

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

INTERIM RESULTS

The board of directors (the “Board”) of Telecom Digital Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Revenue	4	680,564	677,677
Cost of inventories sold		(415,188)	(417,649)
Staff costs		(95,111)	(97,151)
Depreciation		(47,613)	(40,338)
Other income and gains	6	15,768	2,462
Other operating expenses		(55,171)	(53,975)
Loss on change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(21,251)	(1,475)
Share of results of associates		4,812	4,022
Finance costs	7	(7,453)	(2,341)
Profit before tax		59,357	71,232
Income tax expense	8	(12,829)	(13,895)
Profit for the period attributable to owners of the Company		46,528	57,337
Other comprehensive (expense) income Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(116)	15
Other comprehensive (expense) income for the period		(116)	15
Total comprehensive income for the period attributable to owners of the Company		46,412	57,352
Earnings per share (<i>HK\$</i>)	10		
Basic and diluted		0.12	0.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September	31 March
		2022	2022
		HK\$'000	HK\$'000
	<i>Notes</i>	(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	643,091	231,985
Right-of-use assets	<i>12</i>	50,324	48,000
Investment properties	<i>13</i>	381,595	79,597
Club membership		1,560	1,560
Interests in associates		18,764	23,198
Rental deposits	<i>15</i>	6,295	5,637
Deposits for acquisition of a subsidiary	<i>15</i>	–	73,315
Prepayments for purchase of property, plant and equipment		1,413	–
		1,103,042	463,292
Current assets			
Inventories		88,134	101,945
Financial assets at FVTPL	<i>14</i>	56,324	79,604
Trade and other receivables	<i>15</i>	79,347	64,299
Amounts due from related companies	<i>22(a)</i>	237	9
Amount due from an associate	<i>22(b)</i>	20,896	23,725
Loan to an associate	<i>22(c)</i>	–	–
Tax recoverable		–	511
Pledged bank deposits		5,089	5,135
Bank balances and cash		48,698	112,491
		298,725	387,719

		30 September	31 March
		2022	2022
		HK\$'000	HK\$'000
	<i>Notes</i>	(unaudited)	(audited)
Current liabilities			
Trade and other payables	<i>16</i>	52,962	74,366
Contract liabilities		6,231	7,270
Amounts due to related companies	<i>22(a)</i>	319	598
Lease liabilities		33,351	34,967
Bank borrowings	<i>17</i>	848,968	295,066
Tax payables		19,118	10,975
		960,949	423,242
Net current liabilities		(662,224)	(35,523)
Total assets less current liabilities		440,818	427,769
Non-current liabilities			
Long service payment obligations		1,147	1,147
Lease liabilities		18,399	15,223
Deferred tax liabilities		895	1,096
		20,441	17,466
Net assets		420,377	410,303
Capital and reserves			
Share capital	<i>18</i>	4,039	4,039
Reserves		416,338	406,264
Total equity		420,377	410,303

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note (a))	Exchange reserve HK\$'000	Legal reserve HK\$'000 (Note (b))	Retained profits HK\$'000	
At 1 April 2021 (audited)	4,039	98,195	4,533	(138)	91	275,401	382,121
Profit for the period	-	-	-	-	-	57,337	57,337
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	-	15	-	-	15
Total comprehensive income for the period	-	-	-	15	-	57,337	57,352
Dividends (Note 9)	-	-	-	-	-	(56,525)	(56,525)
At 30 September 2021 (unaudited)	4,039	98,195	4,533	(123)	91	276,213	382,948
At 1 April 2022 (audited)	4,039	98,195	4,533	(107)	91	303,552	410,303
Profit for the period	-	-	-	-	-	46,528	46,528
Other comprehensive expense:							
Exchange differences arising on translation of foreign operations	-	-	-	(116)	-	-	(116)
Total comprehensive income for the period	-	-	-	(116)	-	46,528	46,412
Dividends (Note 9)	-	-	-	-	-	(36,338)	(36,338)
At 30 September 2022 (unaudited)	4,039	98,195	4,533	(223)	91	313,742	420,377

Notes:

- (a) Other reserve includes (i) the reserve arising from acquisition of additional interest of subsidiaries from non-controlling interests and (ii) the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.
- (b) In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	78,805	114,286
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL	2,511	–
Acquisition of financial assets at FVTPL	–	(45,000)
Redemption of financial assets at FVTPL	10	–
Purchase of property, plant and equipment	(385,343)	(8,144)
Purchase of investment properties	(278,215)	–
Prepayment for acquisition of financial assets at FVTPL	–	(15,000)
Prepayments for purchases of property, plant and equipment	(1,413)	(957)
Placement of pledged bank deposits	–	(1)
Withdrawal of pledged bank deposits	46	–
Dividend received from an associate	9,246	7,982
Dividend received from financial assets at FVTPL	483	–
Bank interest received	101	343
Interest income from financial assets at FVTPL	1,343	–
NET CASH USED IN INVESTING ACTIVITIES	(651,231)	(60,777)

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Bank borrowings raised	1,982,593	373,976
Repayments of bank borrowings	(1,428,691)	(305,139)
Repayment on capital element of lease liabilities	(24,577)	(24,910)
Interest paid	(7,453)	(2,341)
Dividend paid	(24,225)	(56,525)
Government grants	11,016	76
	<hr/>	<hr/>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	508,663	(14,863)
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(63,763)	38,646
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 1 APRIL	112,491	70,831
	<hr/>	<hr/>
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(30)	23
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash	48,698	109,500
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL

The Company was incorporated in the Cayman Islands on 20 November 2002 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 May 2017. The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and the address of the principal place of business is 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

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

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

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

2. BASIS OF PREPARATION

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

The Group had net current liabilities of HK\$662,224,000 as at 30 September 2022. The condensed consolidated financial statements have been prepared by the Directors on a going concern basis since the following:

- (i) the unutilised banking facilities readily available to the Group amounted to HK\$122,397,000 as at 30 September 2022;

- (ii) bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause and shown under current liabilities amounted to HK\$322,685,000. All of them are secured by the Group's leasehold land and buildings, investment properties, financial assets at FVTPL and pledged bank deposits with carrying amounts of HK\$526,485,000, HK\$381,595,000, HK\$56,324,000 and HK\$844,000 respectively as at 30 September 2022. In addition, shares in certain subsidiaries were pledged to a bank as part of the securities given to secure the aforesaid banking facilities. The Directors are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group did not breach covenants imposed by the banks; and
- (iii) the Group is expected to generate adequate cash flows to maintain its operations.

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2022.

Application of new and amendments to HKFRSs

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendment to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020 cycle</i>

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

4. REVENUE

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
within the scope of HKFRS 15		
– Sales of goods		
Retail business	467,432	465,331
Distribution business	21,724	14,413
– Service rendered		
Retail business	4,002	1,636
Distribution business	354	153
Operation services	165,690	176,399
Other segments	14,877	19,745
	<u>674,079</u>	<u>677,677</u>
Revenue from other sources		
– Rental income from investment properties under operating leases	<u>6,485</u>	<u>–</u>
	<u>680,564</u>	<u>677,677</u>
Disaggregation of revenue from contracts with customers		
by timing of recognition		
Timing of revenue recognition		
– At a point of time	493,122	480,588
– Over time	187,442	197,089
	<u>680,564</u>	<u>677,677</u>

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

As at 30 September 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.

5. SEGMENT INFORMATION

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

- | | | |
|-----------------------|---|--|
| Retail business | – | Sales of mobile phones and other consumer goods and related services |
| Distribution business | – | Distribution of mobile phones and related services |
| Operation services | – | Provision of operation services |

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

Segment revenues and results

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

For the six months ended 30 September 2022

	Retail business <i>HK\$'000</i> (unaudited)	Distribution business <i>HK\$'000</i> (unaudited)	Operation services <i>HK\$'000</i> (unaudited)	Other segments <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue						
External sales	471,434	22,078	165,690	21,362	–	680,564
Inter-segment sales	390	156,748	–	2,357	(159,495)	–
Segment revenue	471,824	178,826	165,690	23,719	(159,495)	680,564
Segment results	51,958	4,552	36,580	(1,315)		91,775
Bank interest income						101
Finance costs						(7,453)
Loss on changes in fair value of financial assets at FVTPL						(21,251)
Share of result of associates						4,812
Corporate expenses, net						(8,627)
Profit before tax						59,357

