



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

2023/24
Interim Report

THE FINANCIAL STATEMENTS

INTERIM RESULTS

The board of directors (the “Board”) of Telecom Digital Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
	<i>Notes</i>	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	641,846	680,564
Cost of inventories sold		(393,849)	(415,188)
Staff costs		(97,060)	(95,111)
Depreciation		(47,805)	(47,613)
Other income and gains	6	41,164	15,768
Other operating expenses		(52,348)	(55,171)
(Loss) profit on change in fair value:			
– financial assets at fair value through profit or loss (“FVTPL”)		(6,674)	(21,251)
– derivative financial instruments		1,033	–
Share of results of associates		4,306	4,812
Finance costs	7	(22,355)	(7,453)
Profit before tax		68,258	59,357
Income tax expense	8	(10,143)	(12,829)
Profit for the period attributable to owners of the Company		58,115	46,528

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 September 2023

	Note	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Other comprehensive income (expense) Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		473	(116)
Other comprehensive income (expense) for the period		473	(116)
Total comprehensive income for the period attributable to owners of the Company		58,588	46,412
Earnings per share (HK\$) Basic and diluted	10	0.14	0.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	418,274	586,134
Right-of-use assets	12	57,844	56,271
Investment properties	13	533,584	417,332
Club membership		1,560	1,560
Interests in associates		18,237	23,190
Rental deposits	15	9,071	9,051
Prepayments for purchase of property, plant and equipment	15	1,167	427
		1,039,737	1,093,965
Current assets			
Inventories		133,941	122,497
Financial assets at FVTPL	14	40,055	58,862
Derivative financial instruments		447	294
Trade and other receivables	15	44,685	38,724
Amounts due from related companies	22(a)	637	82
Amount due from an associate	22(b)	16,936	20,303
Loan to an associate	22(c)	–	–
Tax recoverable		1,542	1,367
Pledged bank deposits		5,799	5,767
Bank balances and cash		25,639	30,374
		269,681	278,270

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2023

	<i>Notes</i>	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Current liabilities			
Trade and other payables	16	73,848	77,433
Contract liabilities		5,267	5,869
Amounts due to related companies	22(a)	761	56
Derivative financial instruments		–	881
Lease liabilities		32,747	34,492
Bank and other borrowings	17	665,360	775,896
Tax payables		7,474	3,725
		785,457	898,352
Net current liabilities		(515,776)	(620,082)
Total assets less current liabilities		523,961	473,883
Non-current liabilities			
Long service payment obligations		1,296	1,951
Lease liabilities		26,995	23,130
Deferred tax liabilities		902	509
		29,193	25,590
Net assets		494,768	448,293

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

As at 30 September 2023

	<i>Note</i>	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Capital and reserves			
Share capital	18	4,039	4,039
Reserves		490,729	444,254
Total equity		494,768	448,293

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note (a))	Exchange reserve HK\$'000	Legal reserve HK\$'000 (Note (b))	Retained profits HK\$'000	
At 1 April 2022 (audited)	4,039	98,195	4,533	(107)	91	303,552	410,303
Profit for the period	-	-	-	-	-	46,528	46,528
Other comprehensive expense:							
Exchange differences arising on translation of foreign operations	-	-	-	(116)	-	-	(116)
Total comprehensive (expense) income for the period	-	-	-	(116)	-	46,528	46,412
Dividends (Note 9)	-	-	-	-	-	(36,338)	(36,338)
At 30 September 2022 (unaudited)	4,039	98,195	4,533	(223)	91	313,742	420,377
At 1 April 2023 (audited)	4,039	98,195	4,533	(868)	91	342,303	448,293
Profit for the period	-	-	-	-	-	58,115	58,115
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	-	473	-	-	473
Total comprehensive income for the period	-	-	-	473	-	58,115	58,588
Dividend (Note 9)	-	-	-	-	-	(12,113)	(12,113)
At 30 September 2023 (unaudited)	4,039	98,195	4,533	(395)	91	388,305	494,768

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 September 2023

Notes:

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	74,794	78,059
INVESTING ACTIVITIES		
Cash outflow on acquisition of a subsidiary	–	(662,122)
Proceeds from disposal of financial assets at FVTPL	12,131	2,511
Redemption of financial assets at FVTPL	–	10
Purchase of property, plant and equipment	(19,725)	(690)
Prepayments for purchases of property, plant and equipment	(740)	(1,413)
Withdrawal of pledged bank deposits	–	46
Dividend received from an associate	9,259	9,246
Proceeds from disposal of property, plant and equipment	84,478	–
Dividends received from financial assets at FVTPL	1,184	483
Bank interest received	27	101
Interest income from financial assets at FVTPL	–	1,343
NET CASH FROM (USED IN) INVESTING ACTIVITIES	86,614	(650,485)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Bank and other borrowings raised	799,312	1,982,593
Repayments of bank and other borrowings	(909,156)	(1,428,691)
Repayment on capital element of lease liabilities	(22,291)	(24,577)
Interest paid	(22,355)	(7,453)
Dividends paid	(12,113)	(24,225)
Government grants	1,152	11,016
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(165,451)	508,663
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,043)	(63,763)
CASH AND CASH EQUIVALENTS AT 1 APRIL	30,374	112,491
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(692)	(30)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash	25,639	48,698

