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Telecom Digital Holdings Limited

電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6033)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2023 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 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3	1,535,452	1,505,079
Cost of inventories sold		(1,036,415)	(979,793)
Staff costs		(193,017)	(199,613)
Depreciation		(96,710)	(78,773)
Other income and gains	5	17,317	8,350
Other operating expenses		(113,596)	(107,212)
Impairment loss on an investment property		–	(9,448)
Loss on change in fair value:			
– financial assets at fair value through profit or loss (“ FVTPL ”)		(6,375)	(6,380)
– derivative financial instruments		(587)	–
Share of results of associates		11,328	10,546
Finance costs	6	(25,733)	(4,856)
Profit before tax		91,664	137,900
Income tax expense	7	(16,084)	(24,841)
Profit for the year attributable to owners of the Company	8	75,580	113,059

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(761)	31
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial loss on long service payment obligations		<u>(491)</u>	<u>(120)</u>
Other comprehensive expense for the year		<u>(1,252)</u>	<u>(89)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>74,328</u>	<u>112,970</u>
Earnings per share (<i>HK\$</i>)	<i>10</i>		
Basic		<u>0.19</u>	<u>0.28</u>
Diluted		<u>0.19</u>	<u>0.28</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		586,134	231,985
Right-of-use assets		56,271	48,000
Investment properties		417,332	79,597
Club membership		1,560	1,560
Interests in associates		23,190	23,198
Rental deposits	<i>11</i>	9,051	5,637
Deposits for acquisition of a subsidiary	<i>11</i>	–	73,315
Prepayments for purchase of property, plant and equipment	<i>11</i>	427	–
		1,093,965	463,292
Current assets			
Inventories		122,497	101,945
Financial assets at FVTPL		58,862	79,604
Derivative financial instruments		294	–
Trade and other receivables	<i>11</i>	38,724	64,299
Amounts due from related companies		82	9
Amount due from an associate		20,303	23,725
Loan to an associate		–	–
Tax recoverable		1,367	511
Pledged bank deposits		5,767	5,135
Bank balances and cash		30,374	112,491
		278,270	387,719
Current liabilities			
Trade and other payables	<i>12</i>	77,433	74,366
Contract liabilities		5,869	7,270
Amounts due to related companies		56	598
Derivative financial instruments		881	–
Lease liabilities		34,492	34,967
Bank and other borrowings		775,896	295,066
Tax payables		3,725	10,975
		898,352	423,242
Net current liabilities		(620,082)	(35,523)
Total assets less current liabilities		473,883	427,769

		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Long service payment obligations		1,951	1,147
Lease liabilities		23,130	15,223
Deferred tax liabilities		509	1,096
		<u>25,590</u>	<u>17,466</u>
Net assets		<u>448,293</u>	<u>410,303</u>
Capital and reserves			
Share capital	<i>13</i>	4,039	4,039
Reserves		444,254	406,264
Total equity		<u>448,293</u>	<u>410,303</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

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

The directors of the Company consider the immediate holding company and ultimate holding company are CKK Investment Limited and Amazing Gain Limited respectively, which are incorporated in the British Virgin Islands (the “**BVI**”). The Group has been under the control and beneficially owned by Cheung Family Trust, Mr. CHEUNG King Shek, Mr. CHEUNG King Shan, Mr. CHEUNG King Chuen Bobby and Mr. CHEUNG King Fung Sunny (the “**Cheung Brothers**”) since 1 April 2013. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in product business in sales of electronic devices and other consumer goods and related services, provision of operation services and property investments.

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 2023, the Group had net current liabilities of HK\$620,082,000. 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\$218,543,000 at 31 March 2023;

- (ii) out of the secured bank borrowings of HK\$650,432,000, bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause and shown under current liabilities amounted to HK\$313,638,000. All of them were secured by certain ownership interest in leasehold land and buildings included in property, plant and equipment, investment properties, financial assets at FVTPL and pledged bank deposits with carrying amounts of HK\$516,859,000, HK\$417,332,000, HK\$58,862,000 and HK\$669,000 respectively. The fair value of the investment properties as at 31 March 2023 was HK\$582,500,000. Shares in certain subsidiaries were pledged to a bank as part of the securities given to secure the aforesaid banking facilities. 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 remote as the Group repaid as schedule and did not breach any covenants imposed by the banks. In addition, certain revolving loans included in the secured bank borrowings are under revolving credit facilities to rollover on an ongoing basis; 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 the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial year beginning 1 April 2022.

