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 2019

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 2019 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 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*3*	**1,239,247**	1,297,573
Cost of inventories sold		**(661,798)**	(745,637)
Staff costs		**(195,209)**	(190,841)
Depreciation		**(31,152)**	(30,253)
Other income	*5*	**5,795**	6,034
Other operating expenses		**(209,257)**	(201,990)
Share of results of associates		**15,394**	20,728
Finance costs	*6*	**(4,899)**	(3,708)
Profit before tax		**158,121**	151,906
Income tax expense	*7*	**(29,110)**	(24,428)
Profit for the year	*8*	**129,011**	127,478

	Note	2019 HK$'000	2018 HK$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**11**	–
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain on long service payment obligations		**419**	1,134
Other comprehensive income for the year		**430**	1,134
Total comprehensive income for the year		**129,441**	128,612
Profit (loss) for the year attributable to:			
Owners of the Company		**131,753**	128,168
Non-controlling interests		**(2,742)**	(690)
		129,011	127,478
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**132,183**	129,302
Non-controlling interests		**(2,742)**	(690)
		129,441	128,612
Earnings per share *(HK$)*	*10*		
Basic		**0.33**	0.32
Diluted		**0.33**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**254,943**	238,341
Investment properties		**117,846**	72,302
Club membership		**1,560**	1,560
Interests in associates		**40,901**	22,610
Rental deposits	*11*	**11,009**	9,026
Prepayments for purchase of property, plant and equipment		**2,853**	3,682
		429,112	347,521
Current assets			
Inventories		**99,424**	129,034
Trade and other receivables	*11*	**56,071**	55,811
Amounts due from related companies		**116**	132
Amount due from an associate		**24,865**	26,685
Pledged bank deposits		**5,071**	5,065
Bank balances and cash		**44,086**	41,841
		229,633	258,568
Current liabilities			
Trade and other payables	*12*	**73,102**	125,916
Contract liabilities		**12,468**	–
Amounts due to related companies		**339**	243
Bank overdrafts		**–**	568
Bank borrowings		**207,598**	144,446
Tax payables		**11,072**	13,459
		304,579	284,632
Net current liabilities		**(74,946)**	(26,064)
Total assets less current liabilities		**354,166**	321,457

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Long service payment obligations		**1,179**	1,083
Deferred tax liabilities		**1,618**	1,662
		2,797	2,745
Net assets		**351,369**	318,712
Capital and reserves			
Share capital	*13*	**4,039**	4,038
Reserves		**350,614**	315,216
Equity attributable to owners of the Company		**354,653**	319,254
Non-controlling interests		**(3,284)**	(542)
Total equity		**351,369**	318,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business 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 (the "Cheung Brothers") since 1 April 2013. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in retail business in sales of mobile phones and other consumer goods and related services, distribution business in mobile phones, provision of paging and other telecommunications services 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 2019, the Group had net current liabilities of HK$74,946,000. 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$270,590,000 at 31 March 2019;

(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$62,274,000. All of them are secured by the Group's certain leasehold land and buildings and investment properties with carrying amounts of HK$146,151,000 and HK$117,846,000 respectively. The fair value of these investment properties as at 31 March 2019 was HK$125,500,000. 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

(iii) 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 its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 superseded HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue*.

The transition to HKFRS 15 had no significant impact on the retained profits at 1 April 2018.

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 April 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

	Note	**Carrying amount previously reported as at 31 March 2018** *HK$'000*	**Impact on adoption of HKFRS 15 – Reclassification** *HK$'000*	**Carrying amounts under HKFRS 15 as at 1 April 2018** *HK$'000*
Current liabilities				
Trade and other payables	*(a)*	125,916	(17,751)	108,165
Contract liabilities	*(a)*	–	17,751	17,751

Note *(a)* At the date of initial application, an amount of HK$17,751,000 related to advance consideration received from customers was included in trade and other payables. The balance was reclassified to contract liabilities upon application of HKFRS 15 as it represented the Group's performance obligation to transfer goods or services in the future.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following table summarises the impact of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019, by comparing the amounts reported under HKAS 18 that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group's consolidated statement of profit or loss and other comprehensive income, operating, investing and financing cash flows.