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL

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

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

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

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

2. BASIS OF PREPARATION

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

The Group had net current liabilities of HK\$515,776,000 as at 30 September 2023. The condensed consolidated financial statements have been prepared by the Directors on a going concern basis since the following:

- (i) the unutilised banking facilities readily available to the Group amounted to HK\$230,088,000 as at 30 September 2023;
- (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\$301,580,000. All of them are secured by the Group’s certain ownership interest in leasehold land and buildings, investment properties, financial assets at FVTPL and pledged bank deposits with carrying amounts of HK\$351,183,000, HK\$517,072,000, HK\$40,055,000 and HK\$685,000 respectively as at 30 September 2023. In addition, shares in certain subsidiaries were pledged to a bank as part of the securities given to secure the aforesaid banking facilities. The Directors are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group did not breach covenants imposed by the banks. In addition, certain revolving loans included in the secured bank borrowings are under revolving credit facilities to rollover on a ongoing basis; and
- (iii) the Group is expected to generate adequate cash flows to maintain its operations.

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2023.

Application of new and amendments to HKFRSs

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Return – Pillar Two Model Rules</i>

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

4. REVENUE

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

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited) (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Products business	458,616	489,156
– Service rendered		
Products business	4,817	4,356
Operation services	157,419	165,690
Other	10,821	14,877
	631,673	674,079
Revenue from other sources		
– Rental income from investment properties under operating leases	10,173	6,485
	641,846	680,564
Disaggregation of revenue from contracts with customers by timing of recognition		
Timing of revenue recognition		
– At a point of time	463,091	493,122
– Over time	168,582	180,957
	631,673	674,079

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

4. REVENUE (continued)

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

As at 30 September 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.

5. SEGMENT INFORMATION

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

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

The Company has re-evaluated 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 products 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.

5. SEGMENT INFORMATION (continued)

The products 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 Period, the CODM reviewed the properties investment segment following the acquisition of Onbo International Limited. The CODM assessed the rising trend in property investment operations and acknowledged its importance, classifying the properties investment 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 period 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 period figures have been represented to conform with current period's presentation.

5. SEGMENT INFORMATION (continued)

Segment revenues and results

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

For the six months ended 30 September 2023

	Products business HK\$'000 (unaudited)	Operation services HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited)	Other segment HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue						
External sales	463,433	157,419	10,173	10,821	-	641,846
Inter-segment sales	268	-	2,324	18	(2,610)	-
Segment revenue	463,701	157,419	12,497	10,839	(2,610)	641,846
Segment results	39,229	26,737	(5,280)	2,039		62,725
Bank interest income						59
Finance costs						(22,355)
Loss on changes in fair value of financial assets at FVTPL and derivative financial instruments						(5,641)
Share of result of associates						4,306
Corporate income, net						29,164
Profit before tax						68,258

5. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

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

For the six months ended 30 September 2022

	Products business HK\$'000 (unaudited) (restated)	Operation services HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited) (restated)	Other segment HK\$'000 (unaudited) (restated)	Elimination HK\$'000 (unaudited) (restated)	Total HK\$'000 (unaudited)
Revenue						
External sales	493,512	165,690	6,485	14,877	–	680,564
Inter-segment sales	390	–	2,324	33	(2,747)	–
Segment revenue	493,902	165,690	8,809	14,910	(2,747)	680,564
Segment results	56,510	36,580	(3,004)	1,689		91,775
Bank interest income						101
Finance costs						(7,453)
Loss on changes in fair value of financial assets at FVTPL						(21,251)
Share of results of associates						4,812
Corporate expenses, net						(8,627)
Profit before tax						59,357

5. SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

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

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A ¹	150,908	165,366
Customer B ²	N/A ³	70,935

¹: Revenue from operation services.

²: Revenue from products business.

