



## **Telecom Digital Holdings Limited**

### **電訊數碼控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8336)**

## **ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2014**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors of Telecom Digital Holdings Limited (the “Company”) collectively and individually accept full responsibility includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Directors”), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## THE FINANCIAL STATEMENTS

### THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 31 December 2014 (the “Period”), together with the comparative audited figures for the corresponding period in 2013 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2014

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (audited)
Revenue	3	412,437	337,805	1,028,230	890,475
Cost of inventories sold		(321,371)	(243,654)	(736,320)	(613,252)
Staff cost		(30,277)	(25,299)	(90,732)	(79,578)
Depreciation		(5,676)	(6,396)	(15,534)	(13,459)
Other income	5	3,061	1,311	5,721	5,223
Other operating expenses		(45,481)	(42,395)	(143,593)	(130,735)
Share of results of an associate		7,102	5,779	20,101	16,836
Finance costs	6	(1,174)	(1,062)	(2,402)	(2,914)
Profit before tax		18,621	26,089	65,471	72,596
Income tax expense	7	(152)	(302)	(4,323)	(4,927)
Profit for the period		18,469	25,787	61,148	67,669
Other comprehensive (expense) income					
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
Actuarial loss on long service payments		—	(347)	—	(347)
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operation		—	50	(121)	60
Other comprehensive expense for the period		—	(297)	(121)	(287)
Total comprehensive income for the period		18,469	25,490	61,027	67,382
Earnings per share (HK\$)					
Basic and diluted	9	0.04	0.08	0.16	0.23

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Translation reserve HK\$'000	Legal reserve HK\$'000 (Note b)	Retained profit HK\$'000	Total HK\$'000
At 1 April 2013 (audited)	5,404	—	—	(186)	91	52,981	58,290
Profit for the period	—	—	—	—	—	67,669	67,669
Actuarial loss on long service payment	—	—	—	—	—	(347)	(347)
Exchange differences arising on translation of foreign operations	—	—	—	60	—	—	60
Total comprehensive income for the period	—	—	—	60	—	67,322	67,382
At 31 December 2013 (audited)	5,404	—	—	(126)	91	120,303	125,672
At 1 April 2014 (audited)	5,404	—	—	(112)	91	133,151	138,534
Profit for the period	—	—	—	—	—	61,148	61,148
Exchange differences arising on translation of foreign operations	—	—	—	(121)	—	—	(121)
Total comprehensive (expense) income for the period	—	—	—	(121)	—	61,148	61,027
Dividends	—	—	—	—	—	(146,000)	(146,000)
Group reorganisation	(5,404)	—	5,404	—	—	—	—
Capitalisation issue (Note c)	3,000	(3,000)	—	—	—	—	—
Issuance of ordinary shares in connection with the listing (Note d)	1,000	99,000	—	—	—	—	100,000
Share issue expenses	—	(8,637)	—	—	—	—	(8,637)
At 31 December 2014 (unaudited)	4,000	87,363	5,404	(233)	91	48,299	144,924

*Notes:*

- (a) Other reserve represents 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 reach 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.
- (c) Pursuant to the written resolutions passed by the shareholders of the Company on 20 May 2014, the Directors were authorised to capitalise a sum of HK\$2,999,999.40 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 299,999,940 shares for allotment and issue to the then shareholders of the Company as at 20 May 2014 in proportion to their then respective shareholdings in the Company.
- (d) In connection with the Company's placing and listing, the Company issued 100,000,000 ordinary shares of HK\$0.01 each at a price of HK\$1.0 each for a total consideration (before expenses) of approximately HK\$100,000,000. Dealing of the Company's shares on the GEM of the Stock Exchange commenced on 30 May 2014.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the nine months ended 31 December 2014*

### **1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business is 19th Floor, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while the functional currency of the subsidiary in Macau is Macau Pataca. For the purpose of presenting the condensed consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

The Directors consider the immediate holding company is CKK Investment Limited (“CKK Investment”) and the ultimate parent is the Cheung Family Trust. Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on the GEM of the Stock Exchange (the “Listing”), the Company became the holding company of the Group on 20 May 2014. Details of the Reorganisation were set out in the section headed “History and Development — Reorganisation” of the prospectus of the Company dated 26 May 2014 (the “Prospectus”).

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, these condensed consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies comprising the Group before the completion of Reorganisation, using the principles of merger accounting as prescribed in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated statement of profit or loss and other comprehensive income including the results of the companies comprises the Group have been prepared as if the current group structure had been in existence throughout the nine months ended 31 December 2014.

The Company is principally engaged in investment holding.

### **2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations, issued by the HKICPA as well as with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the consolidated financial statements for the year ended 31 March 2014. The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRSs which are effective for accounting periods commencing on or after 1 January 2014. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

### 3. REVENUE

Revenue represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts. An analysis of the Group's revenue for the periods is as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Retail business	<b>109,793</b>	122,308	<b>332,114</b>	353,862
Distribution business	<b>222,332</b>	139,925	<b>465,710</b>	316,355
Paging and other telecommunication services	<b>28,699</b>	31,963	<b>82,582</b>	102,414
Operation services	<b>51,613</b>	43,609	<b>147,824</b>	117,844
Total revenue	<b><u>412,437</u></b>	<u>337,805</u>	<b><u>1,028,230</u></b>	<u>890,475</u>

### 4. SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive directors of the Company. The information reported to the chief operating decision maker for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

Retails business	—	Sales of mobile phones and pre-paid SIM cards and related services
Distribution business	—	Distribution of mobile phones and related services
Paging and other telecommunication services	—	Sales of pagers and Mango devices and provision of paging services, maintenance services and two-way wireless data services
Operation services	—	Provision of operation services

#### Geographical information

During the Period, the Group's operations are located in Hong Kong and Macau (nine months ended 31 December 2013: Hong Kong and Macau). More than 99.0% (nine months ended 31 December 2013: 99.0%) of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong during the Period and the corresponding period in 2013.

## 5. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest income				
Bank interest income	46	13	249	32
Interest income from related companies	—	286	—	532
	<u>46</u>	<u>299</u>	<u>249</u>	<u>564</u>
Consultancy income	75	75	225	225
(Loss) gain on disposal of property, plant and equipment	(1)	(21)	210	1,028
Rental income	1,071	791	2,827	2,646
Warehouse storage income	215	184	348	312
Exchange gain	1,226	1	1,228	2
Others	429	(18)	634	446
	<u>3,061</u>	<u>1,311</u>	<u>5,721</u>	<u>5,223</u>

## 6. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest expenses on:				
— bank borrowings and bank overdrafts wholly repayable within five years	871	1,062	1,975	2,914
— bank borrowings wholly repayable over five years	303	—	427	—
	<u>1,174</u>	<u>1,062</u>	<u>2,402</u>	<u>2,914</u>

## 7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 31 December 2014 (2013: 16.5%).

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits.

## 8. DIVIDENDS

An interim dividend amounting to HK\$138,000,000 was declared and paid by the Company to its then shareholders on 20 May 2014 before Listing.

The second quarterly dividend of HK\$0.02 per ordinary share for the first half of the financial year 2014/15 amounting to HK\$8,000,000 was declared and paid by the Company on 28 November 2014 to its shareholders on record as at 26 November 2014.

The Board has resolved not to declare any third quarterly dividend for the nine months ended 31 December 2014.

## 9. EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
<b>Earning</b>				
Earnings for the purpose of basic earnings per share for the period attributable to the owners of the Company	<u>18,469</u>	<u>25,787</u>	<u>61,148</u>	<u>67,669</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>400,000,000</u>	<u>300,000,000</u>	<u>378,909,091</u>	<u>300,000,000</u>

The weighted average number of 378,909,091 ordinary shares were in issue during the nine months ended 31 December 2014 after taking into account the capitalisation issue pursuant to the Reorganisation.

The weighted average number of ordinary shares in issue during the three months ended 31 December 2013 was the assumption that 300,000,000 shares, were in issue after the capitalisation issue pursuant to the Reorganisation.

The dilutive earnings per share was the same as the basic earnings per share as there were no other potential dilutive ordinary shares outstanding during the three months and nine months ended 31 December 2014 and 2013.

## USE OF PROCEEDS

The net proceeds from the placing were approximately HK\$77.7 million, which was based on the final placing price of HK\$1.00 per share and the actual expenses on the placing and listing of shares of the Company. As at the date of this announcement, approximately HK\$62.2 million out of the net proceeds from the Listing has been used. The unused net proceeds were placed with banks in Hong Kong as short-term deposits. The Company intends to apply the net proceeds in the manner as stated in the Prospectus. The uses of proceeds were applied in accordance with the actual development of the market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group was founded in 1974 as one of the first paging operators in Hong Kong. It has been actively engaged in the telecommunications and related business and maintained its market position as one of the leading comprehensive telecommunication service providers in Hong Kong and Macau. The business segments of the Group include (i) retail sales of mobile phones and pre-paid SIM cards 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 Limited (“Sun Mobile”), an associate owned as to 40% by the Group and as to 60% by HKT Limited.

In the period under review, the Group experienced growth in revenue on distribution business and operation services as compared with the result for the same period of last year. The Group keeps expanding its logistic team to facilitate the business growth and the new engagements by two mobile phone manufacturers in June and August 2014 has accelerated the revenue growth. The Group is currently engaged by four mobile phone manufacturers for the distribution of mobile phones to wholesalers and retailers in Hong Kong. Apart from distribution business, revenue growth from operation services was beholden to the increase in customers of Sun Mobile.

### FINANCIAL REVIEW

#### Segment Analysis:

	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Retail business	<b>109,793</b>	122,308	<b>332,114</b>	353,862
Distribution business	<b>222,332</b>	139,925	<b>465,710</b>	316,355
Paging and other telecommunication services	<b>28,699</b>	31,963	<b>82,582</b>	102,414
Operation services	<b>51,613</b>	43,609	<b>147,824</b>	117,844
Total revenue	<b><u>412,437</u></b>	<b><u>337,805</u></b>	<b><u>1,028,230</u></b>	<b><u>890,475</u></b>

## **Revenue**

The Group's revenue for the nine months ended 31 December 2014 was approximately HK\$1,028,230,000 (nine months ended 31 December 2013: HK\$890,475,000), representing an increase of 15.5% over the corresponding period of the previous year. The increase in the Group's revenue was mainly due to higher revenue generated from distribution and operation business.

Revenue of the Group mainly derived from retail sales and distribution of mobile phones which contributed to approximately 77.6% of the Group's total revenue.

Revenue from retail sales of mobile phones slowed down in past two quarters and experience a decrease of 6.1% as compared to the corresponding period of the previous year. Apple launched its new iPhone 6 in mid September 2014 which affected the result in the sales of mobile phones of other brands. In contrast, revenue from provision of operation services increased by 25.4% as compared to the nine months ended 31 December 2013. The increase was primarily due to an increase in the number of subscribers of Sun Mobile during the Period.

The business of mobile phones distribution and provision of related services grew 47.2% as compared to the same period last year. The material growth was mainly due to the two new engagements by the mobile phone manufacturers.

## **Other Income**

Other income mainly contributed by rental income. Other income was approximately HK\$5,721,000 for the nine months ended 31 December 2014 (nine months ended 31 December 2013: HK\$5,223,000), representing an increase of 9.5% from the corresponding period of the previous year. The increase was mainly due to an exchange gain of approximately HK\$1,228,000 (nine months ended 31 December 2013: HK\$2,000) arising from the normal trade of business.

## **Other Operating Expenses**

The Group's other operating expenses are mainly consisted of rental and building management fees, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre and customer service centre, repair cost for pagers and Mobitex devices, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the nine months ended 31 December 2014 were approximately HK\$143,593,000 (nine months ended 31 December 2013: HK\$130,735,000), representing an increase of 9.8% over the previous year.

The increase was mainly brought by the increase in advertising and promotion, rental expenses and the listing expenses incurred in the Listing, and partly off-set by the decrease in information fees. The decrease in information cost was mainly due to the decrease in financial data charged by HKEx Information Services Limited by reference to the usage of information. Because of the declining number of subscribers, the usage of information decreased accordingly. The increase in rental expenses was mainly due to the increase in market rental and the number of shops during the Period.

## **Share of Results of an Associate**

Share of result of an associate was approximately HK\$20,101,000 for the nine months ended 31 December 2014 (nine months ended 31 December 2013: HK\$16,836,000), representing an increase of approximately 19.4% as compared to the corresponding period of the previous year. The amount represents the Group's share of net profit of Sun Mobile. The increase was also mainly due to the adjustment on mobile service monthly plan fees and the increase in customers of Sun Mobile.

## **Finance Costs**

Except for the mortgage loans obtained during the last nine months to finance the purchase of the office premises, there is no significant change in the Group's bank borrowing throughout the Period. The finance costs was approximately HK\$2,402,000 for the nine months ended 31 December 2014 (nine months ended 31 December 2013: HK\$2,914,000).

## **Income Tax Expense**

Income tax for the nine months ended 31 December 2014 was approximately HK\$4,323,000 (nine months ended 31 December 2013: HK\$4,927,000), representing a decrease of 12.3%.

## **Profit before Tax**

The Group had recorded a profit before tax of approximately HK\$65,471,000 for the nine months ended 31 December 2014 (nine months ended 31 December 2013: HK\$72,596,000), representing a decrease of 9.8% from the corresponding period of the previous year. The decrease was mainly due to the slowed down result from paging services.

## **MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS**

The Group did not make any material acquisition or disposal of subsidiaries or significant investments during the nine months ended 31 December 2014.

## **THIRD QUARTERLY DIVIDEND**

The Board has resolved not to declare any third quarterly dividend for the nine months ended 31 December 2014.

## **OUTLOOK**

The Company was listed on GEM of the Stock Exchange on 30 May 2014 which enhanced the Group's reputation, strengthened the corporate governance and compliance management, as well as established a good foundation for its further expansion. To increase brand awareness, the Group will further expand their sales network by opening more retail shops.

Looking forward, the Group will continue to strengthen its leading position in the telecommunications market by enhancing the scope of the Group's service quality and brand recognition. Apart from the above, the Group aims to expand its logistic team to enable new business capabilities. The Group has already approached its existing corporate customers and presented to them the relevant existing competitive advantages of the Group so as to explore new business opportunities.

## OTHER INFORMATION

### Purchase, Sale or Redemption of the Company's Listed Securities

During the period from the date of Listing (i.e. 30 May 2014, the "Listing Date") to 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *The Company*

##### *Long Position*

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheung King Shek	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Shan	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Fung Sunny	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%

*Note A:*

The 220,000,000 shares representing 55% of the issued share capital of the Company are held by CKK Investment. CKK Investment is wholly-owned by Amazing Gain Limited (“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 Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the “Cheung Brothers”). Each of the Cheung Brothers is deemed to be interested in the shares in the Company and the associated corporations held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 31 December 2014, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

### **Share Option Scheme**

The share option scheme of the Company (the “Share Option Scheme”) was adopted by the shareholders of the Company on 20 May 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Share Option Scheme are summarised in the section headed “D. Share Option Scheme” in Appendix V to the Prospectus.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period from the Listing Date to 31 December 2014 and there were no outstanding share options under the Share Option Scheme as at 31 December 2014 and at the date of this announcement.

### **Directors’ Right to Acquire Shares**

Save as disclosed above, at no time during the period from the Listing Date to 31 December 2014 was the Company, or any of its holding companies, its subsidiaries or its 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).

### **Directors’ Securities Transactions**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 (the “Required Standard of Dealings”) of the GEM Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the period from the Listing Date to 31 December 2014, they were in

compliance with the required provisions set out in the Required Standard of Dealings. All Directors declared that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to 31 December 2014.

### Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2014, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company 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 GEM Listing Rules:

#### Long Position

Name of shareholders	Capacity/Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
CKK Investment Limited <i>Note A above</i>	Beneficial owner	220,000,000	55%
Amazing Gain Limited <i>Note A above</i>	Interest in a controlled corporation	220,000,000	55%
J. Safra Sarasin Trust Company (Singapore) Limited <i>Note A above</i>	Trustee (other than a bare trustee)	220,000,000	55%
Ms. Law Lai Ying Ida <i>Note B</i>	Interest of spouse	240,000,000	60%
Ms. Tang Fung Yin Anita <i>Note B</i>	Interest of spouse	240,000,000	60%
Ms. Yeung Ho Ki <i>Note B</i>	Interest of spouse	240,000,000	60%

#### Note B:

Ms. Law Lai Ying Ida is the wife of Mr. Cheung King Shek. 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. Law Lai Ying Ida, Ms. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 240,000,000 shares which are interested by their respective husbands.

Save as disclosed above, as at 31 December 2014, 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.

## Directors' Interests in Competing Business

Save as disclosed below, as at 31 December 2014, none of the Directors nor their respective 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:

Name of Director	Name of Company	Nature of Interest	Competing Business
Mr. Ho Nai Man Paul	Wiyoo Company Limited	director and shareholder	These two companies are engaged in the business of rental of mobile data to outbound travellers from Hong Kong as well as inbound travelers to Hong Kong. Accordingly, these two companies may indirectly compete with the Group's business of sale of SIM cards and with Sun Mobile's business of provision of roaming data services.
	Youyou Mobile Technology Limited	director and shareholder	

## Interests of Compliance Adviser

As notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), neither Guotai Junan nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and Guotai Junan in May 2014) as at 31 December 2014 and the date of this announcement.

## Corporate Governance Practices

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the period from the Listing Date to 31 December 2014 except the deviation mentioned in the following paragraph.

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the period from the Listing Date to 31 December 2014, the executive Directors and chief financial officer of the Company have provided and will continue to provide to all non-executive Directors 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.

## **Review of Results**

The audit committee of the Company (the “Audit Committee”) was established on 20 May 2014 with written terms of reference in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company’s external auditor.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Hui Ying Bun and Mr. Ho Nai Man Paul. Mr. Lam Yu Lung is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited third quarterly results for the Period.

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

Hong Kong, 9 February 2015

*As at the date of this announcement, the executive Directors are Mr. Cheung King Shek, Mr. Cheung King Fung Sunny, Ms. Mok Ngan Chu and Mr. Wong Wai Man, the non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby and the independent non-executive Directors are Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at [www.tdhl.cc](http://www.tdhl.cc).*