For the six months ended 30 September 2021

	Retail business <i>HK\$'000</i> (unaudited)	Distribution business <i>HK\$'000</i> (unaudited)	Operation services <i>HK\$'000</i> (unaudited)	Other segments <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue						
External sales	466,967	14,566	176,399	19,745	–	677,677
Inter-segment sales	529	149,755	–	2,409	(152,693)	–
Segment revenue	467,496	164,321	176,399	22,154	(152,693)	677,677
Segment results	33,408	139	40,240	1,270		75,057
Bank interest income						343
Finance costs						(2,341)
Loss on changes in fair value of financial assets at FVTPL						(1,475)
Share of results of associates						4,022
Corporate expenses, net						(4,374)
Profit before tax						71,232

Geographical information

During the Period, the Group's operations were located in Hong Kong and the PRC. During the Period, 100% (2021: 100%) of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong.

Information about major customers

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A ¹	165,366	176,128
Customer B ²	70,935	100,893

¹: Revenue from operation services.

²: Revenue from retail business.

6. OTHER INCOME AND GAINS

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Bank interest income	101	343
Interest income from financial assets at FVTPL	1,343	99
Dividend income from financial assets at FVTPL	483	–
Gain on disposal of financial assets at FVTPL	492	–
Other interest income	93	568
Exchange gain	–	232
Government subsidies		
– Employment Support Scheme (<i>Note (i)</i>)	11,016	–
– Others	–	76
Gain on disposal of property, plant and equipment	30	–
Handling income	463	488
Leasing income (<i>Note (ii)</i>)	146	197
Reversal of impairment loss on receivable		
– from disposal of an associate	1,380	–
Others	221	459
	<u>15,768</u>	<u>2,462</u>

Notes:

- (i) The amount represents salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to August 2022.
- (ii) Included in leasing income was HK\$146,000 (2021: HK\$197,000) arising from the sub-letting part of the rented retail shops and transmission stations, respectively, of the Group whose lease payment were fixed. The related direct operating expenses of HK\$26,000 (2021: HK\$71,800) were incurred during the Period.

7. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest expenses on:		
– bank borrowings and bank overdrafts	6,508	829
– lease liabilities	945	1,512
	<u>7,453</u>	<u>2,341</u>

8. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong Profits Tax		
– current period	13,027	13,261
PRC Enterprise Income Tax		
– current period	3	1
Deferred tax		
– current period	(201)	633
	<u>12,829</u>	<u>13,895</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 corporations, Hong Kong Profits Tax was calculated at flat rate of 16.5% of the estimated assessable profits for the Period and corresponding period in 2021.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Period (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 Period and corresponding period in 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.

9. DIVIDENDS

	Six months ended 30 September			
	2022		2021	
	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$'000</i>
	per share	(unaudited)	per share	(unaudited)
Dividends recognised as distribution during the periods:				
2020/21 fourth interim dividend	–	–	0.08	32,300
2021/22 first interim dividend	–	–	0.06	24,225
2021/22 third interim dividend	0.06	24,225	–	–
2022/23 first interim dividend	0.03	12,113	–	–
		<u>36,338</u>		<u>56,525</u>

At a meeting held on 29 November 2022, the Board has resolved not to declare any interim dividend for the Period (2021: HK\$0.07 per share).

10. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>46,528</u>	<u>57,337</u>
	Six months ended	
	30 September	
	2022	2021
	<i>'000</i>	<i>'000</i>
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>403,753</u>	<u>403,753</u>

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

11. PROPERTY, PLANT AND EQUIPMENT

Reference is made 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 in respect of the major transaction in relation to acquisition of Onbo International Limited (“Onbo”), resulting of acquisition of HK\$427,205,000 of property in Hong Kong.

Except for the acquisition of Onbo stated in above, the Group paid HK\$690,000 (2021: HK\$8,144,000) on acquisition of property, plant and equipment during the Period. Items of property, plant and equipment with nil carrying amount (2021: HK\$931,000) were written off during the Period.

During the 30 September 2022, the Group disposed of certain property, plant and equipment with nil carrying amount (2021: nil) at a consideration of HK\$30,000 (2021: nil).

During the 30 September 2021, the Group had transferred two properties with carrying amounts of HK\$10,360,000 and HK\$18,251,000 respectively from property, plant and equipment to investment properties due to the change in use, which evidenced by commencement of lease to third parties (2022: nil).