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

6. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Bank interest income	59	101
Interest income from financial assets at FVTPL	–	1,343
Dividend income from financial assets at FVTPL	1,184	483
Gain on disposal of financial assets at FVTPL	–	492
Other interest income	–	93
Government subsidies		
– Employment Support Scheme (<i>Note (i)</i>)	1,152	11,016
Gain on disposal of property, plant and equipment (<i>Note 11</i>)	38,114	30
Handling income	333	463
Leasing income (<i>Note (ii)</i>)	29	146
Reversal of impairment loss on receivable from disposal of an associate	–	1,380
Others	293	221
	41,164	15,768

6. OTHER INCOME AND GAINS (continued)

Notes:

- (i) The amount represents salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative (the "Hong Kong Government") Region for the use of paying wages of employees from June to August 2022.
- (ii) Included in leasing income was HK\$29,000 (2022: HK\$146,000) 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 nil (2022: HK\$26,000) were incurred during the Period.

7. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest expenses on:		
– bank and other borrowings	20,293	6,508
– lease liabilities	2,062	945
	22,355	7,453

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– current period	9,669	13,027
PRC Enterprise Income Tax		
– current period	81	3
Deferred tax		
– current period	393	(201)
	10,143	12,829

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Other than the qualifying corporations, Hong Kong Profits Tax was calculated at flat rate of 16.5% of the estimated assessable profits for the Period and corresponding period in 2022.

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

8. INCOME TAX EXPENSE (continued)

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 Period and corresponding period in 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.

9. DIVIDENDS

	Six months ended 30 September			
	2023		2022	
	HK\$ per share	HK\$'000 (unaudited)	HK\$ per share	HK\$'000 (unaudited)
Dividends recognised as distribution during the periods:				
2021/22 third interim dividend	–	–	0.06	24,225
2022/23 first interim dividend	–	–	0.03	12,113
2023/24 first interim dividend	0.03	12,113	–	–
		12,113		36,338

At a meeting held on 29 November 2023, the Board has resolved not to declare any interim dividend for the Period (2022: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	58,115	46,528

	Six months ended 30 September	
	2023 '000 (unaudited)	2022 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	403,753	403,753

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

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group paid HK\$19,725,000 (2022: HK\$381,738,000) on acquisition of property, plant and equipment, including construction in progress, during the Period.

Reference is made to the announcements of the Company dated 8 August 2023 and 22 September 2023 in respect of the discloseable transactions in relations to disposal of a property with carrying amount of HK\$44,951,000 at a consideration of HK\$83,200,000, less direct expenses of HK\$47,000.

Except for the disposal of property stated in above, the Group disposed of certain property, plant and equipment with carrying amounts of HK\$1,413,000 (2022: nil) at a consideration of HK\$1,325,000 (2022: HK\$30,000) during the Period.

During the Period, the Group had transferred properties with carrying amounts of HK\$127,091,000 (2022: nil) from property, plant and equipment to investment properties due to the change in use, which evidenced by commencement of lease to third parties.

12. RIGHT-OF-USE ASSETS

During the Period, the Group entered into a number of new leases of office premises and retail shops and renewal of existing leases for the use of shops and therefore recognised the additions to right-of-use assets of HK\$24,410,000 (2022: HK\$26,138,000). No right-of-use asset was written off during the Period (2022: nil).

13. INVESTMENT PROPERTIES

During the Period, the Group had no acquisition of investment property (2022: HK\$355,164,000).

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

14. FINANCIAL ASSETS AT FVTPL

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Financial assets mandatorily measured at FVTPL		
– Equity securities listed in Hong Kong, at market value (<i>Note</i>)	40,055	58,862

Note: The fair values of the listed equity securities were determined based on the quoted market bid prices available on the Stock Exchange.

As at 30 September 2023, the Group's financial assets at FVTPL with carrying amounts of HK\$40,055,000 (31 March 2023: HK\$58,862,000) have been pledged to secure banking facilities granted to the Group.

15. TRADE AND OTHER RECEIVABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade receivables	3,316	3,117
Other receivables (<i>Note</i>)	13,993	6,161
Rental deposits	23,287	22,993
Prepayments for purchase of property, plant and equipment	1,167	427
Utility and other deposits	8,234	8,132
Prepayments to suppliers	2,765	3,106
Other prepayments	2,161	4,266
	54,923	48,202
Less: Prepayments for purchase of property, plant and equipment classified as non-current assets	(1,167)	(427)
Rental deposits classified as non-current assets	(9,071)	(9,051)
Current portion included in trade and other receivables	44,685	38,724

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

15. TRADE AND OTHER RECEIVABLES (continued)

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 of 7 to 30 days to its trade customers (31 March 2023: 7 to 30 days). The following is an ageing analysis of trade receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within 90 days	2,782	3,011
91-180 days	342	91
181-365 days	179	6
Over 365 days	13	9
	3,316	3,117

16. TRADE AND OTHER PAYABLES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Trade payables	47,626	50,647
Accrued payroll	9,722	9,606
Accrued expenses and other payables	16,500	17,180
	73,848	77,433

The average credit period on trade payables ranging from 10 to 30 days (31 March 2023: 10 to 30 days). The Group has financial risk management policies to ensure that all payables are settled within credit time-frame. The following is an ageing analysis of trade payables presented based on the invoice date as at the end of the reporting period.