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>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020 cycle</i>

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	<i>Insurance Contracts¹</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause²</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants²</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current and Non-current* and related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 *Non-current Liabilities with Covenants*

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* issued in 2020 (the “**2020 Amendments**”) clarify the requirements for classifying liabilities as current or non-current. Amendments to HKAS 1 *Non-current Liabilities with Covenants* issued in 2022 (the “**2022 Amendments**”) further clarify the requirements for classification of non-current liabilities with covenants. The amendments specify that if an entity’s right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered as settlement of a liability. The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 March 2023, the application of the amendments will not result in change in reclassification of the Group’s liabilities.

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

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

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

Guidance and examples were provided to explain and demonstrate the application of the “four-step materiality process” described in HKFRS Practice Statement 2.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies.

Amendments to HKAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available and reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Product business	1,161,715	1,112,291
– Services rendered		
Product business	7,646	5,108
Operation services	325,190	348,756
Other	25,992	34,612
	<u>1,520,543</u>	<u>1,500,767</u>
Revenue from other sources		
– Rental income for investment properties under operating lease	14,909	4,312
	<u>1,535,452</u>	<u>1,505,079</u>

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

Disaggregation of revenue from contracts with customers by timing of recognition

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Timing of revenue recognition		
At a point of time	1,168,619	1,116,403
Over time	351,924	384,364
	<u>1,520,543</u>	<u>1,500,767</u>

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

As at 31 March 2023 and 2022, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at the end of both reporting periods.

4. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the executive directors of the Company. The information reported to the CODM for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The directors of the Company have chosen to organise the Group around differences in products and services. The Group's operating and reportable segments are as follows:

Product business	–	Sales of electronic devices, other consumer goods and related services
Operation services	–	Provision of operation services
Property investments	–	Investment properties held for capital appreciation or to earn rentals

The Company has reevaluated its operating segments and has combined its retail business segment and distribution business segment into a single segment, which is now referred to as the product business segment. This change was made to better align the Company's reporting with its internal management structure and to reflect the way in which the CODM reviews financial information for the purposes of making operating and resource allocation decisions.

The product business segment comprises the Company's retail stores and its distribution channels. The Company's operation services segment, which include provision of operation services, have remained unchanged. The Company has restated its segment information for all periods presented to reflect the new segment reporting structure.

During the year ended 31 March 2023, the CODM reviewed the property investments segment following the acquisition of Onbo International Limited (the "Onbo"). The CODM assessed the rising trend in property investment operations and acknowledged its importance, classifying the property investments segment as significant and separate from the "Other segment" for reporting purposes.

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 service. As this segment does not meet any of quantitative thresholds for determining reportable segment in both reporting periods. Accordingly, the above operating segment is classified under "Other segment".

The CODM makes decisions based on the operating results of each segment. No information of segment assets and liabilities is reviewed by the CODM this year for the assessment of the performance of operating segments. Therefore, only the segment revenue and segment results are presented.

As a result of the above changes, certain prior year figures have been represented to conform with current year's presentation.

Segment revenues and results

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

For the year ended 31 March 2023

	Product business <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Other segment <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	1,169,361	325,190	14,909	25,992	–	1,535,452
Inter-segment sales	<u>322</u>	<u>–</u>	<u>4,648</u>	<u>64</u>	<u>(5,034)</u>	<u>–</u>
Segment revenue	<u>1,169,683</u>	<u>325,190</u>	<u>19,557</u>	<u>26,056</u>	<u>(5,034)</u>	<u>1,535,452</u>
Segment results	<u>78,213</u>	<u>63,883</u>	<u>(8,496)</u>	<u>1,728</u>		135,328
Bank interest income						170
Finance costs						(25,733)
Share of results of associates						11,328
Loss on change in fair value of financial assets at FVTPL						(6,375)
Loss on change in fair value of derivative financial instruments						(587)
Corporate expenses, net						<u>(22,467)</u>
Profit before tax						<u>91,664</u>