Impact on the consolidated statement of financial position as at 31 March 2019

	As reported	Impact of adopting HKFRS 15	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables	**73,102**	**12,468**	**85,570**
Contract liabilities	**12,468**	**(12,468)**	**–**

HKFRS 9 *Financial instruments*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained profits as at 1 April 2018.

Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets and financial liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of HKFRS 9 continue to be measured at amortised cost as were previously measured under HKAS 39.

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model were not significantly different from the impairment losses previously recognised under HKAS 39.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

5 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.

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 is effective for the Group's annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. The Group plans to elect the practical expedient for not applying the new accounting model to shore-term leases and leases of low-value assets. In addition, the Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of retained profits and will not restate comparative information. As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$92,394,000 as disclosed in note 15. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted, after taking account the effects of discounting as at 1 April 2019.

In addition, the Group currently considers refundable rental deposits paid of HK$27,060,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

3. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
		(Note)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregation by major sales channels or service lines		
– Sales of goods		
Retail business	**766,416**	773,795
Distribution business	**27,857**	104,842
– Services rendered		
Paging and other telecommunication	**57,210**	69,504
Operation services	**387,764**	349,432
	1,239,247	1,297,573

Disaggregation of revenue by timing of recognition

	2019
	HK$'000
Timing of revenue recognition	
At a point in time	**793,932**
Overtime	**445,315**
	1,239,247

Note: The amounts for the year ended 31 March 2018 were recognised under HKAS 18.

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

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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. No operating segments identified by the Group's CODM have been aggregated in arriving at the reportable 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
Paging and other telecommunications services	–	Provision of paging services and two-way wireless data services
Operation services	–	Provision of operation services

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 2019

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Elimination HK$'000	Total HK$'000
Revenue						
External sales	766,416	27,857	57,210	387,764	–	1,239,247
Inter-segment sales	360	483,936	–	–	(484,296)	–
Segment revenue	766,776	511,793	57,210	387,764	(484,296)	1,239,247
Segment results	58,374	1,016	3,024	98,399		160,813
Bank interest income						232
Finance costs						(4,899)
Share of results of associates						15,394
Corporate expenses, net						(13,419)
Profit before tax						158,121

For the year ended 31 March 2018

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	Elimination HK$'000	Total HK$'000
Revenue						
External sales	773,795	104,842	69,504	349,432	–	1,297,573
Inter-segment sales	368	708,622	2,637	–	(711,627)	–
Segment revenue	774,163	813,464	72,141	349,432	(711,627)	1,297,573
Segment results	57,583	9,307	6,599	74,802		148,291
Bank interest income						241
Finance costs						(3,708)
Share of results of associates						20,728
Corporate expenses, net						(13,646)
Profit before tax						151,906

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, certain corporate income, finance costs, share of results of associates, certain corporate expenses 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 segment:

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Retail business	**262,194**	239,403
Distribution business	**54,746**	74,519
Paging and other telecommunications services	**47,645**	53,490
Operation services	**40,795**	44,210
Total segment assets	**405,380**	411,622
Unallocated corporate assets	**253,365**	194,467
Total assets	**658,745**	606,089
Segment liabilities		
Retail business	**17,632**	15,960
Distribution business	**38,153**	81,827
Paging and other telecommunications services	**20,680**	25,268
Operation services	**6,781**	1,015
Total segment liabilities	**83,246**	124,070
Unallocated corporate liabilities	**224,130**	163,307
Total liabilities	**307,376**	287,377

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, investment properties, club membership, interests in associates, certain other receivables, amounts due from related companies, pledged bank deposits and certain bank balances and cash managed on central basis and corporate assets; and

- all liabilities are allocated to segments other than certain other payables, deferred tax liabilities, amounts due to related companies, bank overdrafts, bank borrowings, tax payables, long service payment obligations and corporate liabilities.

Geographical information

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

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**1,238,384**	1,296,231
Macau	**863**	1,342
	1,239,247	1,297,573

Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**417,000**	338,483
The PRC	**1,084**	–
Macau	**19**	12
	418,103	338,495

Non-current assets excluded rental deposits.