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within 60 days	46,607	49,414
61-90 days	32	34
Over 90 days	987	1,199
	47,626	50,647

17. BANK AND OTHER BORROWINGS

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Bank borrowings:		
Variable rate mortgage loans	324,565	333,200
Variable rate trust receipt borrowings	112,412	190,456
Variable rate revolving loans	217,644	233,810
	654,621	757,466
Loans from related companies:		
Silicon Creation Limited ("SCL") <i>(Note 22(a)(v))</i>	–	7,000
東莞恭榮房地產管理有限公司 ("Kung Wing") <i>(Note 22(a)(vi))</i>	10,739	11,430
	10,739	18,430
	665,360	775,896
Secured	419,509	650,432
Unsecured	245,851	125,464
	665,360	775,896

17. BANK AND OTHER BORROWINGS (continued)

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within one year	363,780	462,258
After one year but within two years	18,035	25,269
After two years but within five years	75,433	80,368
After five years	208,112	208,001
	665,360	775,896
Carrying amount of bank and other borrowings that are repayable within one year and contain a repayment on demand clause	363,780	462,258
Carrying amount of bank and other borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	301,580	313,638
	665,360	775,896

17. BANK AND OTHER BORROWINGS (continued)

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

	30 September 2023 (unaudited)	30 September 2022 (unaudited)
Variable rate bank borrowings	2.49%-7.10%	0.98%-4.01%

- (b) The carrying amounts of the Group's bank borrowings are all denominated in HK\$ and the carrying amounts of the Group's loan from related companies are denominated in HK\$ and RMB, respectively.
- (c) As at 30 September 2023, secured bank borrowings of HK\$419,509,000 (31 March 2023: HK\$650,432,000) 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\$351,183,000 (31 March 2023: HK\$516,859,000), HK\$517,072,000 (31 March 2023: HK\$417,332,000), HK\$40,055,000 (31 March 2023: HK\$58,862,000) and HK\$685,000 (31 March 2023: HK\$669,000) respectively. In addition, shares in certain subsidiaries were pledged to a bank as part of the securities given to secure the aforesaid banking facilities.
- (d) The effective interest rate of the loans from related companies is ranging from 3.18% to 6.59% (2022: nil) per annum.

18. SHARE CAPITAL

	30 September 2023		31 March 2023	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
Ordinary shares of HK\$0.01 each				
<i>Authorised</i> At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	10,000,000	100,000	10,000,000	100,000
<i>Issued and fully paid</i> At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	403,753	4,039	403,753	4,039

19. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group sub-leases part of its rented retail shops and transmission stations and leases out its investment properties and partial of ownership interests in leasehold land and buildings during the period ended 30 September 2023 and 2022. The leases are rented and sub-let to third parties under operating leases with leases negotiated for a term of one to three years as at 30 September 2023 (31 March 2023: one to three years). None of the leases includes contingent rentals.

19. OPERATING LEASING ARRANGEMENTS (continued)

The Group as lessor (continued)

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

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Within one year	11,489	5,986
After one year but within two years	10,229	3,167
After two year but within three years	4,474	2,764
	26,192	11,917

20. CAPITAL COMMITMENTS

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	4,166	16,069

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of property, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its high and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)		
Financial assets at FVTPL				
– Listed equity securities	40,055	58,862	Level 1	Quoted bid prices in an active market
– Derivative financial instruments	447	294	Level 3	Monte Carlo Simulation model
Financial liabilities				
– Derivative financial instruments	–	881	Level 3	Monte Carlo Simulation model

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

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Related companies				
Chief Link Limited ("Chief Link")	Consignment fees received therefrom	(i) & (iii)	1	151
Chief Link (Far East) Limited ("Chief Link (Far East)")	Consignment fees received therefrom	(i) & (iii)	5	76
	Purchase of goods therefrom	(i) & (ii)	–	6
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	(i) & (iii)	248	110
	Rental income received therefrom	(ii) & (iii)	94	94
CKC Food & Beverage Limited ("CKC F&B")	Consignment fees received therefrom	(i) & (iii)	4	–
	Rental income received therefrom	(ii) & (iii)	1,200	–
	Management fees received therefrom	(ii) & (iii)	294	–
CKK Cafe Limited ("CKK Cafe")	Consignment fees received therefrom	(i) & (iii)	6	–
	Rental income received therefrom	(ii) & (iii)	800	–
	Management fees received therefrom	(ii) & (iii)	220	–
Glossy Enterprises Limited	Rental expenses paid thereto	(ii) & (iii)	2,163	2,279