For the year ended 31 March 2022

	Product business <i>HK\$'000</i> (restated)	Operation services <i>HK\$'000</i>	Property investments <i>HK\$'000</i> (restated)	Other segment <i>HK\$'000</i> (restated)	Elimination <i>HK\$'000</i> (restated)	Total <i>HK\$'000</i>
Revenue						
External sales	1,117,399	348,756	4,312	34,612	–	1,505,079
Inter-segment sales	<u>1,313</u>	<u>–</u>	<u>4,648</u>	<u>125</u>	<u>(6,086)</u>	<u>–</u>
Segment revenue	<u>1,118,712</u>	<u>348,756</u>	<u>8,960</u>	<u>34,737</u>	<u>(6,086)</u>	<u>1,505,079</u>
Segment results	<u>75,165</u>	<u>76,596</u>	<u>(9,100)</u>	<u>2,586</u>		145,247
Bank interest income						549
Finance costs						(4,856)
Share of results of associates						10,546
Loss on change in fair value of financial assets at FVTPL						(6,380)
Corporate expenses, net						<u>(7,206)</u>
Profit before tax						<u>137,900</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represented the profits earned by each segment without allocation of bank interest income, finance cost, share of results of associates, loss on change in fair value of financial assets at FVTPL, loss on change in fair value of derivative financial instruments, certain corporate expenses and income and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The segment information is as follows:

For the year ended 31 March 2023

	Product business HK\$'000	Operation services HK\$'000	Property investments HK\$'000	Other segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	19,178	346	-	492	12,216	32,232
Depreciation of right-of-use assets	47,049	-	-	-	-	47,049
Depreciation of investment properties	-	-	17,429	-	-	17,429
Allowance for inventories	279	-	-	-	-	279
(Gain) loss on disposal of property, plant and equipment	(30)	394	-	-	-	364
Loss on written off of inventories	18	-	-	-	-	18
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	-	(11,328)	-	-	-	(11,328)
Finance costs	5,386	9,504	7,801	1	3,041	25,733
Income tax expense	6,307	8,457	409	511	400	16,084

For the year ended 31 March 2022

	Product business <i>HK\$'000</i> (restated)	Operation services <i>HK\$'000</i>	Property investments <i>HK\$'000</i> (restated)	Other segment <i>HK\$'000</i> (restated)	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	24,997	208	–	594	1,456	27,255
Depreciation of right-of-use assets	48,004	–	–	–	–	48,004
Depreciation of investment properties	–	–	3,514	–	–	3,514
Reversal of allowance for inventories	(58)	–	–	–	–	(58)
Gain on disposal of property, plant and equipment	(135)	–	–	–	–	(135)
Loss on written off of property, plant and equipment	653	–	–	–	–	653
Impairment loss on an investment property	–	–	9,448	–	–	9,448
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	(10,546)	–	–	–	(10,546)
Finance costs	3,945	–	303	76	532	4,856
Income tax expense	11,369	12,095	811	371	195	24,841

Geographical information

No geographical information is presented as the Group's operations and all of its non-current assets are located in Hong Kong.

Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A ¹	324,675	348,289
Customer B ²	235,494	324,169
Customer C ²	<u>192,879</u>	<u>N/A³</u>

¹ Revenue from operation services.

² Revenue from product business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

5. OTHER INCOME AND GAINS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	170	549
Interest income from financial assets at FVTPL	1,343	2,825
Dividend income from financial assets at FVTPL	930	–
Other interest income	352	768
Gain on disposal of property, plant and equipment	–	135
Government grants		
– Employment Support Scheme (“ESS”) (Note a)	11,016	–
– Others	159	215
Foreign exchange differences, net	–	713
Handling income	1,249	1,157
Leasing income (Note b)	214	396
Reversal of impairment loss on receivable from disposal of an associate	1,380	547
Others	<u>504</u>	<u>1,045</u>
	<u>17,317</u>	<u>8,350</u>

Notes:

- (a) The amount represented salaries and wages subsidies granted related to ESS provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.
- (b) Included in leasing income were HK\$214,000 (2022: HK\$396,000) arising from the operating leases of sub-letting part of the rented service outlet, whose lease payments were fixed. The related direct operating expenses of HK\$35,000 (2022: HK\$144,000) were incurred during the year ended 31 March 2023.

6. FINANCE COSTS

	2023	2022
	HK\$'000	HK\$'000
Interest expenses on:		
– bank and other borrowings	23,056	2,056
– lease liabilities	2,677	2,800
	<u>25,733</u>	<u>4,856</u>

7. INCOME TAX EXPENSE

	2023	2022
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
– current year	19,424	25,079
– overprovision in prior years	(2,765)	(329)
	<u>16,659</u>	<u>24,750</u>
PRC Enterprise Income Tax		
– current year	12	–
Deferred tax		
– current year	(587)	91
	<u>16,084</u>	<u>24,841</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Other than the qualifying corporation, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 31 March 2023 (2022: 25%).