12. RIGHT-OF-USE ASSETS

During the Period, the Group entered into a number of new leases of office premises and retail shops and renewal of existing leases for the use of shops and therefore recognised the additions to right-of-use assets of HK\$26,138,000 (2021: HK\$22,246,000). No right-of-use asset was written off during the Period (2021: nil).

13. INVESTMENT PROPERTIES

Reference is made 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 in respect of the major transaction in relation to acquisition of Onbo, resulting of acquisition of HK\$309,008,000 of investment properties in Hong Kong.

During the 30 September 2021, the Group had transferred two properties from property, plant and equipment to investment properties. For details, please refer to Note 11. (2022: nil).

14. FINANCIAL ASSETS AT FVTPL

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong, at market value (<i>Note (a)</i>)	56,324	33,640
Financial assets designated at FVTPL		
– Unlisted equity linked fixed coupon notes (“FCN”), at market value (<i>Note (b)</i>)	–	45,964
	56,324	79,604

Notes:

- (a) The fair values of the listed equity securities were determined based on the quoted market bid prices available on the Stock Exchange.
- (b) During the year ended 31 March 2022, the Group acquired FCN from financial institutions in Hong Kong.
- The FCN are non-guaranteed products, and their returns are linked to a basket of underlying shares.
 - The structure of each FCN is to receive the fixed coupon on the/each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
 - If the FCN are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the Group is required to redeem the laggard underlying at the put strike price.

- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each FCN.
- The fair values are determined using with the quoted price provided by banks.

The fair values of the FCN as at 31 March 2022 which amounted to HK\$45,964,000 (30 September 2022: nil), are determined based on the quoted price provided by a bank. The FCN have maturity of 6 months.

During the Period, the FCN are recognised as follows:

	<i>HK\$'000</i>
As at 1 April 2022 (audited)	45,964
Gain on change in fair value recognised in profit or loss	2,036
Redemption	(10)
Transfer to equity securities listed in Hong Kong (<i>Note</i>)	<u>(47,990)</u>
As at 30 September 2022 (unaudited)	<u><u>–</u></u>

Note: Five of the FCNs share price closed below the strike price on 6 July 2022, 1 August 2022, 10 August 2022 and 31 August 2022, the Group was obliged to take delivery of 53,904 shares of the underlying Hong Kong Exchanges and Clearing Limited (Stock code: 00388.HK) shares and 520,338 shares of the underlying China Merchants Bank Company Limited (Stock code: 03968.HK) shares at the strike price according to the term of FCN.

As at 30 September 2022, the Group's financial assets at FVTPL with carrying amounts of HK\$56,324,000 (31 March 2022: 79,604,000) have been pledged to secure banking facilities granted to the Group.

15. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables	3,928	6,554
Other receivables (<i>Note</i>)	18,788	18,787
Receivable from disposal of an associate, net of allowance for impairment	–	4,120
Rental deposits	23,507	23,684
Deposits for acquisition of a subsidiary	–	73,315
Utility and other deposits	8,177	4,910
Prepayments to suppliers	25,291	5,906
Other prepayments	5,951	5,975
	85,642	143,251
<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	(6,295)	(5,637)
Current portion included in trade and other receivables	79,347	64,299

Note: The amounts comprised credit card receivables from financial institutions and rebate receivables from suppliers which are expected to be recovered within one year from the end of reporting period.

The Group does not hold any collateral over these balances.

As at 30 September 2022, the gross amount of trade receivables arising from contracts with customers amounted to HK\$3,928,000 (31 March 2022: HK\$6,554,000).

The Group allows an average credit period of 7 to 30 days to its trade customers (31 March 2022: 7 to 30 days). The following is an ageing analysis of trade receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Within 90 days	3,287	6,153
91-180 days	478	294
181-365 days	155	99
Over 365 days	8	8
	<hr/>	<hr/>
	3,928	6,554
	<hr/> <hr/>	<hr/> <hr/>

16. TRADE AND OTHER PAYABLES

	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Trade payables	18,764	43,882
Accrued payroll	9,339	12,891
Dividend payable	12,113	–
Accrued expenses and other payables	12,746	17,593
	<hr/>	<hr/>
	52,962	74,366
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on trade payables ranging from 10 to 30 days (31 March 2022: 10 to 30 days). The Group has financial risk management policies to ensure that all payables are settled within credit time-frame. The following is an ageing analysis of trade payables presented based on the invoice date as at the end of the reporting period.