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Related companies				
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	420	420
Gold Mask Limited	Purchase of goods therefrom	(i) & (ii)	–	852
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	630	630
SCL	Rental expenses paid thereto	(ii) & (iii)	3,822	3,822
	Repair service fees paid thereto	(i) & (iii)	360	360
	Interest expenses paid thereto	(i), (iii) & (v)	150	–
Telecom King Credit Limited (“TKC”)	Rental income received therefrom	(ii) & (iii)	6	–
Telecom King Securities Limited (“TKS”)	Subscription fee income received therefrom	(i) & (iii)	476	532
	IT support service income received therefrom	(i) & (iii)	300	300
	Rental income received therefrom	(ii) & (iii)	452	452
Sunny Fortune Capital Limited	Financial advisory service expenses paid thereto	(i) & (iii)	–	100
Telecom Properties Investment Limited (“TPIL”)	Rental expenses paid thereto	(ii) & (iii)	1,067	1,118

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Related companies				
Telecom Service Limited	Rental expenses paid thereto	(ii) & (iii)	605	605
Telecom Service One Limited ("TSO")	Repairs and refurbishment service fees paid thereto	(i) & (ii)	429	581
	Consignment fees received therefrom	(i) & (iii)	-	1
	Logistic fees income received therefrom	(i) & (iii)	554	354
	Grading and refurbishment service fees paid thereto	(i) & (ii)	37	47
	Sales of goods thereto	(i) & (iii)	-	11
	Management fees received therefrom	(ii) & (iii)	220	-
	Rental income received therefrom	(ii) & (iii)	836	-
Kung Wing	Interest expenses paid thereto	(i), (iii) & (vi)	202	-
An associate				
Sun Mobile Limited	Net service fee income received therefrom	(i)	150,908	165,366

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Details of amounts due from related companies are as follows:

	Notes	Maximum amount outstanding during the period/year ended			
		30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Chief Link	(iii) & (iv)	-	-	-	1
CKK Japanese Restaurant Ltd	(iii) & (iv)	637	-	637	-
TKS	(iii) & (iv)	-	-	-	1
TSO	(iii) & (iv)	-	82	82	82
		637	82		

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Details of amounts due to related companies are as follows:

	<i>Notes</i>	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Chief Link (Far East)	(iii) & (iv)	–	28
Chief Link	(iii) & (iv)	40	4
CKC F&B	(iii) & (iv)	73	9
CKK Central Kitchen	(iii) & (iv)	356	2
CKK Cafe	(iii) & (iv)	40	13
SCL	(iii) & (iv)	60	–
TKC	(iii) & (iv)	1	–
TPIL	(iii) & (iv)	5	–
TSO	(iii) & (iv)	44	–
Kung Wing	(iii) & (vi)	142	–
		761	56

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The rental income, rental expenses and management fees were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Notes: (continued)

- (iii) Mr. CHEUNG King Shek, Mr. CHEUNG King Shan, Mr. CHEUNG King Chuen Bobby and Mr. CHEUNG King Fung Sunny (collectively, the “Cheung Brothers”), the directors of the Company, have direct or indirect beneficial interests in, and control over, the relevant parties.
- (iv) The amounts are unsecured, interest-free and repayable on demand.
- (v) On 1 April 2022, the Company entered into a loan agreement with SCL, pursuant to which SCL agreed to grant an unsecured revolving loan facility with a principal amount of HK\$20,000,000 (“SCL Revolving Facility”) which is available for drawdown subject to the terms. The facility is valid for 36 months from the date of the loan agreement. The loan’s current interest rate is 1-week HIBOR plus 1.2% on funded amounts. The Company shall repay any interests incurred on a monthly basis and repay all outstanding principal at the end of the facility period or within one month upon receipt of notice of demand, whichever is earlier. During the year ended 31 March 2023, HK\$7,000,000 had been drawn down and outstanding as at 31 March 2023. During the Period, the amount is fully repaid and no outstanding as at 30 September 2023.

SCL Revolving Facility constitutes financial assistance provided by a connected person to the Group, and the loan from SCL is in the ordinary and usual course of business of the Company and on normal commercial terms, and are not secured by any assets of the Group, therefore, according to Rule 14A.90 of the Listing Rules, the loan that SCL provides to the Group are exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Notes: (continued)

- (vi) On 1 April 2022, the Company entered into a loan agreement with Kung Wing, pursuant to which Kung Wing agreed to grant an unsecured revolving loan facility with a principal amount of RMB10,000,000 (approximately HK\$11,430,000 equivalent) (“Kung Wing Revolving Facility”) which is available for drawdown subject to the terms. The facility is valid for 36 months from the date of the loan agreement. The loan’s current interest rate is the prevailing interest rates promulgated by the People’s Bank of China per annum on funded amounts. The Company shall repay any interests incurred on a monthly basis and repay all outstanding principal at the end of the facility period or within one month upon receipt of notice of demand, whichever is earlier. During the year ended 31 March 2023, RMB10,000,000 (approximately HK\$11,430,000 equivalent) had been drawn down and outstanding as at 30 September 2023 and 31 March 2023.