From 1 January 2019 to 31 December 2023, under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective tax rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective tax rate of 5%, whereas the excess portion will be subject to the effective tax rate of 10%.

During the years ended 31 March 2023 and 2022, 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments		
– fees	360	360
– salaries, allowances and other benefits	9,053	9,036
– discretionary bonuses	1,354	1,271
– contributions to retirement benefits scheme	107	111
	<u>10,874</u>	<u>10,778</u>
Other staff costs		
– salaries, allowances and other benefits	174,775	180,935
– contributions to retirement benefits scheme	6,948	7,267
– provision for long service payments	420	633
	<u>182,143</u>	<u>188,835</u>
Total staff costs	<u><u>193,017</u></u>	<u><u>199,613</u></u>
Written off of inventories (<i>Note a</i>)	18	–
Allowance for inventories (<i>Note a</i>)	279	–
Reversal of allowance for inventories (<i>Note a</i>)	–	(58)
Auditor's remuneration (<i>Note b</i>)	1,100	1,050
Advertising and promotion expenses (<i>Note b</i>)	9,800	4,774
Bank charges (<i>Note b</i>)	4,812	6,562
Depreciation of property, plant and equipment	32,232	27,255
Depreciation of investment properties	17,429	3,514
Depreciation of right-of-use assets	47,049	48,004
Loss on disposal of property, plant and equipment (<i>Note b</i>)	364	–
Loss on written off of property, plant and equipment (<i>Note b</i>)	–	653
Share of income tax expenses of associates	1,869	2,065
	<u><u>1,869</u></u>	<u><u>2,065</u></u>

Notes:

- (a) These expenses are included in “Cost of inventories sold” in profit or loss.
- (b) These expenses are included in “Other operating expenses” in profit or loss.

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2020/21 fourth interim dividend of HK\$0.08 per share	–	32,300
2021/22 first interim dividend of HK\$0.06 per share	–	24,225
2021/22 second interim dividend of HK\$0.07 per share	–	28,263
2021/22 third interim dividend of HK\$0.06 per share	24,225	–
2022/23 first interim dividend of HK\$0.03 per share	12,113	–
	<u>36,338</u>	<u>84,788</u>

Subsequent to the end of the reporting period, the Board has resolved not to declare any interim dividend for the year ended 31 March 2023.

For the year ended 31 March 2022, the Board declared the third interim dividend of HK\$0.06 per share.

10. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>75,580</u>	<u>113,059</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>403,753</u>	<u>403,753</u>

The diluted earnings per share for the years ended 31 March 2023 and 2022 are the same as basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year or at the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	3,117	6,554
Other receivables (<i>Note a</i>)	6,161	18,787
Receivable from disposal of an associate, net of allowance for impairment (<i>Note b</i>)	–	4,120
Rental deposits	22,993	23,684
Deposits for acquisition of a subsidiary (<i>Note c</i>)	–	73,315
Prepayments for purchase of property, plant and equipment	427	–
Utility and other deposits	8,132	4,910
Prepayments to suppliers	3,106	5,906
Other prepayments	4,266	5,975
	48,202	143,251
Less: Deposits for acquisition of a subsidiary classified as non-current assets	–	(73,315)
Prepayments for purchase of property, plant and equipment classified as non-current assets	(427)	–
Rental deposits classified as non-current assets	(9,051)	(5,637)
	38,724	64,299
Current portion included in trade and other receivables	38,724	64,299

Notes:

- (a) The amounts comprised credit card receivables from financial institutions and rebate receivables from suppliers which are expected to be recovered within one year from the end of the reporting period.
- (b) The amount comprised receivable from disposal of an associate from buyer of the disposed associate in previous years. The carrying amount is repayable under an agreed repayment schedule. The amount is fully settled during the year ended 31 March 2023.

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

The Group does not hold any collateral over these balances.

As at 1 April 2022, the gross amount of trade receivables arising from contracts with customers amounted to HK\$4,095,000.

