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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The board of directors (the “Board”) of Telecom Digital Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company together with its subsidiaries (the “Group”) for the year ended 31 March 2022 together with the comparative figures for the previous year as follows:

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	3	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	5	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	6	(4,856)	(5,824)
Profit before tax		137,900	153,733
Income tax expense	7	(24,841)	(18,515)
Profit for the year attributable to owners of the Company	8	113,059	135,218

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		31	140
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial (loss) gain on long service payment obligations		<u>(120)</u>	<u>1,026</u>
Other comprehensive (expense) income for the year		<u>(89)</u>	<u>1,166</u>
Total comprehensive income for the year attributable to owners of the Company		<u>112,970</u>	<u>136,384</u>
Earnings per share (<i>HK\$</i>)	<i>10</i>		
Basic		<u>0.28</u>	<u>0.33</u>
Diluted		<u>0.28</u>	<u>0.33</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		231,985	270,527
Right-of-use assets		48,000	51,350
Investment properties		79,597	63,948
Club membership		1,560	1,560
Interests in associates		23,198	22,375
Rental deposits	<i>11</i>	5,637	5,824
Deposits for acquisition of a subsidiary	<i>11</i>	73,315	–
Prepayments for purchase of property, plant and equipment		–	9,235
		<hr/> 463,292	<hr/> 424,819
Current assets			
Inventories		101,945	49,932
Financial assets at FVTPL	<i>12</i>	79,604	–
Trade and other receivables	<i>11</i>	64,299	64,400
Amounts due from related companies		9	11
Amount due from an associate		23,725	27,341
Loan to an associate		–	–
Tax recoverable		511	1,511
Pledged bank deposits		5,135	5,088
Bank balances and cash		112,491	72,174
		<hr/> 387,719	<hr/> 220,457
Current liabilities			
Trade and other payables	<i>13</i>	74,366	54,947
Contract liabilities		7,270	10,658
Amounts due to related companies		598	188
Lease liabilities		34,967	37,982
Bank overdraft		–	1,343
Bank borrowings		295,066	131,205
Tax payables		10,975	7,639
		<hr/> 423,242	<hr/> 243,962
Net current liabilities		<hr/> (35,523)	<hr/> (23,505)
Total assets less current liabilities		<hr/> 427,769	<hr/> 401,314

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Long service payment obligations		1,147	429
Lease liabilities		15,223	17,759
Deferred tax liabilities		1,096	1,005
		<u>17,466</u>	<u>19,193</u>
Net assets		<u>410,303</u>	<u>382,121</u>
Capital and reserves			
Share capital	<i>14</i>	4,039	4,039
Reserves		406,264	378,082
Total equity		<u>410,303</u>	<u>382,121</u>

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 on 10 May 2017. The address of the registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and the principal place of business in Hong Kong is 19/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

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 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 People’s Republic of China (the “PRC”) and Macau which functional currencies are Renminbi (“RMB”) and Macau Pataca 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 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.

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 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	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to HKFRS 16	<i>COVID-19 – Related Rent Concessions</i>
Amendments to HKFRS 16	<i>COVID-19 – Related Rent Concessions beyond 30 June 2021</i>

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	<i>Insurance Contracts and related Amendments²</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative information²</i>
Amendments to HKAS 1	<i>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 Clause²</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to HKAS 16	<i>Property, plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
Amendment to HKFRSs	<i>Annual Improvements to HKFRSs 2018 – 2020 cycle¹</i>

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*

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.

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. 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 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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.

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.

4. 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.