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 60 days	17,231	42,252
61-90 days	43	159
Over 90 days	1,490	1,471
	<u>18,764</u>	<u>43,882</u>
	<u>18,764</u>	<u>43,882</u>

17. BANK OVERDRAFTS/BANK BORROWINGS

Bank overdrafts

During the Period, bank overdrafts carried interest at 1-month Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.25% (2021: 1-month HIBOR plus 1.25%) per annum.

Bank borrowings

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Variable rate mortgage loans	342,394	54,127
Variable rate trust receipt borrowings	199,602	201,012
Variable rate revolving loans	306,972	39,927
	<u>848,968</u>	<u>295,066</u>
	<u>848,968</u>	<u>295,066</u>
Secured	726,520	155,454
Unsecured	122,448	139,612
	<u>848,968</u>	<u>295,066</u>
	<u>848,968</u>	<u>295,066</u>

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Within one year	526,283	245,071
After one year but within two years	25,562	4,193
After two years but within five years	81,794	35,864
After five years	<u>215,329</u>	<u>9,938</u>
	<u>848,968</u>	<u>295,066</u>
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	526,283	245,071
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>322,685</u>	<u>49,995</u>
	<u>848,968</u>	<u>295,066</u>

- (a) All the bank borrowings carried interest at floating rates. The ranges of effective interest rates per annum on the Group's bank borrowings are as follows:

	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Variable rate bank borrowings	<u>0.98%-4.01%</u>	<u>1.32%-1.63%</u>

- (b) The bank borrowings are all denominated in HK\$.
- (c) As at 30 September 2022, secured bank borrowings of HK\$726,520,000 (31 March 2022: HK\$155,454,000) were secured by 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\$526,485,000 (31 March 2022: HK\$135,182,000), HK\$381,595,000 (31 March 2022: HK\$79,597,000), HK\$56,324,000 (31 March 2022: HK\$79,604,000) and HK\$844,000 (31 March 2022: HK\$46,000) respectively. In addition, shares in certain subsidiaries were pledged to a bank as part of the securities given to secure the aforesaid banking facilities.

18. SHARE CAPITAL

	30 September 2022		31 March 2022	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Ordinary shares of HK\$0.01 each				
<i>Authorised</i>				
At 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	10,000,000	100,000	10,000,000	100,000
<i>Issued and fully paid</i>				
At 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	403,753	4,039	403,753	4,039

19. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group sub-leases part of its rented retail shops and transmission stations and leases out its investment properties and partial of ownership interests in leasehold land and buildings during the period ended 30 September 2022 and 2021. The leases are rented and sub-let to third parties under operating leases with leases negotiated for a term of one to three years as at 30 September 2022 (31 March 2022: one to three years). None of the leases includes contingent rentals.

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Within one year	8,079	3,222
After one year but within two years	110	1,403
	8,189	4,625

20. CAPITAL COMMITMENTS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment (31 March 2022: acquisition of Onbo) contracted for but not provided in the condensed consolidated financial statements	<u>3,086</u>	<u>663,354</u>

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)			
Financial assets at FVTPL					
– Equity securities listed in Hong Kong	56,324	33,640	Level 1	Quoted market price	N/A
– FCN	–	45,964	Level 2	Quoted asset value provided by banks (Note)	N/A

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

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

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Related companies				
Chief Link Limited ("Chief Link")	Consignment fees received therefrom	(i) & (iii)	151	–
Chief Link (Far East) Limited ("Chief Link (Far East)")	Consignment fees received therefrom	(i) & (iii)	76	37
	Purchase of goods therefrom	(i) & (iii)	6	–
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	(i) & (iii)	110	317
	Rental income received therefrom	(ii) & (iii)	94	94
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	(ii) & (iii)	2,279	2,388
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	420	420
Gold Mask Limited ("Gold Mask")	Purchase of goods therefrom	(i) & (iii)	852	966
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	630	630
Silicon Creation Limited ("SCL")	Rental expenses paid thereto	(ii) & (iii)	3,822	3,426
	Repair service fees paid thereto	(i) & (iii)	360	360
Telecom King Securities Limited (formerly known as TD King Securities Limited) ("TKS")	Subscription fee income received therefrom	(i) & (iii)	532	590
	IT support service income received therefrom	(i) & (iii)	300	300
	Rental income received therefrom	(ii) & (iii)	452	452
Sunny Fortune Capital Limited (formerly known as TD King Capital Limited)	IT support service income received therefrom	(i) & (iii)	–	100
	Financial advisory service expenses paid thereto	(i) & (iii)	100	–