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	3,011	6,153
91-180 days	91	294
181-365 days	6	99
Over 365 days	9	8
	<u>3,117</u>	<u>6,554</u>

12. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	50,647	43,882
Accrued payroll	9,606	12,891
Accrued expenses and other payables	17,180	17,593
	<u>77,433</u>	<u>74,366</u>

The average credit period on trade payables is 10-30 days (2022: 10-30 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 60 days	49,414	42,252
61-90 days	34	159
Over 90 days	1,199	1,471
	<u>50,647</u>	<u>43,882</u>

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>403,753,000</u>	<u>4,039</u>

14. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

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. On 16 May 2022, the Group acquired 100% of issued share capital of Onbo at a consideration HK\$735,437,000. Onbo directly holds the whole block of Wider Industrial Building, No. 58 Tsun Yip Street, Kowloon, Hong Kong.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 *Business Combinations*. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (investment properties). The assets acquired and liabilities assumed at the date of acquisition of Onbo comprise the following:

	HK\$'000
Investment properties	355,164
Property, plant and equipment	381,048
Trade receivables	4
Prepayment and other receivables	1,998
Other payables and accruals	<u>(2,777)</u>
	<u>735,437</u>

Net cash outflow arising on acquisition of Onbo

	HK\$'000
Consideration paid in cash	735,437
Less: Deposits paid for the year ended 31 March 2022	<u>(73,315)</u>
	<u>662,122</u>

15. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group sub-leases part of its rented service outlets and transmission stations and leases out its investment properties and partial of ownership interests in leasehold land and buildings during the years ended 31 March 2023 and 2022. The leases are rented to third parties under operating leases with leases negotiated for a term of one to three years (2022: one to two years) as at 31 March 2023. None of the leases includes variable lease payments.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	5,986	3,222
After one year but within two years	3,167	1,403
After two years but within three years	<u>2,764</u>	<u>–</u>
	<u><u>11,917</u></u>	<u><u>4,625</u></u>

16. CAPITAL COMMITMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment (2022: acquisition of a subsidiary) contracted for but not provided in the consolidated financial statements	<u><u>16,069</u></u>	<u><u>663,354</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the last year, the telecommunications industry has seen rapid growth largely driven by the development and widespread of the 5G network and 5G devices in the Hong Kong market. In February 2023, the subscription rate of mobile communication services in Hong Kong was approximately 21.51 million, with the mobile subscriber penetration rate reaching approximately 286.5%, and subscriptions of 2.5G/3G/4G/5G mobile broadband services reaching approximately 21.50 million. In terms of mobile data usage in Hong Kong, as of December 2022, it escalated to a record high of approximately 157,348 terabytes, representing an increase of approximately 37.0% and approximately 78.8% than that in December 2021 and 2020 respectively, underscoring the continued growth of the telecommunication services market.

Throughout the past year, the Group continued to strive to strengthen its market position by improving its retail network to capture market opportunities. As a result, despite the fiercely competitive business environment, the Group has achieved satisfactory results and maintained its market position.

BUSINESS REVIEW

The Group is one of the leading comprehensive telecommunications service providers in Hong Kong and principally engaged in four business segments, including (i) product business: sales of electronic devices, other consumer goods and related services; (ii) operation services: 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; (iii) property investments; and (iv) other segment: comprises mainly provision of paging and other telecommunication services.

Although the overall economy of Hong Kong is still facing difficulties, the business environment in Hong Kong has gradually stabilised and the atmosphere in the retail market has continued to improve. For the year ended 31 March 2023, the Group recorded a revenue of approximately HK\$1,535.45 million (2022: HK\$1,505.08 million) and net profit of approximately HK\$75.58 million (2022: HK\$113.06 million).

The Group acquired a building in Kwun Tong in May 2022. The building comprises the whole block of a 13-storey revitalised industrial building with a gross floor area of approximately 97,314 square feet. The building is currently under renovation. The project will be completed in the third quarter of 2023, which includes interior and exterior renovation and reconstruction to upgrade the building's infrastructure. For the year ended 31 March 2023, around 50% of the building has been leased out and contributed a stable rental income for the Group.