Information about major customer

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

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**386,988**	348,735

[1] *Revenue from operation services.*

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**232**	241
Consultancy income	**300**	300
Gain on disposal of property, plant and equipment	**40**	–
Handling income	**793**	348
Rental and sub-letting income *(Note)*	**4,184**	4,427
Others	**246**	718
	5,795	6,034

Note: Included in rental and sub-letting income was HK$3,203,000 (2018: HK$1,728,000) arising from the operating leases of investment properties of the Group in which direct operating expenses of HK$370,000 (2018: HK$330,000) were incurred during the year ended 31 March 2019.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on bank borrowings and bank overdrafts	**4,899**	3,708

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**29,714**	25,970
– (over) under-provision in prior years	**(598)**	5
	29,116	25,975
PRC Enterprise Income Tax		
– current year	**38**	–
Deferred tax		
– current year	**(44)**	(1,547)
	29,110	24,428

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 year ended 31 March 2019 (2018: nil).

Pursuant to circular issued by Ministry of Finance and National Tax Bureau, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2021 (50% exemption of taxable income and application of income tax rate as 20% from 1 January 2018 to 31 December 2018). The Group's PRC subsidiaries were qualified during the year.

During the years ended 31 March 2019 and 2018, 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

	2019	2018
	HK$'000	*HK$'000*
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments		
– fees	**360**	360
– salaries, allowances and other benefits	**7,561**	7,506
– discretionary bonuses	**168**	159
– contributions to retirement benefits scheme	**232**	232
– equity-settled share option expense	**–**	36
	8,321	8,293
Other staff costs		
– salaries, allowances and other benefits	**179,039**	171,216
– contributions to retirement benefits scheme	**7,440**	7,497
– provision for long service payments	**409**	372
– equity-settled share option expense	**–**	3,463
	186,888	182,548
Total staff costs	**195,209**	190,841
Allowance for inventories (included in cost of inventories sold) *(Note)*	**1,714**	–
Auditor's remuneration	**1,090**	1,010
Depreciation of property, plant and equipment	**27,859**	28,302
Depreciation of investment properties	**3,293**	1,951
Impairment loss on an investment property (included in other operating expenses)	**3,485**	–
Impairment loss on loan to an associate (included in other operating expenses)	**3,040**	–
Loss on written off of property, plant and equipment	**1,816**	1,510
Share of income tax expense of associates	**3,005**	4,019
Operating lease rentals in respect of:		
– rented premises	**83,441**	77,506
– transmission stations	**9,621**	11,528
	93,062	89,034

Note: During the year ended 31 March 2019, an allowance for inventories of HK$1,714,000 (2018: nil) was made for write-down of obsolete inventories that are no longer suitable for sell in the market.

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2016/17 fourth interim dividend of HK$0.05 per share	**–**	20,154
2017/18 first interim dividend of HK$0.05 per share	**–**	20,177
2017/18 second interim dividend of HK$0.05 per share	**–**	20,180
2017/18 third interim dividend of HK$0.05 per share	**–**	20,185
2017/18 fourth interim dividend of HK$0.06 per share	**24,225**	–
2018/19 first interim dividend of HK$0.06 per share	**24,225**	–
2018/19 second interim dividend of HK$0.06 per share	**24,225**	–
2018/19 third interim dividend of HK$0.06 per share	**24,225**	–
	96,900	80,696

Subsequent to the end of the reporting period, the fourth interim dividend of HK$0.06 per share in respect of the year ended 31 March 2019 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:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**131,753**	128,168

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**403,743**	403,395
Effect of dilutive potential ordinary shares:		
Share options	**17**	499
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**403,760**	403,894

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**4,230**	6,398
Less: Allowance for doubtful debts recognised in respect of trade receivables	**–**	(64)
	4,230	6,334
Other receivables *(Note)*	**22,637**	14,059
Rental deposits	**27,060**	26,320
Utility and other deposits	**5,177**	3,936
Prepayments to suppliers	**2,355**	11,004
Other prepayments	**5,621**	3,184
	67,080	64,837
Less: Rental deposits classified as non-current assets	**(11,009)**	(9,026)
Current portion included in trade and other receivables	**56,071**	55,811

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 the reporting period.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of ranged from 7 to 30 days (2018: 7 to 30 days) to its trade customers. The following is an ageing analysis of trade receivables, net of accumulated impairment loss, presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**3,295**	5,512
91 – 180 days	**652**	625
181 – 365 days	**105**	75
Over 365 days	**178**	122
	4,230	6,334

As at 31 March 2019, the expected credit loss rates for trade receivables based on ageing of customers were closed to zero, the identified impairment loss for trade receivables was immaterial.