Kung Wing Revolving Facility constitutes financial assistance provided by a connected person to the Group, and the Kung Wing Revolving facility is in the ordinary and usual course of business of the Company and on normal commercial terms, and are not secured by any assets of the Group, therefore, according to Rule 14A.90 of the Listing Rules, the loan that Kung Wing provides to the Group are exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (31 March 2023: 7 days) credit term and aged within 30 days (31 March 2023: 30 days). The amount was neither past due nor impaired as at 30 September 2023 and 31 March 2023.
- (c) The loan to an associate is unsecured, interest-free and has no fixed term of repayment. As at 30 September 2023, the carrying amount of loan to an associate is nil (31 March 2023: nil), net of accumulated impairment loss of HK\$3,680,000 (31 March 2023: HK\$3,680,000).
- (d) **Compensation of key management personnel**

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

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term benefits	8,325	6,675
Post-employment benefits	97	99
	8,422	6,774

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in four business segments, including (i) products 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) properties investment; and (iv) other segment: comprised mainly provision of paging and other telecommunication services.

During the six months ended 30 September 2023, the Group recorded revenue of approximately HK\$641.85 million (2022: HK\$680.56 million) and net profit of approximately HK\$58.12 million (2022: HKD46.53 million).

The global political and economic instability and the tightening monetary policy in the United States have been affecting Hong Kong’s local consumer sentiment and consumption market, resulting in a weaker than expected recovery in the first three quarters of 2023. The consumer confidence in Hong Kong remains cautious and the business environment is expected to remain challenging. During the Period under review, the Group’s products business continued to contribute as a stable source of income to the Group. The products business has generated revenue of approximately HK\$463.43 million (2022: HK\$493.51 million), accounts for approximately 72.2% of the Group’s total revenue. As at the date of this report, the Group is operating 75 retail shops in Hong Kong, offering a wide variety of electronic and consumer products to our customers.

In respect of the operation services, revenue decreased slightly by approximately 5.0% to approximately HK\$157.42 million (2022: HK\$165.69 million) during the Period under review, which was mainly due to keen competition of the telecommunication market in Hong Kong.

In May 2022, the Group successfully acquired a building located in Kwun Tong. The building comprises the entirety of a 13-storey revitalized industrial building with a gross floor area of approximately 97,314 square feet. The Group conducted comprehensive renovation on this building, which involves interior and exterior enhancement and will be completed in the fourth quarter of 2023. As at 30 September 2023, approximately 67% of the building has been leased out and generating a steady and dependable rental income stream for the Group.

In September 2023, the Group disposed of a property located in Kowloon Bay, which had been used by the Group as one of its warehouses. The Group used the net proceeds from the disposal as general working capital and partial repayment of bank loans which improved the financial position of the Group.

FINANCIAL REVIEW

Segment Analysis

	For the six months ended 30 September			
	2023 (unaudited)		2022 (unaudited)	
	HK\$'000	%	HK\$'000	%
Products business	463,433	72.2	493,512	72.5
Operation services	157,419	24.5	165,690	24.3
Properties investment	10,173	1.6	6,485	1.0
Other segment	10,821	1.7	14,877	2.2
Total revenue	641,846	100.0	680,564	100.0

Revenue

The Group's revenue for the Period was approximately HK\$641.85 million (2022: HK\$680.56 million), representing a decrease of approximately 5.7% over the corresponding period of the previous year.

Products business generated stable revenue of approximately HK\$463.43 million (2022: HK\$493.51 million) during the Period. This is the major source of revenue of the Group.

The keen market competition in the telecommunication market caused the revenue from the provision of operation services decreased by approximately 5.0% during the Period as compared to the corresponding period of the previous year.

Revenue from properties investment increased to approximately HK\$10.17 million (2022: HK\$6.49 million), representing an increase of approximately 56.7%. The increase was mainly due to the rental income generated from the building acquired in May 2022.

Revenue from other segment comprises mainly the provision of paging and other telecommunication services of approximately HK\$10.82 million (2022: HK\$14.88 million). Revenue decreased by approximately 27.3% as compared to the corresponding period of the previous year. This was primarily due to the decrease in paging income.