FINANCIAL REVIEW

Segment Analysis

	Year ended 31 March			
	2023		2022	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Product business	1,169,361	76.2	1,117,399	74.2
Operation services	325,190	21.2	348,756	23.2
Property investments	14,909	0.9	4,312	0.3
Other segment	25,992	1.7	34,612	2.3
	<u>1,535,452</u>	<u>100.0</u>	<u>1,505,079</u>	<u>100.0</u>
Total revenue	<u>1,535,452</u>	<u>100.0</u>	<u>1,505,079</u>	<u>100.0</u>

Revenue

The Group's revenue for the year ended 31 March 2023 was approximately HK\$1,535.45 million (2022: HK\$1,505.08 million), representing a slight increase of approximately 2.0% over the previous year. The increase in the Group's revenue was mainly due to increase in revenue generated from product business.

The Group operates a network of 77 retail shops. During the year ended 31 March 2023, revenue from product business remained the major source of revenue of the Group and recorded an increase of approximately 4.7% as compared to the corresponding period of the previous year. The increase was mainly benefited from the Consumption Voucher Scheme 2022/23 and the Group's cautious approach to product procurement.

Revenue from the operation services segment experienced a decline in revenue of approximately 6.8% to approximately HK\$325.19 million for the year ended 31 March 2023 as compared to the corresponding period of the previous year. The decrease was mainly due to the keen market competition of mobile telecommunications services.

Rental income from investment properties amounted to approximately HK\$14.91 million as at the review year, a year-on-year increase of approximately 245.8%. The increase was mainly due to the rental income generated from the building acquired in May 2022. As at 31 March 2023, around 50% of the building has been leased out.

Revenue from other segment comprises mainly the provision of paging and other telecommunication services of approximately HK\$26.0 million. Revenue decreased approximately 24.9% as compared to the corresponding period of the previous year. This was primarily due to the waning demand for such products and services.

Other Income and Gains

Other income and gains for the year ended 31 March 2023 were approximately HK\$17.32 million (2022: HK\$8.35 million), representing a substantial increase of approximately 107.4% as compared to the previous year. The increase was primarily due to the receipt of government grants on the Employment Support Scheme and other subsidies of approximately HK\$11.18 million during the year (2022: HK\$0.22 million). Apart from government grants, other income and gains of the year mainly comprised interest and dividend income from investment in financial assets, bank and other interest income, handling income, exchange gain and leasing income. In addition, there was a reversal of impairment loss on receivable from the disposal of an associate. The Group disposed the investment in an associate in 2020. The sales consideration has been received in full during the year and therefore reversed the impairment loss on receivable accordingly.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental expenses, utilities and running expenses of retail shops and customers service centre, information fees in respect of horse racing, football matches and the stock market, advertising and promotion expenses, operation fees for a paging centre, repair cost for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2023 were approximately HK\$113.60 million (2022: HK\$107.21 million), representing an increase of approximately 6.0% over the previous year.

The increase was mainly brought by the increase in promotion expenses, building management fees, government rent and rate and utilities expenses and offset by the decrease in rental expenses, information costs and bank charges. More advertising and promotion expenses were incurred for the preparation of business opportunities from the borders reopening. The increases in building management fees, utilities expenses and government rent and rate were due to inflation and price adjustments.

The rental expenses decreased in the review year mainly due to the reduction in the number of retail shops. As at the date of this announcement, the Group is operating 77 retail shops in Hong Kong (2022: 82 retail shops). The decrease in information fees was mainly due to the decrease in financial data charged by HKEx Information Services Limited by reference to the usage of information.

Share of Results of Associates

The share of results of associates for the year was approximately HK\$11.33 million (2022: HK\$10.55 million), representing an increase of approximately 7.4% as compared to the previous year. The amount mainly represents our share of the net profit of SUN Mobile. The increase was mainly due to the decrease in the cost of sales of SUN Mobile.

Finance Costs

The finance cost comprises mainly interest on bank and other borrowings and interest on lease liabilities. The Group's bank borrowings were substantially increased in the review year. The increased loans were mainly used to acquire a building in May 2022 through the acquisition of a subsidiary. The consideration paid for acquiring the subsidiary was approximately HK\$736 million. Except for the above, there is no significant change in the Group's bank borrowings throughout the year ended 31 March 2023.

Interest on bank and other borrowings for the year ended 31 March 2023 was approximately HK\$23.06 million (2022: HK\$2.06 million). It was mainly consisted of interest expenses on interest-bearing bank and other borrowings for supporting the Group's daily operation and business expansion. The interest expenses on lease liabilities for the year ended 31 March 2023 was approximately HK\$2.68 million (2022: HK\$2.80 million).