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 <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	1,073,208	44,191	348,756	38,924	-	1,505,079
Inter-segment sales	<u>1,673</u>	<u>311,497</u>	<u>-</u>	<u>4,773</u>	<u>(317,943)</u>	<u>-</u>
Segment revenue	<u>1,074,881</u>	<u>355,688</u>	<u>348,756</u>	<u>43,697</u>	<u>(317,943)</u>	<u>1,505,079</u>
Segment results	<u>64,795</u>	<u>10,370</u>	<u>76,596</u>	<u>(6,514)</u>		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						<u>(7,206)</u>
Profit before tax						<u>137,900</u>

For the year ended 31 March 2021

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

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

Segment assets and liabilities

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (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
	<hr/>	<hr/>
Total segment assets	456,127	519,122
Unallocated corporate assets	394,884	126,154
	<hr/>	<hr/>
Total assets	851,011	645,276
	<hr/> <hr/>	<hr/> <hr/>
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
	<hr/>	<hr/>
Total segment liabilities	139,034	119,660
Unallocated corporate liabilities	301,674	143,495
	<hr/>	<hr/>
Total liabilities	440,708	263,155
	<hr/> <hr/>	<hr/> <hr/>

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.

The segment information is as follows:

For the year ended 31 March 2022

	Retail business <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>11,209</u>	<u>160</u>	<u>12,095</u>	<u>1,182</u>	<u>195</u>	<u>24,841</u>

For the year ended 31 March 2021

	Retail business <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Other segments <i>HK\$'000</i> (restated)	Unallocated <i>HK\$'000</i> (restated)	Total <i>HK\$'000</i>
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	<u>5,611</u>	<u>108</u>	<u>11,577</u>	<u>427</u>	<u>792</u>	<u>18,515</u>

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

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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	1,505,079	1,038,946
The PRC	—	—
	<u>1,505,079</u>	<u>1,038,946</u>

Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	457,655	418,995
The PRC	—	—
	<u>457,655</u>	<u>418,995</u>

Non-current assets excluded rental deposits.

Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	348,289	349,908
Customer B ²	324,169	—
	<u>324,169</u>	<u>—</u>

¹ Revenue from operation services.

² Revenue from retail business.

5. OTHER INCOME AND GAINS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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”) (<i>Note (a)</i>)	–	30,333
– Retail Sector Subsidy Scheme (“RSS”) (<i>Note (b)</i>)	–	3,000
– Others	215	204
Foreign exchange differences, net	713	623
Handling income	1,157	128
Leasing income (<i>Note (c)</i>)	396	4,675
Reversal of impairment loss on receivable from disposal of an associate	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.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on:		
– bank borrowings and bank overdraft	2,056	2,296
– lease liabilities	<u>2,800</u>	<u>3,528</u>
	<u>4,856</u>	<u>5,824</u>

7. INCOME TAX EXPENSE

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

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.

8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments		
– fees	360	335
– salaries, allowances and other benefits	9,036	8,721
– discretionary bonuses	1,271	797
– contributions to retirement benefits scheme	111	352
	<u>10,778</u>	<u>10,205</u>
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
	<u>188,835</u>	<u>185,267</u>
Total staff costs	<u><u>199,613</u></u>	<u><u>195,472</u></u>
Reversal of allowance for inventories (<i>Note (a)</i>)	(58)	(1,754)
Auditor's remuneration (<i>Note (b)</i>)	1,050	1,000
Advertising and promotion expenses (<i>Note (b)</i>)	4,774	12,425
Bank charges (<i>Note (b)</i>)	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 (<i>Note (b)</i>)	–	640
Loss on written off of property, plant and equipment (<i>Note (b)</i>)	653	–
Share of income tax expenses of associates	2,065	1,500
	<u><u>2,065</u></u>	<u><u>1,500</u></u>

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.

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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	–
	<u>84,788</u>	<u>113,050</u>

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.

10. 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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>113,059</u>	<u>135,218</u>
	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>403,753</u>	<u>403,753</u>

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.

11. TRADE AND OTHER RECEIVABLES

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

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, 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.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“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.

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:

	<i>HK\$'000</i>
As at 1 April 2020	3,913
Impairment loss reversed (<i>Note 5</i>)	<u>(1,986)</u>
As at 31 March 2021 and 1 April 2021	1,927
Impairment loss reversed (<i>Note 5</i>)	<u>(547)</u>
As at 31 March 2022	<u>1,380</u>

12. FINANCIAL ASSETS AT FVTPL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong, at market value (<i>Note (a)</i>)	33,640	–
Financial assets designated at FVTPL		
– Unlisted equity linked fixed coupon notes (“FCN”), at market value (<i>Note (b)</i>)	<u>45,964</u>	<u>–</u>
	<u>79,604</u>	<u>–</u>

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.

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 (<i>Note</i>)	<u>(37,984)</u>
As at 31 March 2022	<u><u>45,964</u></u>

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 shares, Hong Kong Exchanges and Clearing Limited (stock code: 00388.HK), 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.

13. TRADE AND OTHER PAYABLES

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

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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 60 days	42,252	29,003
61-90 days	159	127
Over 90 days	1,471	2,163
	43,882	31,293

14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
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:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	403,753,000	4,039 <i>HK\$'000</i>

15. 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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	3,222	2,406
After one year but within two years	1,403	1,980
Over two years	—	825
	<u>4,625</u>	<u>5,211</u>

16. CAPITAL COMMITMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of a subsidiary (2021: property, plant and equipment) contracted for but not provided in the consolidated financial statements	<u>663,354</u>	<u>604</u>

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 Limited (“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 announcement, 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 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%.

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	<u>1,505,079</u>	<u>100.0</u>	<u>1,038,946</u>	<u>100.0</u>

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.

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 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.

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 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 <i>HK\$'000</i>	Dividend income for the year ended 31 March 2022 <i>HK\$'000</i>	Fair value loss for the year ended 31 March 2022 <i>HK\$'000</i>	Fair value as at 31 March 2022 <i>HK\$'000</i>	Approximate percentage of total assets of the Group as at 31 March 2022
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.

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	Percentage to	Realised income during the year HK\$'000	Unrealized loss during the year HK\$'000
					as at 31 March 2022 HK\$'000	the Group's total assets as of 31 March 2022		
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

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, RMB 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 16 to this announcement.

Event After Reporting Period

On 16 February 2022, the Group entered into the Provisional 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 at the consideration of HK\$733.00 million. All the conditions precedent to the Provisional Agreement have been fulfilled and completion took place on 16 May 2022.

Dividends

	Year ended 31 March			
	2022		2021	
	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$'000</i>
	<i>per share</i>	<i>(audited)</i>	<i>per share</i>	<i>(audited)</i>
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 the Provisional 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 at the consideration of HK\$733.00 million. All the conditions precedent to the Provisional 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).

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 indicates 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 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.

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 announcement, the Company has maintained the public float required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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.

OTHER INFORMATION

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.

Third Interim Dividend

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.

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

Annual General Meeting

An Annual General Meeting (the "AGM") of the Company will be convened to be held on Thursday, 18 August 2022. The notice of the AGM will be published on the websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in July 2022.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

- (a) from Monday, 15 August 2022 to Tuesday, 16 August 2022 (both days inclusive), for the purpose of determining shareholders' entitlement to the third interim dividend. In order to qualify for the third interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodge 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; and

- (b) from Monday, 15 August 2022 to Thursday, 18 August 2022 (both days inclusive), for the purpose of determining shareholders who are entitled to attend and vote at the AGM. In order to attend and vote at the AGM, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at their address as mentioned above for registration not later than 4:00 p.m. on Friday, 12 August 2022.

No transfer of shares will be registered during the periods mentioned in paragraphs (a) and (b) above.

Corporate Governance Practices

During the year ended 31 March 2022, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code"), except the deviation as disclosed below:

- 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 CG Code.

Review of Results

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

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters. The consolidated financial statements and final results of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee and have been audited by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited.

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

Hong Kong, 24 June 2022

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

The English text of this notice shall prevail over the Chinese text in case of inconsistencies.