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Telecom Properties Investment Limited	Rental expenses paid thereto	(ii) & (iii)	1,118	1,118
Telecom Service Limited	Rental expenses paid thereto	(ii) & (iii)	605	605
Telecom Service One Limited (“TSO”)	Repairs and refurbishment service fees paid thereto	(i) & (iii)	581	663
	Consignment fees received therefrom	(i) & (iii)	1	41
	Logistic fee income received therefrom	(i) & (iii)	354	153
	Grading and refurbishment service fees paid thereto	(i) & (iii)	47	66
	Sales of goods thereto	(i) & (iii)	11	–
An associate				
Sun Mobile Limited	Service fee income received therefrom	(i)	<u>184,381</u>	<u>196,282</u>

Details of amounts due from related companies are as follows:

	Notes	Maximum amount outstanding during the period/year ended			
		30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Chief Link	(iii) & (iv)	147	1	147	1
Chief Link (Far East)	(iii) & (iv)	71	–	71	–
CKK Central Kitchen	(iii) & (iv)	14	7	14	7
TKS	(iii) & (iv)	–	1	1	11
TSO	(iii) & (iv)	5	–	5	–
		<u>237</u>	<u>9</u>		

Details of amounts due to related companies are as follows:

		30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
	<i>Notes</i>		
Chief Link (Far East)	<i>(iii) & (iv)</i>	–	3
GEL	<i>(iii) & (iv)</i>	–	85
Gold Mask	<i>(iii) & (iv)</i>	246	415
Telecom Digital Energy Limited (formerly known as Main Force Limited)	<i>(iii) & (iv)</i>	4	2
SCL	<i>(iii) & (iv)</i>	69	–
TSO	<i>(iii) & (iv)</i>	–	93
		319	598

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The rental income and rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.
- (iii) Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the “Cheung Brothers”), the directors of the Company, have direct or indirect beneficial interests in, and control over, the relevant parties.
- (iv) The amounts are unsecured, interest-free and repayable on demand.
- (b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (31 March 2022: 7 days) credit term and aged within 30 days (31 March 2022: 30 days). The amount is neither past due nor impaired as at 30 September 2022 and 31 March 2022.
- (c) The loan to an associate is unsecured, interest-free and has no fixed term of repayment. As at 30 September 2022, the carrying amount of loan to an associate is nil (31 March 2022: nil), net of accumulated impairment loss of HK\$3,680,000 (31 March 2022: HK\$3,680,000).

(d) **Compensation of key management personnel**

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	6,675	7,724
Post-employment benefits	99	90
	<u>6,774</u>	<u>7,814</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in three business segments, including (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.

During the six months ended 30 September 2022, the Group recorded revenue of approximately HK\$680.56 million (2021: HK\$677.68 million) and net profit of approximately HK\$46.53 million (2021: HK\$57.34 million).

During the Period under review, the Group’s retail business continued to perform in a stable manner and remained as the principal source of revenue. Despite the uncertainties to the business environment brought by COVID-19 pandemic, with the gradual relaxation of the COVID-19 and social distancing measures, the local economy and retail market have started on the path of recovery and have improved recently. As at the date of this announcement, the Group is operating 84 retail shops in Hong Kong, representing an increase of two shops over the beginning of the Period under review. The Group’s e-commerce platform, Mango Mall, also experienced healthy development and continued to deliver a wide variety of products and the finest shopping experience to its customers. The retail business has generated revenue of approximately HK\$471.43 million (2021: HK\$466.97 million), accounts for approximately 69.3% of the Group’s total revenue, and continue to contribute a stable source of income to the Group.

With regard to the distribution business, revenue for the Period under review increased by approximately 51.5% to approximately HK\$22.08 million (2021: HK\$14.57 million). The increase was mainly due to an exceptional order of tablets completed during the Period. In respect of the operation business, revenue decreased slightly by approximately 6.1% to approximately HK\$165.69 million (2021: HK\$176.40 million) during the Period under review, which was mainly due to keen competition of the telecommunication market.

FINANCIAL REVIEW

Segment Analysis

	Six months ended 30 September			
	2022		2021	
	(unaudited)		(unaudited)	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Retail business	471,434	69.3	466,967	68.9
Distribution business	22,078	3.2	14,566	2.2
Operation services	165,690	24.4	176,399	26.0
Other segments	21,362	3.1	19,745	2.9
Total revenue	<u>680,564</u>	<u>100.0</u>	<u>677,677</u>	<u>100.0</u>

Revenue

The Group's revenue for the Period was approximately HK\$680.56 million (2021: HK\$677.68 million), representing a slight increase of approximately 0.4% over the corresponding period of the previous year.

Retail business generated stable revenue of approximately HK\$471.43 million (2021: HK\$466.97 million) during the Period. This is the major source of revenue of the Group.

Revenue from distribution of mobile phones and related business for the Period increased approximately by 51.5% to approximately HK\$22.08 million (2021: HK\$14.57 million). It was mainly due to an exceptional order of tablets received from a customer.

The keen market competition of the telecommunication market caused the revenue from the provision of operation services decreased by approximately 6.1% during the Period 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\$14.87 million and approximately HK\$6.49 million, respectively. Revenue increased by approximately 8.2% 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 Period was approximately HK\$15.77 million (2021: HK\$2.46 million), representing a substantial increase of approximately 541.1% as compared to the corresponding period of previous year. The increase was mainly due to the receipt of government grants in respect of COVID-19 related subsidies of approximately HK\$11.02 million (2021: nil). Apart from government grants, interest income, dividend income and gain on disposal of financial assets also caused the increase in other income and gains.

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. There is no significant change in the Group's other operating expenses for the Period. Other operating expenses were approximately HK\$55.17 million (2021: HK\$53.98 million), representing a slight increase of approximately 2.2% over the corresponding period of previous year.

Share of Results of Associates

Share of results of associates for the Period was approximately HK\$4.81 million (2021: HK\$4.02 million), representing an increase of approximately 19.7% as compared to the corresponding period of 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. During the six months ended 30 September 2022, bank interest was approximately HK\$6.51 million (2021: HK\$0.83 million), representing a substantial increase of approximately 684.3%. It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion. The substantial increase was mainly due to the increase in bank borrowings for acquiring properties in Hong Kong. The interest expenses on lease liabilities for the Period was approximately HK\$0.95 million (2021: HK\$1.51 million).

Income Tax Expense

Income tax for the Period was approximately HK\$12.83 million (2021: HK\$13.90 million), representing a decrease of approximately 7.7%. The loss incurred by a subsidiary resulted in a higher effective tax rate as compared to the corresponding period of the previous year.

Profit for the Period Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the period ended 30 September 2022 was approximately HK\$46.53 million (2021: HK\$57.34 million), representing a decrease of approximately 18.9% as compared to the corresponding period of previous year. The decrease during the Period was primarily due to the loss on change in fair value of financial assets at fair value through profit or loss in the amount of HK\$21.25 million (2021: HK\$1.48 million) and the increase in finance cost offset with government subsidies in respect of COVID-19 relief measures.

INVESTMENTS IN FINANCIAL ASSETS

As at 30 September 2022, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$56.32 million (31 March 2022: HK\$79.60 million), representing approximately 4.0% of the total assets of the Group as at 30 September 2022.

Listed Equity Securities Investments

The underlying shares price of five FCN closed below the strike price on 6 July 2022, 1 August 2022, 10 August 2022 and 31 August 2022, the Group was obligated to take delivery of 53,904 shares of the underlying HKEX shares and 520,338 shares of the underlying CCB shares at the strike price according to the terms of the FCN.

The following table sets out the investments held by the Group as at 30 September 2022:

Stock name:	HKEX <i>(Note)</i>	CM Bank <i>(Note)</i>
Number of securities held	140,060	508,588
Approximate percentage held to the total issued share capital in the investment company	0.0110%	0.0111%
Investment cost <i>(HK\$'000)</i>	58,975	26,999
Fair value as at 30 September 2022 <i>(HK\$'000)</i>	37,760	18,564
Approximate percentage of total assets of the Group as at 30 September 2022	2.7%	1.3%
Dividend income during the Period <i>(HK\$'000)</i>	483	–
Gain on disposal during the Period <i>(HK\$'000)</i>	371	121
Fair value loss for the period ended 30 September 2022 <i>(HK\$'000)</i>	<u>15,320</u>	<u>7,967</u>

Note:

Stock short name	Stock code	Company name
HKEX	00388.HK	Hong Kong Exchanges and Clearing Limited
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 or dividend income. Our strategy for these investments is to make investments in the prospects of primarily reputable sizeable issuers on the 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 30 September 2022, the Group had net current liabilities of approximately HK\$662.22 million (31 March 2022: HK\$35.52 million) and had cash and cash equivalents of approximately HK\$48.70 million (31 March 2022: HK\$112.49 million).