Other Income and Gains

Other income and gains for the Period was approximately HK\$41.16 million (2022: HK\$15.77 million), representing a substantial increase of approximately 161.0% as compared to the corresponding period of the previous year. The increase was mainly due to the gain on disposal of a property of approximately HK\$38.20 million (2022: nil) partially offset by a decrease in government grants from approximately HK\$11.02 million in the same period last year to approximately HK\$1.15 million. Apart from government grants, income generated from financial assets and sub-letting income during the Period also decreased as compared to the corresponding period of the previous year.

Other Operating Expenses

The Group's other operating expenses mainly consisted of rental, utilities and running expenses of shops and customers service centre, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for a paging centre, repair cost for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. There is no significant change in the Group's other operating expenses for the Period. Other operating expenses were approximately HK\$52.35 million (2022: HK\$55.17 million), representing a decrease of approximately 5.1% over the corresponding period of the previous year.

Share of Results of Associates

Share of results of associates for the Period was approximately HK\$4.31 million (2022: HK\$4.81 million), representing a decrease of approximately 10.4% as compared to the corresponding period of the previous year. The amount mainly represents our share of the net profit of SUN Mobile. The decrease was mainly due to the decrease in revenue of SUN Mobile.

Finance Costs

The finance cost comprises mainly interest on bank and other borrowings and interest on lease liabilities. During the six months ended 30 September 2023, interest on bank and other borrowings was approximately HK\$20.29 million (2022: HK\$6.51 million), representing a substantial increase of approximately 211.7%.

The Group's bank borrowings were substantially increased from the second quarter of 2022. The increased loans were mainly used to acquire a building in May 2022 through the acquisition of a subsidiary. The consideration paid for the acquisition was approximately HK\$736 million. Except for the above, there is no significant change in the Group's bank and other borrowings.

Income Tax Expense

Income tax expense represents the sum of the tax payable based on taxable profits and deferred tax. Income tax for the Period was approximately HK\$10.14 million (2022: HK\$12.83 million).

Profit for the Period Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the period ended 30 September 2023 was approximately HK\$58.12 million (2022: HK\$46.53 million), representing an increase of approximately 24.9% as compared to the corresponding period of the previous year. The increase during the Period was primarily due to the gain on disposal of a property and the decrease in loss on change in fair value of financial assets at fair value through profit or loss offset by the increase in finance cost and decrease in government grants.

INVESTMENTS IN FINANCIAL ASSETS

As at 30 September 2023, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$40.06 million (31 March 2023: HK\$58.86 million), representing approximately 3.1% of the total assets of the Group as at 30 September 2023.

Listed Equity Securities Investment

The following table sets out the listed equity securities investment held by the Group as at 30 September 2023:

Stock name	HKEX <i>(Note)</i>	CM Bank <i>(Note)</i>
Number of securities held	92,466	397,549
Approximate percentage held to the total issued share capital in the investment company	0.0073%	0.0087%
Investment cost (HK\$'000)	58,975	26,999
Fair value as at 30 September 2023 (HK\$'000)	27,056	12,999
Approximate percentage of total assets of the Group as at 30 September 2023	2.1%	1.0%
Dividend income during the Period (HK\$'000)	433	751
Gain on disposal during the Period (HK\$'000)	1,766	676
Fair value loss for the period ended 30 September 2023 (HK\$'000)	6,115	3,001

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

Derivative Financial Instruments

As at 30 September 2023, the Group's decumulator contracts ("DC") at fair value through profit or loss amounted to approximately HK\$447,000 classified as financial asset (31 March 2023: approximately HK\$294,000 classified as financial asset and approximately HK\$881,000 classified as financial liability). The DC are linked with securities listed on the Main Board of Stock Exchange. The Group acquired the DC through on-market purchases 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 the recognisable stock exchange for creating values for 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 30 September 2023, the Group had net current liabilities of approximately HK\$515.78 million (31 March 2023: HK\$620.08 million) and had cash and cash equivalents of approximately HK\$25.64 million (31 March 2023: HK\$30.37 million).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 30 September 2023, the Group has unutilised banking facilities of approximately HK\$230.09 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: nil).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in Note 20 to the condensed consolidated financial statements.

DIVIDENDS

At a meeting held on 29 November 2023, the Board has resolved not to declare interim dividend for the six months ended 30 September 2023 (2022: nil).

CAPITAL STRUCTURE

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

Except as disclosed in follow, the Group did not make any material acquisitions or disposals of properties and subsidiaries during the period ended 30 September 2023 and the year ended 31 March 2023.