Detail of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in the consolidated financial statements.

12. TRADE AND OTHER PAYABLES

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	**46,059**	87,309	87,309
Receipts in advance *(Note)*	**–**	–	17,751
Accrued expenses and other payables	**27,043**	20,856	20,856
	73,102	108,165	125,916

Note: Receipts in advance represented advance payments from customers pursuant to the respective sales contracts and such amount is classified as contract liabilities upon adoption of HKFRS 15 as at 1 April 2018 (see note 2).

The average credit period on trade payables is 30 days (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Within 60 days	**42,852**	84,195
61 – 90 days	**–**	38
Over 90 days	**3,207**	3,076
	46,059	87,309

The Group's trade and other payables that are denominated in currencies other than the functional currency of relevant group entity to which they relate are set out below:

	2019	2018
	HK$'000	*HK$'000*
USD	**5,535**	2

13. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2017		402,941,000	4,030
Issue of shares upon:			
Exercise of share options	*(a)*	760,000	8
At 31 March 2018 and 1 April 2018		403,701,000	4,038
Issue of shares upon:			
Exercise of share options	*(b)*	52,000	1
At 31 March 2019		403,753,000	4,039

Notes:

(a) 760,000 share options were exercised during the year ended 31 March 2018 and resulted in issue of 760,000 ordinary shares of the Company and increase in share capital of HK$8,000, as further detailed in note 14.

(b) 52,000 share options were exercised during the year ended 31 March 2019 and resulted in issue of 52,000 ordinary shares of the Company and increase in share capital of HK$1,000, as further detailed in note 14.

All shares issued during the years ended 31 March 2019 and 2018 rank pari passu with existing shares in all respects.

14. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 20 May 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 May 2024. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, subject to the acceptance from them to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within twenty-eight days from the date of the offer, upon payment of HK$1 per acceptance of offer. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Options may be exercised at any time from the date of grant of the share option to the 3 anniversary of the date of grant.

On 6 July 2017, the Company granted an aggregate of 6,300,000 (2019: nil) share options to directors and eligible employees of the Company, to subscribe, in aggregate, for up to 6,300,000 ordinary shares of HK$0.01 each of the share capital of the Company under the Scheme.

At 31 March 2019, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 4,850,000 (2018: 5,662,000), representing 1.20% (2018: 1.40%) of the ordinary shares of the Company in issue at that date.

Details of the share options outstanding during the year are as follows:

For the year ended 31 March 2019

				Number of share options				
	Date of grant	Exercisable period	Exercise price	Outstanding at 1 April 2018	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2019
Directors	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	**60,000**	**–**	**–**	**–**	**60,000**
Employees	7 July 2015	7 July 2015 – 6 July 2018	HK$2.22	**412,000**	**–**	**(52,000)**	**(360,000)**	**–**
Employees	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	**5,190,000**	**–**	**–**	**(400,000)**	**4,790,000**
Total				**5,662,000**	**–**	**(52,000)**	**(760,000)**	**4,850,000**
Exercisable at the end of the year								**4,850,000**
Weighted average exercise price				**HK$2.99**	**N/A**	**HK$2.22**	**HK$2.66**	**HK$3.05**

For the year ended 31 March 2018

				Number of share options				
	Date of grant	Exercisable period	Exercise price	Outstanding at 1 April 2017	Granted during the year *(Note)*	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2018
Directors	7 July 2015	7 July 2015 – 6 July 2018	HK$2.22	30,000	–	(30,000)	–	–
Directors	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	–	60,000	–	–	60,000
Employees	7 July 2015	7 July 2015 – 6 July 2018	HK$2.22	711,000	–	(280,000)	(19,000)	412,000
Employees	6 July 2017	6 July 2017 – 5 July 2019	HK$3.05	–	5,830,000	(450,000)	(190,000)	5,190,000
Total				741,000	5,890,000	(760,000)	(209,000)	5,662,000
Exercisable at the end of the year								5,662,000
Weighted average exercise price				HK$2.22	HK$3.05	HK$2.71	HK$2.97	HK$2.99

Note: The number of share options granted during the year ended 31 March 2018 excluded 410,000 share options that were not accepted by the employees at the date of grant.

In respect of the share options exercised during the year ended 31 March 2019, the weighted average share price at the dates of exercise is HK$2.70 (2018: HK$3.44).

The Group recognised total expense of HK$3,499,000 for the year ended 31 March 2018 in relation to share options granted by the Company. No share option was granted during the year ended 31 March 2019.

Those fair values were calculated using the Binomial model. The inputs into the model were as follows:

	Options granted on 6 July 2017
Underlying stock price	HK$3.05
Exercise price	HK$3.05
Contractual Option Life	2 years
Risk-free rate	0.911%
Expected dividend yield	4.433%
Expected volatility of underlying share	44.516%
Exercise multiple	Directors: 1.47
	Employees: 1.62
Exit rate	Directors: 0%
	Employees: 10.43%
Estimated fair value for each share option	Directors: HK$0.596
	Employees: HK$0.594

Expected volatility was determined by using the historical volatility of the share price of certain companies in the similar industry over the previous years. The exit rate in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

15. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**60,921**	54,972
In the second to fifth year, inclusive	**31,473**	39,359
Over five years	**–**	280
	92,394	94,611

The Group leases certain of its office premises, transmission stations and service outlets under operating lease arrangements. Leases are negotiated for a term ranging from one to five years (2018: one to six years) with fixed rentals as at 31 March 2019.

The Group as lessor

Rental income earned during the year ended 31 March 2019 was HK$4,184,000 (2018: HK$4,427,000). The office premises, transmission stations, warehouse and service outlets are rented to third parties under operating leases with leases negotiated for a term of one to two years (2018: one to two years) as at 31 March 2019.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**2,976**	1,498
In the second to fifth year, inclusive	**823**	580
	3,799	2,078

16. CAPITAL COMMITMENTS

	2019	2018
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**226**	188

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the year, with more new players entering the market, the mobile telecommunications services industry became more crowded and competition intensified. The mobile subscription rate in Hong Kong, however, has been exceptionally high, numbering 19.37 million in October 2018, representing one of the highest mobile penetration rates in the world at about 259.9%. Mobile data services are especially popular in Hong Kong, with 18.75 million subscribers of the total being 2.5G/3G/4G users or subscribers, and there is also a big population of mobile broadband customers. As at October 2018, the local mobile data usage volume was 49,509 Terabytes. The number is 35.2% and 1.12 times that in December 2018 and December 2016 respectively, reflecting the rapid growth of the market.

The Group, with the support of professional teams, strong and close relationship with suppliers and customers, and a well-established shop network, saw an increase in profit and was able to maintain its share in the competitive market.

BUSINESS REVIEW

The Group is principally engaged in the retail sales of mobile phones and other consumer goods and related services; distribution of mobile phones and related services; provision of paging and other telecommunications services; and provision of operation services to Sun Mobile Limited ("SUN Mobile"), which is an associate that is 40% owned by the Group and 60% by HKT Limited ("HKT").

During the past year, the Group faced stiff competition. Nevertheless, it was still able to achieve positive metrics, with a profit of approximately HK$131.75 million (2018: HK$128.17 million), representing a year-on-year increase of approximately 2.8%. The uptick was mainly due to favourable contributions from the retail sales of mobile phones and provision of operation services to SUN Mobile.

As at 31 March 2019, the Group's retail operation consisted of 80 shops, representing an increase of five shops over the previous year's. This retail network has continued to account for the bulk of the Group's revenue, which has further increased as a result of higher mobile phone sales during the review year. With regard to the Mango Mall online platform, its revenue has increased steadily in line with the growing number of Mango Mall members. Such members obtain "Mango Fun" points when making purchases at the Group's retail shops, which can then be redeemed at the Mango Mall for various items. To increase membership, cash coupons are offered as birthday gifts, and there are also special promotions extended to members who visit the e-commerce platform every Thursday.