The Group has a current ratio of approximately 0.31 as at 30 September 2022 comparing to that of approximately 0.92 as at 31 March 2022. As at 30 September 2022, the Group's gearing ratio was approximately 202.0% as compared to approximately 72.1% as at 31 March 2022, which is calculated based on the Group's total borrowings of approximately HK\$849.29 million (31 March 2022: HK\$295.66 million) and the Group's total equity of approximately HK\$420.38 million (31 March 2022: HK\$410.30 million). The Group's total cash at banks as at 30 September 2022 amounted to approximately HK\$48.70 million (31 March 2022: HK\$112.49 million).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 30 September 2022, the Group has unutilised banking facilities of approximately HK\$122.40 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any material contingent liabilities (31 March 2022: 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 20 to the condensed consolidated financial statements.

DIVIDENDS

At a meeting held on 29 November 2022, the Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (2021: HK\$0.07 per share).

CAPITAL STRUCTURE

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

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 period ended 30 September 2022 (31 March 2022: nil).

On 16 February 2022, the Group entered into provisional agreement with Metro Rider Investment Limited (the “Vendor”) and the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell entire issued share capital of Onbo International Limited 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 (31 March 2022: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed 609 (31 March 2022: 616) 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

Hong Kong has experienced a challenging and difficult business environment since the COVID-19 outbreak. Additionally, amid the highly uncertain global environment risks to financial stability have increased substantially. Major issues include inflation at multi-decade highs, continuing deterioration of the economic outlooks in many regions, and persistent geopolitical risks. Financial conditions have tightened as central banks continue to hike interest rates. The implications of the increasing interest rates present new challenges for enterprises. The Group is cautious about the upcoming retail market and business outlook.

The Group will continue to use its best endeavours to provide the best service quality to the customers and consolidate our resources to prepare for any uncertainties in the future. Furthermore, the Group aims to fortify the business by enhancing the retail network, making upgrades to the storefronts, providing a better shopping experience to the customers and broadening the product portfolio.

Looking forward, the Group will continue to explore and identify new business opportunities that capitalise on market conditions and work hard to enhance the overall competitiveness of the Group in order to bring long term and sustainable value to the shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

On 29 November 2022, the Board resolved not to declare the interim dividend for the six months ended 30 September 2022.

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

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

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the shareholders of the Company on 20 May 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

During the Period, the Company has no share option under the Share Option Scheme lapsed or was granted, exercised or cancelled and there were no outstanding share options under the Share Option Scheme as at 30 September 2022.

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

As at 30 September 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long position in the shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue ^{Note A}
Mr. Cheung King Shek	Beneficial owner	20,967,000	5.19%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
Mr. Cheung King Shan	Beneficial owner	20,506,000	5.08%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,568,000	5.09%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
Mr. Cheung King Fung Sunny	Beneficial owner	20,638,000	5.11%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
Mr. Wong Wai Man	Beneficial owner	30,000	0.0074%
Ms. Mok Ngan Chu	Beneficial owner	30,000	0.0074%

(b) Long position in the shares of associated corporations

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

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

Note A: The calculation is based on 403,753,000 shares of the Company in issue as at 30 September 2022.

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

Save as disclosed above, as at 30 September 2022, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the Period, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code throughout the Period.

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

As at 30 September 2022, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

Long Position

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

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

Save as disclosed above, as at 30 September 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

- On 29 July 2022, discretionary bonuses determined with reference to the Group’s operating results and individual performance were paid to the following Directors:

Name of Director	Discretionary bonus
Mr. Wong Wai Man	HK\$39,400
Ms. Mok Ngan Chu	HK\$29,700

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

REVIEW OF RESULTS

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

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Lau Hing Wah and Mr. Lo Kam Wing. Mr. Lam Yu Lung is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited interim results for the Period.

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

Hong Kong, 29 November 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 announcement shall prevail over the Chinese text in case of inconsistencies.