Income Tax Expense

Income tax expense for the year ended 31 March 2023 was approximately HK\$16.08 million (2022: HK\$24.84 million), representing a decrease of approximately 35.3%. The decrease was mainly due to the decrease 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 2023 was approximately HK\$75.58 million (2022: HK\$113.06 million), representing a decrease of approximately 33.2% as compared to the previous year.

The profit decline was mainly attributable to the combined effect of the following factors, (i) decrease in gross profit; (ii) increase in depreciation which mainly related to a building acquired in May 2022 through the acquisition of a subsidiary, which the consideration for the acquisition was approximately HK\$736 million; (iii) increase in finance costs due to the increase in bank and other borrowings and the impact on interest rate hiked; (iv) decrease in impairment loss on an investment property; and (v) increase in government grants on Employment Support Scheme.

Investments in Financial Assets

As at 31 March 2023, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$58.86 million (2022: HK\$79.60 million), representing approximately 4.3% of the total assets of the Group as at 31 March 2023. The Group will from time to time monitor the movement of prices in securities and may adjust its investment portfolio as and when appropriate.

Listed Equity Securities Investment

The underlying shares price of five unlisted equity linked fixed coupon notes (“FCN”) closed below the strike price on 6 July 2022, 1 August 2022, 10 August 2022 and 31 August 2022 respectively, the Group was obligated to take delivery of 53,904 shares of the underlying HKEX shares and 520,338 shares of the underlying CM BANK shares at the strike price according to the terms of the FCN. As at 31 March 2023, the Group’s listed equity securities investment at fair value through profit or loss amounted to approximately HK\$58.86 million (2022: HK\$33.64 million). Details of the listed equity securities were as follows:

Stock name	Number of shares held	Approximate percentage held to the total issued share capital in the investment company	Investment cost/Cost of acquisition HK\$'000	Dividend income for the year ended 31 March 2023 HK\$'000	Fair value loss for the year ended 31 March 2023 HK\$'000	Fair value as at 31 March 2023 HK\$'000	Approximate percentage of total assets of the Group as at 31 March 2023
HKEX (Note)	117,514	0.0093%	58,975	930	1,553	40,919	3.0%
CM Bank (Note)	447,456	0.0097%	26,999	–	4,822	17,943	1.3%
			<u>85,974</u>	<u>930</u>	<u>6,375</u>	<u>58,862</u>	<u>4.3%</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

FCN Investment

As at 31 March 2023, the Group does not have any outstanding FCN investment (2022: HK\$45.96 million).

Derivative Financial Instruments

As at 31 March 2023, the net fair value of the Group’s decumulator contracts (“DC”) amounted to approximately HK\$587,000 (2022: nil). The DCs are linked with securities listed on the Main Board of the Stock Exchange. The Group entered into the DCs with a financial institution in Hong Kong.

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 recognisable stock exchange for creating values for the shareholders of the Company ("**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 decisions: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

Liquidity and Financial Resources

As at 31 March 2023, the Group had net current liabilities of approximately HK\$620.08 million (2022: HK\$35.52 million) and had cash and cash equivalents of approximately HK\$30.37 million (2022: HK\$112.49 million).

The Group has a current ratio of approximately 0.31 as at 31 March 2023 comparing to that of approximately 0.92 as at 31 March 2022. As at 31 March 2023, the Group's gearing ratio was approximately 173.1% as compared to approximately 72.1% as at 31 March 2022, which is calculated based on the Group's total borrowings (including bank and other borrowings and amounts due to related companies) of approximately HK\$775.95 million (2022: HK\$295.66 million) and the Group's total equity of approximately HK\$448.29 million (2022: HK\$410.30 million). The Group's total cash at banks as at 31 March 2023 amounted to approximately HK\$30.37 million (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 31 March 2023, the Group has unutilised banking facilities of approximately HK\$218.54 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

Contingent Liabilities

As at 31 March 2023, the Group did not have any material contingent liabilities (2022: nil).

Foreign Currency Risk

The majority of the Group's business are in Hong Kong and are denominated in Hong Kong dollars, Renminbi and United States dollars. The Group currently does not have a foreign currency hedging policy. However, the Directors of the Group continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitments

Details of the Group's capital commitments are set out in Note 16 to this announcement.

Dividends

	Year ended 31 March			
	2023		2022	
	<i>HK\$</i> <i>per share</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$</i> <i>per share</i>	<i>HK\$'000</i> <i>(audited)</i>
Dividends recognised as distribution during the year:				
2020/21 fourth interim dividend	–	–	0.08	32,300
2021/22 first interim dividend	–	–	0.06	24,225
2021/22 second interim dividend	–	–	0.07	28,263
2021/22 third interim dividend	0.06	24,225	–	–
2022/23 first interim dividend	0.03	12,113	–	–
		<u>36,338</u>		<u>84,788</u>

At a meeting held on 27 June 2023, the Board has resolved not to declare any interim dividend for the year ended 31 March 2023.

For the year ended 31 March 2022, the Board declared the third interim dividend of HK\$0.06 per share.

Capital Structure

There was no change in the capital structure during the year ended 31 March 2023.

The capital structure of the Group consists of bank borrowings net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

Material Acquisitions and Disposals

Except as disclosed in follow, the Group did not make any material acquisitions or disposals of properties and subsidiaries during the year ended 31 March 2023.

On 16 February 2022, the Group entered into the Provisional Agreement with Metro Rider Investment Limited (the “**Vendor**”) and the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell 100% of the issued share capital of Onbo at the consideration of HK\$733.00 million. All the conditions precedent to the Provisional Agreement have been fulfilled and completion took place on 16 May 2022. For details, please refer to Note 14 to this announcement.

Employees and Remuneration Policies

As at 31 March 2023, the Group employed 577 (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

Over the past few years, Hong Kong has experienced a difficult time since the outbreak of the COVID-19 pandemic. In addition, with the high uncertainty in global financial stability, persistent geopolitical risk, and the interest rates hike since the second half of 2022, the overall global economy is full of uncertainties, which brings new challenges to enterprises. Looking forward, with the resumption of normal travel custom clearance and the enthusiasm of a series of festive promotion campaigns in Hong Kong, it is expected that Hong Kong's economy will accelerate its recovery and the business environment will continue to improve.

Going forward, the Group will take a cautiously optimistic approach to strike the balance between speeding up our business expansion and cost control. The Group will continue to strive to enhance the shopping experience and provide the best service quality to customers while optimising our business efficiency and operating cost. The Group will also proactively explore new business opportunities with great business synergy with our business and establish a high-quality development for the Group in order to bring long term and sustainable value to the Shareholders.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

Throughout the financial year from 1 April 2022 to 31 March 2023 (the “**Year**”), the Company has consistently adopted and complied with all the applicable code provisions of the section headed “Part 2 – Principles of good corporate governance code provision and recommended best practices” of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**” and the “**CG Code**”, respectively), except the deviation as disclosed below:

- 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 Year, the chief executive officer and chief financial officer of the Group have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company, which is considered with sufficient details to provide the general updates of the Company 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 of CG Code and/or the respective Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. In response to the specific enquires made by the Company on all Directors, they have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

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 2023 or at any time during that year.

DIVIDEND

On 27 June 2023, the Board has resolved not to declare any interim dividend for the year ended 31 March 2023.

For the year ended 31 March 2022, the Board declared the third interim dividend of HK\$0.06 per share.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**AGM**”) will be held on Thursday, 17 August 2023. The notice of the AGM will be despatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

In order to determine the entitlement of Shareholders to attend and vote at the AGM which is scheduled to be held on Thursday, 17 August 2023, the register of members of the Company will be closed from Monday, 14 August 2023 to Thursday, 17 August 2023, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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 not later than 4:30 p.m. on Friday, 11 August 2023. Shareholders whose names are recorded in the register of members of the Company on 17 August 2023 are entitled to attend and vote at the 2023 AGM.

AUDIT COMMITTEE'S REVIEW

The Company has established an audit committee of the Board (the "Audit Committee") in accordance with the Listing Rules to fulfill the functions of reviewing and providing supervision over the Company's financial reporting process, internal control and risk management. The Audit Committee recently comprises three independent non-executive Directors ("INEDs"), and one of the INED acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated final results which have been audited by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited, as well as the internal control and risk management of the Group for the year ended 31 March 2023.

PUBLICATION OF 2022/2023 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the respective websites of the Company (www.tdhl.cc) and the Stock Exchange (www.hkexnews.hk). The 2022/2023 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange above in due course in the manner as required by the Listing Rules.

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

Hong Kong, 27 June 2023

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

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