In respect of the provision of operation services to SUN Mobile, the business has continued to perform satisfactorily, leading to greater revenue. The encouraging performance highlights the fruitful partnership that the Group has with HKT in providing operation services to SUN Mobile.

The paging and other telecommunications services segment experienced a decline in revenue as the market interest in such services has continued to wane. Mindful of the ongoing migration of users to mobile communications devices, the Group will further scale down associated operations. With reference to the distribution of mobile phones and related services, due to the change of operation model and requirement of some mobile phone manufacturers, the Group agreed to terminate the distribution service agreements with them. Nonetheless, the operation was able to achieve breakeven.

FINANCIAL REVIEW

Segment Analysis

	2018/19		2017/18	
	HK$'000	*%*	*HK$'000*	*%*
Retail business	**766,416**	**61.9**	773,795	59.6
Distribution business	**27,857**	**2.2**	104,842	8.1
Paging and other telecommunication services	**57,210**	**4.6**	69,504	5.4
Operation services	**387,764**	**31.3**	349,432	26.9
Total revenue	**1,239,247**	**100.0**	1,297,573	100.0

Revenue

The Group's revenue for the year ended 31 March 2019 was approximately HK$1,239.25 million (2018: HK$1,297.57 million), representing a decrease of approximately 4.5% over the previous year. The decrease in the Group's revenue was mainly due to decrease in revenue generated from distribution business and partly off-set by increase in revenue generated from operation services.

During the year ended 31 March 2019, revenue from retail business slightly decreased approximately 1.0% as compared to the corresponding period of the previous year to approximately HK$766.42 million (2018: HK$773.80 million) due to fierce competition. 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 2019 decreased approximately 73.4% as compared to the corresponding period of the previous year. It was mainly due to the change of operation model and requirement of some mobile phone manufacturers, the Group agreed to terminate the distribution service agreements with them.

Revenue from the provision of paging and other telecommunications services for the year ended 31 March 2019 dropped approximately 17.7% as compared to the corresponding period of the previous year. This was primarily due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to decrease during the year ended 31 March 2019. At 30 June 2019, the Group will cease its paging and other telecommunications services in Macau.

Revenue from the provision of operation services continues its healthy growth and hit a new record of approximately HK$387.76 million for the year ended 31 March 2019, representing an increase of approximately 11.0% as compared to the corresponding period of the previous year. The increase was mainly due to the adjustment on mobile service monthly plan fees and new service plans of SUN Mobile launched during the year.

Other Income

Other income mainly contributed by rental and sub-letting income. Other income for the year ended 31 March 2019 was approximately HK$5.80 million (2018: HK$6.03 million), representing a slight decrease of approximately 3.8% as compared to the previous year.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental, building management fees, 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 and Mobitex devices, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2019 were approximately HK$209.26 million (2018: HK$201.99 million), representing an increase of approximately 3.6% over the previous year.

The increase was mainly brought by the increase in rental expenses, write-off of obsoleted paging devices and bank charges, and partly off-set by the decrease in information fees and repair expenses. The increase in rental expenses was primarily due to the expansion of retail shops and the increase in market rental during the year. 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. Because of the declining number of paging and Mobitex-based service subscribers, the usage of information decreased accordingly. In addition, due to a prolonged decline in market value of paging devices, write-off of obsoleted paging devices was recognised.

Share of Results of Associates

Share of result of associates for the year was approximately HK$15.39 million (2018: HK$20.73 million), representing a decrease of approximately 25.8% as compared to the previous year. The amount mainly represents our share of net profit of SUN Mobile. The decrease was mainly due to the increase in operating costs of SUN Mobile.

Finance Costs

There is no significant change in the Group's bank borrowings throughout the year ended 31 March 2019. The finance costs for the year ended 31 March 2019 were approximately HK$4.90 million (2018: HK$3.71 million). It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion.

Income Tax Expense

Income tax for the year ended 31 March 2019 was approximately HK$29.11 million (2018: HK$24.43 million), representing an increase of approximately 19.2%. The increase was mainly due to the increase in profit before tax.

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 2019 was approximately HK$131.75 million (2018: HK$128.17 million), representing an increase of approximately 2.8% as compared to the previous year.

Liquidity and Financial Resources

As at 31 March 2019, the Group had net current liabilities of approximately HK$74.95 million (2018: HK$26.06 million) and had cash and cash equivalents of approximately HK$44.09 million (2018: HK$41.27 million).

The Group has a current ratio of approximately 0.8 as at 31 March 2019 comparing to that of 0.9 as at 31 March 2018. As at 31 March 2019, the Group's gearing ratio was approximately 59.2% as compared to approximately 45.6% as at 31 March 2018, which is calculated based on the Group's total borrowings of approximately HK$207.94 million (2018: HK$145.28 million) and the Group's total equity of approximately HK$351.37 million (2018: HK$318.71 million). The Group's total cash at banks as at 31 March 2019 amounted to approximately HK$44.09 million (2018: HK$41.84 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 2019, the Group has unutilised banking facilities of approximately HK$270.59 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

At 31 March 2019, the Group did not have any material contingent liabilities (2018: nil).

Foreign Currency Risk

The majority of the Group's business are in Hong Kong and are denominated in Hong Kong dollars 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.

Dividends

	Year ended 31 March			
	2019		2018	
	HK$	***HK$'000***	*HK$*	*HK$'000*
	per share	**(audited)**	*per share*	(audited)
Dividends recognised as distribution during the year:				
2016/17 fourth interim dividend	**–**	**–**	0.05	20,154
2017/18 first interim dividend	**–**	**–**	0.05	20,177
2017/18 second interim dividend	**–**	**–**	0.05	20,180
2017/18 third interim dividend	**–**	**–**	0.05	20,185
2017/18 fourth interim dividend	**0.06**	**24,225**	–	–
2018/19 first interim dividend	**0.06**	**24,225**	–	–
2018/19 second interim dividend	**0.06**	**24,225**	–	–
2018/19 third interim dividend	**0.06**	**24,225**	–	–
		96,900		80,696

At a meeting held on 25 June 2019, the Board declared the fourth interim dividend of HK$0.06 per share for the year ended 31 March 2019 (2018: HK$0.06 per share).

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in note 14 to this announcement, there was no change in the capital structure during the year ended 31 March 2019.

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 Acquisition and Disposal

Except for purchase of properties for commercial use amounted to HK$77.00 million (2018: HK$55.00 million), the Group did not hold any significant investment in equity interest in any other company during the year ended 31 March 2019 (2018: nil).

As at 31 March 2019, the Group's properties in Hong Kong with carrying values of approximately HK$335.74 million (2018: HK$270.43 million).

Employees and Remuneration Policies

As at 31 March 2019, the Group employed 556 (2018: 569) 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

In the future, the Group's primary objectives will be to expand and fortify its retail sales network, and explore favourable investment opportunities. In respect of the former, the Group will not only examine the possibility of opening more sales points, but also larger size retail spaces so that customers can enjoy a more spacious environment, which, combined with quality service, will lead to greater customer satisfaction. As for investment opportunities, the Group will be exploring partnerships that allow it to take advantage of different industries. The Group will also remain open to different investment opportunities that would enable it to diversify its business interests.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2019 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 2019 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 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Fourth Interim Dividend

On 25 June 2019, the Board declared a fourth interim dividend of HK$0.06 per Share for the year ended 31 March 2019. The fourth interim dividend will be payable in cash to the Shareholders whose names appear on the register of members on Friday, 12 July 2019.

The fourth interim dividend is expected to be paid on or about Friday, 19 July 2019.

Annual General Meeting

An Annual General Meeting (the "AGM") of the Company will be convened to be held on Wednesday, 4 September 2019. The Notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in July 2019.

Closure of Register of Members

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

(a) from Thursday, 11 July 2019 to Friday, 12 July 2019 (both days inclusive), for the purpose of determining Shareholders' entitlement to the fourth interim dividend. In order to qualify for the fourth interim dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 10 July 2019; and

(b) from Thursday, 29 August 2019 to Wednesday, 4 September 2019 (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 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 Wednesday, 28 August 2019.

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 2019, 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 2019, 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. Hui Ying Bun and Mr. Lau Hing Wah. 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 2019 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, 25 June 2019

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. Hui Ying Bun, Mr. Lam Yu Lung and Mr. Lau Hing Wah, MH, JP.

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