For the period ended 30 September 2023:

On 8 August 2023, the Group entered into a provisional agreement with Tai Yip Investments No. 9 Limited (the "Purchaser") and the Group agreed to sell and the Purchaser agreed to purchase the property situated at godown B and loading space no. C4 and C5 on the 3rd floor of Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong at the consideration of HK\$83.20 million. The completion took place on 22 September 2023. For details, please refer to the announcements of the Company dated 8 August 2023 and 22 September 2023.

For the year ended 31 March 2023:

On 16 February 2022, the Group entered into a 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 International Limited at the consideration of HK\$733.00 million. All the conditions precedent to the provisional agreement have been fulfilled and completion took place on 16 May 2022. For details, please refer to the announcements of the Company dated 16 February 2022, 8 March 2022, 10 March 2022 and 16 May 2022 and the circular of the Company dated 14 April 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 570 (31 March 2023: 577) 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

Reopening the boundary in early 2023 has driven Hong Kong's economic recovery. However, the prevailing international geopolitical and economic uncertainties coupled with the interest rate hike in the United States have slowed down the pace of recovery in Hong Kong's economy. The overall consumer confidence remained cautious and the business environment continued to be challenging. To stimulate consumption sentiment and improve the retail consumer market in Hong Kong, the Hong Kong Government has been actively implementing various initiatives, including the launch of several events such as "Happy Hong Kong" and "Night Vibes Hong Kong" to create spending momentum and to improve the retail consumer market in Hong Kong.

Looking forward, the Group remains committed to deliver the finest shopping experience and service quality to its customers while taking a cautious approach to strengthen cost management and enhance overall operating efficiency. The Group will continue to explore and identify new business opportunities that capitalise on market conditions, take appropriate measures to address market challenges and seize potential market opportunities to enhance the overall competitiveness of the Group, achieve sustainable growth and bring long-term value to the Shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

On 29 November 2023, the Board resolved not to declare the interim dividend for the six months ended 30 September 2023.

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

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

SHARE OPTION SCHEME

Pursuant to a share option scheme (the "Scheme") adopted on 20 May 2014 ("Adoption Date"), the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. The Scheme will expire on 19 May 2024. The purpose of the Scheme is attract and retain the best quality personnel for the development of the Group's businesses; providing additional incentives to the qualifying grantees; and promote the long-term financial success of the Group by aligning the interests of option holders to shareholders of the Company.

During the Period, the Company has no share option under the Scheme lapsed or was granted, exercised or cancelled and there were no outstanding share options under the Scheme as at 30 September 2023.

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

As at 30 September 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long position in the shares of the Company

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

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

(b) Long position in the shares of associated corporations

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

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

Note A: The calculation is based on 403,753,000 shares of the Company in issue as at 30 September 2023.

Note B: 220,000,000 ordinary shares of the Company (representing approximately 54.49% of the issued Shares) were held by CKK Investment, CKK Investment is a wholly-owned subsidiary of Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Brothers are the beneficiary owner of the Cheung Family Trust, and the directors of CKK Investment. Therefore, each of the Cheung Brothers is deemed to be interested in the shares of the Companies (shown in the table above) which held by the Cheung Family Trust under the SFO.

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

(b) Long position in the shares of associated corporations (continued)

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

As at 30 September 2023, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

Long Position

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

Note C: Ms. TANG Fung Yin Anita and Ms. YEUNG Ho Ki, spouse of Messrs. CHEUNG King Shan and CHEUNG King Fung Sunny respectively, in which are deemed to be interested in the Shares held by Messrs. CHEUNG King Shan and Mr. CHEUNG King Fung Sunny under the SFO.

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

Save as disclosed above, as at 30 September 2023, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

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

According to the Code Provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, 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.

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

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

- On 28 July 2023, discretionary bonuses determined with reference to the Group's operating results and individual performance were paid to the following Directors:

Name of Director	Discretionary bonus
Mr. CHEUNG King Shek	HK\$300,000
Mr. CHEUNG King Shan	HK\$300,000
Mr. CHEUNG King Chuen Bobby	HK\$300,000
Mr. CHEUNG King Fung Sunny	HK\$300,000
Mr. WONG Wai Man	HK\$39,900
Ms. MOK Ngan Chu	HK\$30,200

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

AUDIT COMMITTEE

The Board has formed an audit committee of the Company (the “Audit Committee”) in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The Audit Committee members currently comprise all of the INEDs of the Company, namely, Mr. LAM Yu Lung (the Chairman of Audit Committee), Mr. LAU Hing Wah and Mr. LO Kam Wing, with written terms of reference in compliance with the CG Code. The Audit Committee and the Board have reviewed and approved the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 September 2023.

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

Hong Kong, 29 November 2023

As at the date of this report, the executive directors of the Company are Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby, CHEUNG King Fung Sunny, WONG Wai Man and Ms. MOK Ngan Chu and the independent non-executive directors of the Company are Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing.