right-of-use assets	**48,004**	52,939
Depreciation of investment properties	**3,514**	2,457
Impairment loss on loan to an associate *(Note (b))*	**–**	640
Loss on written off of property, plant and equipment *(Note (b))*	**653**	–
Share of income tax expenses of associates	**2,065**	1,500

Notes:

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

(b) 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 2022

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of 9 (2021: 10) directors and chief executive were as follows:

	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 2022					
Executive directors:					
Mr. Cheung King Shek	–	1,944	324	18	2,286
Mr. Cheung King Shan	–	1,944	162	19	2,125
Mr. Cheung King Chuen Bobby	–	1,944	324	19	2,287
Mr. Cheung King Fung Sunny	–	1,944	324	19	2,287
Mr. Wong Wai Man	–	719	78	18	815
Ms. Mok Ngan Chu	–	541	59	18	618
Independent non-executive directors:					
Mr. Lo Kam Wing *(Note (iii))*	120	–	–	–	120
Mr. Lam Yu Lung	120	–	–	–	120
Mr. Lau Hing Wah	120	–	–	–	120
Total	360	9,036	1,271	111	10,778

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

	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:

(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.

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.

Fees represent emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings.

Salaries, allowances and benefit in kind, commission and discretionary bonuses represent emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings.

No directors or CE waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2022 and 2021. 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 2022 and 2021.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 2022 and 2021 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 2022 and 2021 were as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits	**1,178**	1,176
Discretionary bonuses *(Note)*	**162**	196
Contributions to retirement benefits scheme	**18**	18
	1,358	1,390

The above emolument is analysed as follows:

	2022 No. of employees	2021 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 2022 and 2021.

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 2022

14. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Dividends recognised as distribution during the year:		
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
2020/21 fourth interim dividend of HK$0.08 per share	32,300	–
2021/22 first interim dividend of HK$0.06 per share	24,225	–
2021/22 second interim dividend of HK$0.07 per share	28,263	–
	84,788	113,050

Subsequent to the end of the reporting period, the third interim dividend of HK$0.06 per share in respect of the year ended 31 March 2022 has been declared by the directors of the Company.

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:

	2022 HK$'000	2021 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	113,059	135,218

	2022 '000	2021 '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:

The diluted earnings per share for the years ended 31 March 2022 and 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 2022

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 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 and 1 April 2021	302,846	75,100	2,042	20,785	45,893	80,967	527,633
Additions	–	–	–	7,924	2,085	11,163	21,172
Disposals	–	–	–	(3,423)	–	–	(3,423)
Transfer to investment properties *(Note 18)*	(35,935)	–	–	–	–	–	(35,935)
Written off	–	–	(182)	–	(2,934)	–	(3,116)
As at 31 March 2022	266,911	75,100	1,860	25,286	45,044	92,130	506,331
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 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 and 1 April 2021	64,250	74,998	2,038	11,320	36,690	67,810	257,106
Provided for the year	10,615	102	–	3,352	5,762	7,424	27,255
Eliminated on disposals	–	–	–	(228)	–	–	(228)
Transfer to investment properties *(Note 18)*	(7,324)	–	–	–	–	–	(7,324)
Eliminated on written off	–	–	(182)	–	(2,281)	–	(2,463)
As at 31 March 2022	67,541	75,100	1,856	14,444	40,171	75,234	274,346
CARRYING AMOUNTS							
As at 31 March 2022	199,370	–	4	10,842	4,873	16,896	231,985
As at 31 March 2021	238,596	102	4	9,465	9,203	13,157	270,527

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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 2022, the Group's ownership interest in leasehold land and buildings with carrying amounts of HK$135,182,000 (2021: HK$171,930,000) have been pledged to secure banking facilities granted to the Group.

During the year ended 31 March 2022 and 2021, no impairment loss was recognised in the profit or loss which was allocated to the retail service outlet 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 (2021: 1 year). 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, 31 March 2021 and 1 April 2021	35,935
Transfer to investment properties *(Note)*	(35,935)
As at 31 March 2022	–
ACCUMULATED DEPRECIATION	
As at 1 April 2020	6,234
Provided for the year	1,090
As at 31 March 2021 and 1 April 2021	7,324
Transfer to investment properties *(Note)*	(7,324)
As at 31 March 2022	–
CARRYING AMOUNTS	
As at 31 March 2022	–
As at 31 March 2021	28,611

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessor (continued)

Note: During the year ended 31 March 2022, the Group leased out 2 properties to related parties which were previously possessed by the Group for office usage and classified as property, plant and equipment. The carrying value of the units on the date of reclassification to investment properties amounted to HK$28,611,000 (Note 18).

17. LEASES

(i) Right-of-use assets

	2022 **HK$'000**	2021 HK$'000
Other properties leased for own use	**48,000**	51,350

The Group has lease arrangements for service outlets and office premises. The lease terms are generally ranged from 2 to 6 years (2021: 2 to 6 years). The Group has also entered into short-term leases arrangements in respect of carparks, service outlets, transmission stations and office premises.

Additions to the right-of-use assets for the year ended 31 March 2022 amounted to HK$44,654,000 (2021: HK$48,809,000), due to new leases of service outlets and renewal of existing leases.

As at 31 March 2022, carrying amounts of Retail Business CGUs consisted of property, plant and equipment and right-of-use assets amounting to HK$142,986,000 (2021: HK$150,497,000) and HK$48,000,000 (2021: HK$51,350,000) respectively. The Group regards each individual retail service outlet as a separately identifiable CGU. Management carried out an impairment assessment for the retail service outlet assets, including property, plant and equipment and right-of-use assets, which have an impairment indicator. The carrying amount of the service outlet assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. As at 31 March 2022, no impairment indicator identified for each identifiable CGU and no impairment losses on property, plant and equipment and right-of-use assets were recognised in other operating expenses during the year ended 31 March 2022. During the year ended 31 March 2021, no impairment losses on property, plant and equipment and right-of-use assets were recognised. 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% for 2021 per annum based on the financial forecasts approved by management covering the remaining tenure of the lease.

The Group has classified the subleases as operating leases. During the year ended 31 March 2022, the Group recognised rental income from subleasing right-of-use assets of HK$250,000 (2021: HK$248,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

17. LEASES (continued)

(ii) Lease liabilities

	2022 HK$'000	2021 HK$'000
Non-current portion	**15,223**	17,759
Current portion	**34,967**	37,982
	50,190	55,741

	2022 HK$'000	2021 HK$'000
Analysed into payable		
Within one year	**34,967**	37,982
In the second year	**11,772**	15,757
In the third to fifth years, inclusive	**3,451**	2,002
	50,190	55,741
Less: current portion	**(34,967)**	(37,982)
Non-current portion	**15,223**	17,759

During the year ended 31 March 2022, the Group entered into new leases of service outlets and renewed existing leases of HK$44,654,000 (2021: HK$48,809,000).

(iii) Amounts recognised in profit or loss

	2022 HK$'000	2021 HK$'000
Depreciation of right-of-use assets by class of underlying asset:		
Other properties leased for own use	**48,004**	52,939
Gain on lease termination (included in other income and gains)	**–**	4
Interest expenses on lease liabilities (included in finance costs)	**2,800**	3,528
Expenses relating to variable lease payments not included in the measurement of the lease liabilities (included in other operating expenses)	**195**	110
Expenses relating to short-term leases (included in other operating expenses)	**28,914**	28,598

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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:

	2022 HK$'000	2021 HK$'000
Within operating activities	29,109	28,708
Within financing activities	53,005	58,342
	82,114	87,050

(v) Others

Some of the service outlets in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the relevant service outlets. The breakdown of lease payments for these service outlets is as follows:

	2022 HK$'000	2021 HK$'000
Fixed payments	1,187	1,297
Variable payments	195	110
	1,382	1,407

Restrictions or covenants on leases

As at 31 March 2022, lease liabilities of HK$50,190,000 are recognised with related right-of-use assets of HK$48,000,000 (2021: lease liabilities of HK$55,741,000 are recognised with related right-of-use assets of HK$51,350,000). The lease agreement do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

18. INVESTMENT PROPERTIES

	HK$'000
COST	
As at 1 April 2020, 31 March 2021 and 1 April 2021	75,031
Transferred from property, plant and equipment *(Note 16)*	35,935
As at 31 March 2022	110,966
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
As at 1 April 2020	7,642
Provided for the year	2,457
Impairment loss for the year	984
As at 31 March 2021 and 1 April 2021	11,083
Provided for the year	3,514
Transferred from property, plant and equipment *(Note 16)*	7,324
Impairment loss for the year	9,448
As at 31 March 2022	31,369
CARRYING AMOUNTS	
As at 31 March 2022	79,597
As at 31 March 2021	63,948

During the year ended 31 March 2022, the Group had transferred 2 properties with carrying amount of HK$28,611,000 (2021: nil) from property, plant and equipment to investment properties due to change in use, which evidenced by end of owner-occupation and held to earns rentals and for capital appreciation.

The fair value of the Group's investment properties as at 31 March 2022 was HK$91,300,000 (2021: HK$69,600,000). The fair value has been arrived at based on a valuation carried out by International Valuation Limited ("IVL") (2021: Greater China Appraisal Limited("Greater China")), 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 2022 and 2021.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

18. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2022, the directors of the Company conducted a review of the Group's investment properties with reference to the valuation carried out by IVL (2021: Greater China), accordingly an impairment loss of HK$9,448,000 (2021: HK$984,000) was recognised.

The above investment properties are depreciated on a straight-line basis over the term of the leases.

At 31 March 2022, the Group's investment properties with carrying amounts of HK$79,597,000 (2021: HK$63,948,000) have been pledged to secure banking facilities granted to the Group.

19. CLUB MEMBERSHIP

	2022 HK$'000	2021 HK$'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 2022 and 2021.

20. INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Costs of investment, unlisted	**16,800**	16,800
Share of post-acquisition results and other comprehensive income, net of dividends received	**6,398**	5,575
	23,198	22,375

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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% (2021: 40%)	Provision of mobile services including voice and data products
UC Now	Incorporated	Hong Kong	Ordinary shares/ HK$1,000,000	16% (2021: 16%) *(Note)*	Sales and provision of online instant communication software, programs, platforms and services

Note: At 31 March 2022, the Group is able to exercise significant influence over UC Now because it has 25% (2021: 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 2022

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 2022 and 2021. Summarised financial information of associates was set out below, which represented amounts shown in its financial statements prepared in accordance with HKFRSs.

	2022 HK$'000	2021 HK$'000
Current assets	248,178	237,007
Non-current assets	268	1,016
Current liabilities	(190,451)	(181,900)
Non-current liabilities	–	(187)
Net assets	57,995	55,936
Revenue	999,370	1,006,968
Profit and total comprehensive income for the year	26,364	19,964
Dividends received from the associate during the year	9,723	9,740

Reconciliation of the above summarised financial information to the carrying amount of the interest in SUN Mobile was set out below:

	2022 HK$'000	2021 HK$'000
Opening net assets	55,936	60,322
Profit for the year	26,364	19,964
Dividend paid out	(24,305)	(24,350)
Net assets of SUN Mobile	57,995	55,936
Group's effective interest	40%	40%
Carrying amount of the Group's interest in SUN Mobile	23,198	22,375

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2022

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:

	2022 HK$'000	2021 HK$'000
The Group's share of losses	–	–
Aggregate carrying amount of the Group's interests in immaterial associates	–	–

Unrecognised share of loss of an associate

	2022 HK$'000	2021 HK$'000
The unrecognised share of loss of an associate for the year	1,287	970

21. INVENTORIES

	2022 HK$'000	2021 HK$'000
Merchandises	101,945	49,932

During the year ended 31 March 2022, certain impaired inventories were sold at a gross profit. As a result, a reversal of allowance for inventories of HK$58,000 (2021: HK$1,754,000) had been recognised and included in cost of inventories sold.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

22. FINANCIAL ASSETS AT FVTPL

	2022 HK$'000	2021 HK$'000
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong, at market value *(Note (a))*	**33,640**	–
Financial assets designated at FVTPL		
– FCN, at market value *(Note (b))*	**45,964**	–
	79,604	–

Notes:

(a) The fair values of the listed equity securities were determined based on the quoted market bid prices available on the Stock Exchange.

(b) During the year ended 31 March 2022, 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 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 31 March 2022 which amounted to HK$45,964,000 (2021: nil), are determined based on the quoted price provided by banks. The FCN have maturity of 6 months.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

22. FINANCIAL ASSETS AT FVTPL (continued)

The FCN are recognised as follows:

	HK$ '000
As at 1 April 2020, 31 March 2021 and 1 April 2021	–
Additions	120,000
Loss on change in fair value recognised in profit or loss	(2,036)
Redemption	(34,016)
Transfer to equity securities listed in Hong Kong *(Note)*	(37,984)
As at 31 March 2022	45,964

Note: Four of the FCN's shares price closed below the strike price on 16 March 2022, 18 March 2022, 21 March 2022 and 31 March 2022, the Group was obligated to take delivery of 90,576 shares of the underlying Hong Kong Exchanges and Clearing Limited (Stock Code: 00388.HK) shares at the strike price according to the terms of the FCN.

As at 31 March 2022, the Group's financial assets at FVTPL with carrying amounts of HK$79,604,000 (2021: nil) have been pledged to secure banking facilities granted to the Group.

23. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**6,554**	4,095
Other receivables *(Note (a))*	**18,787**	5,121
Receivable from disposal of an associate, net of allowance for impairment *(Note (b))*	**4,120**	6,473
Rental deposits	**23,684**	25,423
Deposits for acquisition of a subsidiary *(Note (c))*	**73,315**	–
Utility and other deposits	**4,910**	5,074
Prepayments to suppliers	**5,906**	16,275
Other prepayments	**5,975**	7,763
	143,251	70,224
Less: Deposits for acquisition of a subsidiary classified as non-current assets	**(73,315)**	–
Less: Rental deposits classified as non-current assets	**(5,637)**	(5,824)
Current portion included in trade and other receivables	**64,299**	64,400

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

23. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(a) 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.

(b) The amounts comprised receivable from disposal of an associate from buyer of the disposed associate in previous years. The carrying amount is repayable under an agreed repayment schedule.

(c) On 16 February 2022, Telecom Digital Investment Limited ("TDI"), a wholly owned subsidiary of the Company, has entered into the provisional sale and purchase agreement ("Provisional Agreement") with an independent third party to acquire 100% of the issued share capital of Onbo International Limited ("Onbo") for a consideration of HK$733,000,000, which directly holds the whole block of Wider Industrial Building, NO. 58 Tsun Yip Street, Kowloon, Hong Kong. An initial deposit of HK$40,000,000 has been paid upon execution of the Provisional Agreement, and a further deposit of HK$33,300,000 has been paid on 23 February 2022. Besides, HK$15,000 deposit for transaction cost to be capitalised in acquisition has been paid in February 2022. For details please refer to Note 38.

The Group does not hold any collateral over these balances.

As at 31 March 2022, the gross amount of trade receivables arising from contracts with customers amounted to HK$6,554,000 (2021: HK$4,095,000).

The Group allows an average credit period ranging from 7 to 30 days (2021: 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.

	2022 HK$'000	2021 HK$'000
Within 90 days	6,153	3,826
91-180 days	294	187
181-365 days	99	2
Over 365 days	8	80
	6,554	4,095

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 ECL. The Group considers the historical loss rates in prior years and adjusts for forward-looking macroeconomic data in calculating the ECL 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 2022 and 2021, the ECL rates for trade receivables based on ageing of customers were very low, the identified impairment loss for trade receivables was immaterial.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

23. TRADE AND OTHER RECEIVABLES (continued)

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.

The movements in the allowance for impairment of receivable from disposal of an associate are set out below:

	HK$'000
As at 1 April 2020	3,913
Impairment loss reversed *(Note 9)*	(1,986)
As at 31 March 2021 and 1 April 2021	1,927
Impairment loss reversed *(Note 9)*	(547)
As at 31 March 2022	1,380

24. 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 2022 and 2021. The pledged deposits carried interest at prevailing market rate at 0.01% per annum during the year ended 31 March 2022 (2021: 0.01% to 0.25%).

During the year ended 31 March 2022, bank balances carried interest at prevailing market rates ranging from 0.01% to 2.11% (2021: 0.01% to 2.20%) 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 2022, bank overdraft carried interest at 1-month HIBOR plus 1.25% (2021: 1-month HIBOR plus 1.25%) per annum.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

25. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**43,882**	31,293
Accrued payroll	**12,891**	14,477
Accrued expenses and other payables	**17,593**	9,177
	74,366	54,947

The average credit period on trade payables is 10 to 30 days (2021: 10 to 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:

	2022 HK$'000	2021 HK$'000
Within 60 days	**42,252**	29,003
61-90 days	**159**	127
Over 90 days	**1,471**	2,163
	43,882	31,293

26. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Advances received to deliver goods and services	**7,270**	10,658

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 2022 that was included in the contract liabilities as at 1 April 2021 is HK$10,658,000 (2021: HK$10,557,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

27. BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Variable rate mortgage loans	54,127	58,260
Variable rate trust receipt borrowings	201,012	72,945
Variable rate revolving loans	39,927	–
	295,066	131,205
Secured	155,454	91,018
Unsecured	139,612	40,187
	295,066	131,205

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

	2022 HK$'000	2021 HK$'000
Within one year	245,071	77,045
After one year but within two years	4,193	4,163
After two years but within five years	35,864	38,142
After five years	9,938	11,855
	295,066	131,205
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	245,071	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)	49,995	54,160
	295,066	131,205

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

27. 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:

	2022	2021
Variable rate bank borrowings	**0.97%-1.71%**	1.35%-3.29%

(b) The bank borrowings are all denominated in HK$.

(c) As at 31 March 2022, secured bank borrowings of HK$155,454,000 (2021: HK$91,018,000) were secured by certain ownership interest in leasehold land and buildings included in property, plant and equipment, investment properties, financial assets at FVTPL and pledged bank deposits with carrying amounts of HK$135,182,000 (2021: HK$171,930,000), HK$79,597,000 (2021: HK$63,948,000), HK$79,604,000 (2021: nil) and HK$46,000 (2021: nil) respectively.

28. 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 2022 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 2022

28. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Movement of present value of provision for long service payments is as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**429**	1,352
Charged to profit or loss	**633**	352
Actuarial loss (gain) recognised in other comprehensive income	**120**	(1,026)
Benefits paid during the year	**(35)**	(249)
At the end of the year	**1,147**	429

Movement of present value of the defined benefit obligations is as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**429**	1,352
Current service cost	**629**	351
Interest cost	**4**	1
Remeasurement loss (gain):		
Actuarial loss (gain) recognised in other comprehensive income	**120**	(1,026)
Less: benefits paid during the year	**(35)**	(249)
At the end of the year	**1,147**	429

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2022 HK$'000	2021 HK$'000
Current service cost	**629**	351
Net interest expense	**4**	1
Components of defined benefit costs recognised in profit or loss (included in staff costs)	**633**	352

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

28. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Remeasurement on the net defined benefit liability:

	2022 HK$'000	2021 HK$'000
Actuarial loss (gain) arising from changes in financial assumptions	**120**	(1,026)
Components of defined benefit costs recognised in other comprehensive expense (income)	**120**	(1,026)

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2022 HK$'000	2021 HK$'000
Cumulative amount of actuarial gains at the beginning of the year	**(1,790)**	(764)
Net actuarial loss (gain) during the year	**120**	(1,026)
Cumulative amount of actuarial gains at the end of the year	**(1,670)**	(1,790)

As at 31 March 2022 and 2021, the amounts are calculated based on the principal assumptions stated as below:

	2022	2021
Annual salary increment	**3.53%**	3.66%
Turnover rate	**6.48%-21.63%**	0.50%-18.45%
MPF return rate	**4.3%**	4.8%
Discount rate	**0.866%-2.091%**	0.090%-1.332%

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$29,000 (increase by HK$37,000) (2021: decrease by HK$24,000 (increase by HK$22,000)).

If the annual salary increment increases (decreases) by 100 basis points, the long service payment obligations would increase by HK$569,000 (decrease by HK$231,000) (2021: increase by HK$195,000 (decrease by HK$143,000)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

28. 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 24 (2021: 25) years.

29. DEFERRED TAXATION

	2022 **HK$'000**	2021 HK$'000
Deferred tax liabilities	**1,096**	1,005

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	Accelerated tax depreciation **HK$'000**
As at 1 April 2020	949
Charged to the profit or loss *(Note 11)*	56
As at 31 March 2021 and 1 April 2021	1,005
Charged to the profit or loss *(Note 11)*	91
As at 31 March 2022	1,096

At 31 March 2022, the Group has unused tax losses of HK$7,971,000 (2021: HK$15,125,000) 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 2022

29. DEFERRED TAXATION (continued)

As at 31 March 2022, no deferred tax liabilities have been recognised in respect of the temporary difference of HK$809,000 (2021: HK$362,000) 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 2022, the Group has deductible temporary differences of HK$7,550,000 (2021: HK$3,489,000). At 31 March 2022, 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.

30. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000
Issued and fully paid:		**HK$'000**
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	403,753,000	4,039

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
Non-current asset			
Investment in a subsidiary		**37,715**	37,715
Current assets			
Amounts due from subsidiaries	*(i)*	**982,572**	710,361
Bank balance		**3**	365
		982,575	710,726
Current liabilities			
Other payables		**320**	405
Amounts due to subsidiaries	*(i)*	**664,146**	578,589
		664,466	578,994
Net current assets		**318,109**	131,732
Total assets less current liabilities		**355,824**	169,447
Capital and reserves			
Share capital	*30*	**4,039**	4,039
Reserves	*(ii)*	**351,785**	165,408
Total equity		**355,824**	169,447

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 2022

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes: (continued)

(ii) Reserves

	Share premium HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000
As at 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)
As at 31 March 2021 and 1 April 2021	98,195	31,956	35,257	165,408
Profit and total comprehensive income for the year	–	–	271,165	271,165
Dividends *(Note 14)*	–	–	(84,788)	(84,788)
As at 31 March 2022	98,195	31,956	221,634	351,785

32. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group sub-leases part of its rented service outlets 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 2022 and 2021. The leases are rented to third parties under operating leases with leases negotiated for a term of one to three years (2021: one to two years) as at 31 March 2022. 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:

	2022 HK$'000	2021 HK$'000
Within one year	**3,222**	2,406
After one year but within two years	**1,403**	1,980
Over two years	**–**	825
	4,625	5,211

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

33. CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Capital expenditure in respect of the acquisition of a subsidiary as details disclosed in note 23(c) (2021: property, plant and equipment) contracted for but not provided in the consolidated financial statements	**663,354**	604

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 (2021: HK$1,500) per month.

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 2022, the total expenses charged to the consolidated statement of profit or loss and other comprehensive income of HK$7,378,000 (2021: HK$7,612,000) represented contributions payable to the scheme by the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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
As at 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
As at 31 March 2021 and 1 April 2021	55,741	131,205	186,946
Financing cash flows			
– Bank borrowings raised	–	1,346,097	1,346,097
– Repayment of bank borrowings	–	(1,182,236)	(1,182,236)
– Repayment of lease liabilities	(50,205)	–	(50,205)
– Interest paid	(2,800)	(2,056)	(4,856)
Net cash (used in) from financing cash flows	(53,005)	161,805	108,800
New leases entered	44,654	–	44,654
Interest expenses	2,800	2,056	4,856
As at 31 March 2022	50,190	295,066	354,256

(b) Major non-cash transactions

During the year ended 31 March 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$44,654,000 and HK$44,654,000 respectively, in respect of lease arrangements for service outlets (2021: HK$48,809,000 and HK$48,809,000 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 (2022: nil) and HK$164,000 (2022: nil) respectively, in respect of early termination of leases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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*	2022 HK$'000	2021 HK$'000
Related companies				
Chief Link (Far East) Limited ("Chief Link (Far East)")	Consignment fees received therefrom	*(i), (iii) & (v)*	**37**	–
	Sales of goods thereto	*(i), (iii) & (v)*	**4**	–
	Purchase of goods therefrom	*(i) & (iii)*	**33**	–
Chief Link Limited ("Chief Link")	Sales of goods thereto	*(i), (iii) & (v)*	**67**	7
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	*(i), (iii) & (v)*	**408**	498
	Rental income received therefrom	*(ii), (iii) & (v)*	**188**	110
	Sales of goods thereto	*(i), (iii) & (v)*	**–**	4
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	*(ii), (iii) & (v)*	**4,695**	5,383
Glossy Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**840**	840
Gold Mask Limited ("Gold Mask") (formerly known as Yohm Health Tech Limited)	Purchase of goods therefrom	*(i), (iii) & (v)*	**1,500**	–
Marina Trading Inc.	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,260**	1,260
Silicon Creation Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**7.247**	6,779
	Repair service fees paid thereto	*(i), (iii) & (v)*	**720**	720
TD King Capital Limited	IT support service income received therefrom	*(i), (iii) & (v)*	**100**	600
TD King Securities Limited ("TDKS")	Subscription fee income received therefrom	*(i), (iii) & (v)*	**1,202**	909
	IT support service income received therefrom	*(i), (iii) & (v)*	**600**	600
	Rental income received therefrom	*(ii), (iii) & (v)*	**904**	904
	Sales of goods thereto	*(i), (iii) & (v)*	**8**	40
Telecom Properties Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**2,236**	2,236
Telecom Service Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,210**	1,210

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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*	2022 HK$'000	2021 HK$'000
Related companies				
Telecom Service One Limited ("TSO")	Repairs and refurbishment service fees paid thereto	*(i), (iii) & (v)*	**1,268**	1,451
	Consignment fees received therefrom	*(i), (iii) & (v)*	**57**	3,039
	Logistic fee income received therefrom	*(i), (iii)& (v)*	**399**	265
	Grading and refurbishment service fees paid thereto	*(ii), (iii) & (v)*	**104**	515
	Management fee received therefrom	*(i) & (iii)*	**29**	–
YoHm Disinfection Tech Limited ("YoHm Disinfection")	Purchase of goods therefrom	*(i), (v) & (vi)*	**–**	4,410
An associate				
SUN Mobile	Service income received therefrom	*(i)*	**386,624**	400,039

Details of amounts due from related companies are as follows:

	Notes	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000	Maximum amount During the year ended 31 March 2022 HK$'000	Maximum amount During the year ended 31 March 2021 HK$'000
Chief Link	*(iii) & (iv)*	**1**	–	**1**	–
CKK Central Kitchen	*(iii) & (iv)*	**7**	–	**7**	–
TDKS	*(iii) & (iv)*	**1**	11	**11**	111
		9	11		

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

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)

Details of amounts due to related companies are as follows:

	Notes	**2022 HK$'000**	2021 HK$'000
Chief Link (Far East)	*(iii) & (iv)*	**3**	–
GEL	*(iii) & (iv)*	**85**	–
Gold Mask	*(iii) & (iv)*	**415**	–
Main Force Limited	*(iii) & (iv)*	**2**	–
TSO	*(iii) & (iv)*	**93**	173
YoHm Disinfection	*(iv) & (vi)*	**–**	15
		598	188

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (2021: 7 days) credit term and aged within 30 days (2021: 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 2022 and 2021, 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 ended 31 March 2021, the Group had 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 (2022: nil) was recognised.

(d) Compensation of key management personnel

The remuneration of key management during the years ended 31 March 2022 and 2021 was as follows:

	2022 HK$'000	2021 HK$'000
Short-term benefits	**15,275**	14,501
Post-employment benefits	**184**	424
	15,459	14,925

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 2022

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 March 2022 and 2021 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		
				2022	2021	2022	2021	
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	Hong Kong 16 February 2016	Ordinary	HK$100	–	–	100%	100%	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%	Investment holding
Mango Mall Limited	Hong Kong 19 July 2017	Ordinary	HK$1	–	–	100%	100%	E-commerce business
深圳市恩榮諮詢有限公司 *(Note)*	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)*	The PRC 6 August 2018	Paid-up capital	RMB1,000,000	–	–	100%	100%	Provision of technical support activities
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 and maintenance services

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2022

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries as at 31 March 2022 and 2021 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		
				2022	2021	2022	2021	
TDI	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

Note: Being wholly foreign owned enterprises.

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.

38. EVENT AFTER REPORTING PERIOD

Reference is made to the announcements of the Company dated 16 February 2022, 8 March 2022, 10 March 2022, 4 April 2022 and 16 May 2022 and the circular of the Company dated 14 April 2022 in respect of the major transaction in relation to acquisition of Onbo. All the conditions precedent to the Provisional Agreement have been fulfilled and completion took place on 16 May 2022 which financed by additional bank borrowings and the Group's working capital.

Financial Summary

	Year ended 31 March				
	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Revenue	**1,505,079**	1,038,946	1,087,240	1,239,247	1,297,573
Cost of inventories sold	**(979,793)**	(539,409)	(569,156)	(661,798)	(745,637)
Staff costs	**(199,613)**	(195,472)	(216,433)	(195,209)	(190,841)
Depreciation	**(78,773)**	(84,398)	(97,059)	(31,152)	(30,253)
Other income and gains	**8,350**	43,923	5,459	5,795	6,034
Other operating expenses	**(107,212)**	(111,035)	(115,068)	(205,772)	(201,990)
Impairment loss on an investment property	**(9,448)**	(984)	–	(3,485)	–
Loss on change in fair value of financial assets at FVTPL	**(6,380)**	–	–	–	–
Share of results of associates	**10,546**	7,986	12,685	15,394	20,728
Finance costs	**(4,856)**	(5,824)	(8,384)	(4,899)	(3,708)
Profit before tax	**137,900**	153,733	99,284	158,121	151,906
Income tax expense	**(24,841)**	(18,515)	(16,670)	(29,110)	(24,428)
Profit for the year	**113,059**	135,218	82,614	129,011	127,478
Profit (loss) for the year attributable to:					
Owners of the Company	**113,059**	135,218	80,201	131,753	128,168
Non-controlling Interests	**–**	–	2,413	(2,742)	(690)
	113,059	135,218	82,614	129,011	127,478
Earnings per share (HK$)					
Basic	**0.28**	0.33	0.20	0.33	0.32
Diluted	**0.28**	0.33	0.20	0.33	0.32
ASSETS AND LIABILITIES					
Total assets	**851,011**	645,276	647,658	658,745	606,089
Total liabilities	**(440,708)**	(263,155)	(288,871)	(307,376)	(287,377)
	410,303	382,121	358,787	351,369	318,712
Equity attributable to owners of the Company	**410,303**	382,121	358,788	354,653	319,254
Non-controlling interests	**–**	–	(1)	(3,284)	(542)
	410,303	382,121	358,787	351,369	318,712