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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 2021

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 2021 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 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Revenue	3	1,038,946	1,087,240
Cost of inventories sold		(539,409)	(569,156)
Staff costs		(195,472)	(216,433)
Depreciation		(84,398)	(97,059)
Other income and gains	5	43,923	5,459
Other operating expenses		(112,019)	(115,068)
Share of results of associates		7,986	12,685
Finance costs	6	(5,824)	(8,384)
Profit before tax		153,733	99,284
Income tax expense	7	(18,515)	(16,670)
Profit for the year	8	135,218	82,614

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		140	(56)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain (loss) on long service payment obligations		<u>1,026</u>	<u>(702)</u>
Other comprehensive income (expense) for the year		<u>1,166</u>	<u>(758)</u>
Total comprehensive income for the year		<u>136,384</u>	<u>81,856</u>
Profit for the year attributable to:			
Owners of the Company		135,218	80,201
Non-controlling interests		<u>–</u>	<u>2,413</u>
		<u>135,218</u>	<u>82,614</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		136,384	79,443
Non-controlling interests		<u>–</u>	<u>2,413</u>
		<u>136,384</u>	<u>81,856</u>
Earnings per share (<i>HK\$</i>)	<i>10</i>		
Basic		<u>0.33</u>	<u>0.20</u>
Diluted		<u>0.33</u>	<u>0.20</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		270,527	287,461
Right-of-use assets		51,350	55,640
Investment properties		63,948	67,389
Club membership		1,560	1,560
Interests in associates		22,375	24,129
Rental deposits	<i>11</i>	5,824	6,636
Prepayments for purchase of property, plant and equipment		9,235	814
		424,819	443,629
Current assets			
Inventories		49,932	60,864
Trade and other receivables	<i>11</i>	64,400	63,008
Amount due from a related company		11	–
Amount due from an associate		27,341	30,428
Loan to an associate		–	–
Tax recoverable		1,511	3,004
Pledged bank deposits		5,088	5,085
Bank balances and cash		72,174	41,640
		220,457	204,029
Current liabilities			
Trade and other payables	<i>12</i>	54,947	66,386
Contract liabilities		10,658	10,557
Amounts due to related companies		188	615
Lease liabilities		37,982	41,438
Bank overdraft		1,343	671
Bank borrowings		131,205	145,733
Tax payables		7,639	698
		243,962	266,098
Net current liabilities		(23,505)	(62,069)
Total assets less current liabilities		401,314	381,560

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Long service payment obligations		429	1,352
Lease liabilities		17,759	20,472
Deferred tax liabilities		1,005	949
		19,193	22,773
Net assets		382,121	358,787
Capital and reserves			
Share capital	<i>13</i>	4,039	4,039
Reserves		378,082	354,749
Equity attributable to owners of the Company		382,121	358,788
Non-controlling interests		–	(1)
Total equity		382,121	358,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

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

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and presentation currency. Other than the subsidiaries established in the People’s Republic of China (the “PRC”) and Macau which functional currencies are Renminbi (“RMB”) and Macau Pataca (“MOP”) respectively, the functional currency of the Company and other subsidiaries is HK\$.

Basis of preparation

As at 31 March 2021, the Group had net current liabilities of HK\$23,505,000. 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\$303,054,000 at 31 March 2021;

- (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\$54,160,000. All of them are secured by the Group's certain leasehold land and buildings and investment properties with carrying amounts of HK\$171,930,000 and HK\$63,948,000 respectively. The fair value of these investment properties as at 31 March 2021 was HK\$69,600,000. The directors of the Company are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group did not breach covenants imposed by the banks; and
- (iii) the Group is expected to generate adequate cash flows to maintain its operations.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group's financial year beginning 1 April 2020.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and 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.

Amendments to HKAS 1 and HKAS 8 – *Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments in the current year had no impact on the consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	<i>Insurance Contracts and related Amendments</i> ⁵
Amendments to HKFRS 3	<i>Reference to Conceptual Framework</i> ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁶
Amendment to HKFRS 16	<i>COVID-19 – Related Rent Concessions</i> ¹
Amendment to HKFRS 16	<i>COVID-19 – Related Rent Concessions beyond 30 June 2021</i> ³
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)</i>
	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ⁵
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ⁵
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ⁵
Amendments to HKAS 16	<i>Property, plant and Equipment: Proceeds before Intended Use</i> ⁴
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ⁴
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

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

Amendments to HKFRS 3 – *Reference to the Conceptual Framework*

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of Hong Kong Financial Report Interpretations Committee Interpretations (“HK (IFRIC)-Int”) 21 Levies, the acquirer applies HK (IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group’s outstanding liabilities as at 31 March 2021, the application of the amendments will not result in change in the classification of the Group’s liabilities.

Amendment to HKFRS 16 – *COVID-19 Related Rent Concessions*

The amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 as if the changes were not lease modifications. Forgiveness or waiver of lease payments is accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The amendment is effective for annual periods beginning on or after 1 June 2020. The directors of the Company anticipate that the application of the amendment will have no material impact on the Group's consolidated financial statements.

3. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods		
Retail business	608,782	644,249
Distribution business	35,256	23,504
– Services rendered		
Retail business	7,239	9,245
Distribution business	266	782
Paging and other telecommunications services	37,058	45,709
Operation services	350,345	363,751
	<u>1,038,946</u>	<u>1,087,240</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	2021 <i>HK'000</i>	2020 <i>HK'000</i>
Timing of revenue recognition		
At a point of time	651,204	677,195
Over time	387,742	410,045
	<u>1,038,946</u>	<u>1,087,240</u>

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

As at 31 March 2021 and 2020, 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. No operating segments identified by the Group's CODM have been aggregated in arriving at the reportable segments of the Group. The Group's operating and reportable segments are as follows:

Retail business	–	Sales of mobile phones and other consumer goods and related services
Distribution business	–	Distribution of mobile phones and related services
Paging and other telecommunications services	–	Provision of paging services and other telecommunications services
Operation services	–	Provision of operation services

Segment revenues and results

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

For the year ended 31 March 2021

	Retail business HK\$'000	Distribution business HK\$'000	Paging and other tele- communications services HK\$'000	Operation services HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue						
External sales	616,021	35,522	37,058	350,345	–	1,038,946
Inter-segment sales	12,097	324,746	362	–	(337,205)	–
Segment revenue	628,118	360,268	37,420	350,345	(337,205)	1,038,946
Segment results	76,708	11,578	2,915	71,046		162,247
Bank interest income						104
Finance costs						(5,824)
Share of results of associates						7,986
Corporate expenses, net						(10,780)
Profit before tax						153,733

For the year ended 31 March 2020

	Retail business <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Paging and other tele- communications services <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	653,494	24,286	45,709	363,751	–	1,087,240
Inter-segment sales	–	337,552	161	–	(337,713)	–
Segment revenue	<u>653,494</u>	<u>361,838</u>	<u>45,870</u>	<u>363,751</u>	<u>(337,713)</u>	<u>1,087,240</u>
Segment results	<u>34,963</u>	<u>1,823</u>	<u>4,909</u>	<u>66,854</u>		108,549
Bank interest income						211
Gain on disposal of interest in an associate						143
Finance costs						(8,384)
Share of results of associates						12,685
Corporate expenses, net						<u>(13,920)</u>
Profit before tax						<u>99,284</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, gain on disposal of interest in an associate, finance costs, share of results of associates, certain corporate expenses and income and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Segment assets		
Retail business	349,054	332,452
Distribution business	18,924	23,323
Paging and other telecommunications services	26,267	48,185
Operation services	49,515	42,099
	<hr/>	<hr/>
Total segment assets	443,760	446,059
Unallocated corporate assets	201,516	201,599
	<hr/>	<hr/>
Total assets	<u>645,276</u>	<u>647,658</u>
Segment liabilities		
Retail business	81,671	81,650
Distribution business	21,486	31,518
Paging and other telecommunications services	14,742	17,504
Operation services	1,137	6,120
	<hr/>	<hr/>
Total segment liabilities	119,036	136,792
Unallocated corporate liabilities	144,119	152,079
	<hr/>	<hr/>
Total liabilities	<u>263,155</u>	<u>288,871</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to segments other than certain property, plant and equipment, investment properties, club membership, interests in associates, certain other receivables, amount due from a related company, tax recoverable, pledged bank deposits and certain bank balances and cash managed on central basis; and
- all liabilities are allocated to segments other than certain other payables, deferred tax liabilities, amounts due to related companies, bank overdraft, bank borrowings, tax payables and long service payment obligations.

The segment information is as follows:

For the year ended 31 March 2021

	Retail business <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Paging and other tele- communications services <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	25,399	318	1,435	-	1,850	29,002
Depreciation of right-of-use assets	52,899	40	-	-	-	52,939
Additions to non-current assets	59,402	1,475	-	-	-	60,877
Reversal of allowance for inventories	-	(1,754)	-	-	-	(1,754)
Gain on disposal of property, plant and equipment	650	315	80	-	-	1,045
Gain on lease termination	-	(4)	-	-	-	(4)
Impairment loss on an investment property	-	-	-	-	984	984
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	-	-	-	(7,986)	-	(7,986)
Finance costs	3,528	840	-	292	1,164	5,824
Income tax expense	5,611	108	427	11,577	792	18,515

For the year ended 31 March 2020

	Retail business <i>HK\$'000</i>	Distribution business <i>HK\$'000</i>	Paging and other tele- communications services <i>HK\$'000</i>	Operation services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	24,096	331	2,006	–	1,247	27,680
Depreciation of right-of-use assets	65,915	157	–	–	–	66,072
Additions to non-current assets	49,966	593	2,460	–	–	53,019
Allowance for inventories	–	1,744	–	–	–	1,744
Reversal of allowance for inventories	–	(1,640)	–	–	–	(1,640)
Gain on disposal of property, plant and equipment	4	–	388	–	–	392
Loss on written off of property, plant and equipment	–	–	30	–	–	30
Impairment loss on a right-of-use asset	4,434	–	–	–	–	4,434
Impairment loss on property, plant and equipment	543	–	–	–	–	543
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	–	–	(12,685)	–	(12,685)
Finance costs	3,097	2,137	–	969	2,181	8,384
Income tax expense	6,001	39	(218)	9,916	932	16,670

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

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of these assets.

Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	1,038,946	1,087,091
Macau	—	149
	<u>1,038,946</u>	<u>1,087,240</u>

Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	418,995	436,087
The PRC	—	906
	<u>418,995</u>	<u>436,993</u>

Non-current assets excluded rental deposits.

Information about major customer

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	<u>349,908</u>	<u>363,041</u>

¹ Revenue from operation services.

5. OTHER INCOME AND GAINS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	104	211
Consultancy income	1,205	331
Gain on deregistration of a subsidiary	–	6
Gain on disposal of interest in an associate	–	143
Gain on disposal of property, plant and equipment	1,045	392
Gain on lease termination	4	–
Government grants		
– Employment Support Scheme (“ESS”) (<i>Note a</i>)	30,333	–
– Retail Sector Subsidy Scheme (“RSS”) (<i>Note b</i>)	3,000	–
– Others	204	–
Foreign exchange differences, net	623	–
Handling income	128	651
Rental and sub-letting income (<i>Note c</i>)	4,675	3,546
Reversal of impairment loss on receivable from disposal of an associate	1,986	–
Others	616	179
	43,923	5,459

Notes:

- (a) The amount represented salaries and wages subsidies granted related to ESS provided by the Government of the Hong Kong Special Administrative Region (the “HKSAR”) under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.
- (b) The amount represented retail stores’ operation subsidies granted related to RSS provided by the Government of the HKSAR under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.
- (c) Included in rental and sub-letting income were HK\$2,835,000 (2020: HK\$3,167,000), HK\$1,110,000 (2020: nil) and HK\$730,000 (2020: HK\$379,000) arising from the operating leases of its investment properties, certain of its ownership interests in leasehold land and buildings and sub-letting part of the rented retail shops and transmission stations, respectively, of the Group whose lease payments were fixed. The related direct operating expenses of HK\$373,000 (2020: HK\$411,000) were incurred during the year ended 31 March 2021.

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on:		
– bank borrowings and bank overdraft	2,296	5,471
– lease liabilities	<u>3,528</u>	<u>2,913</u>
	<u>5,824</u>	<u>8,384</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current year	20,451	18,101
– over-provision in prior years	<u>(1,993)</u>	<u>(799)</u>
	<u>18,458</u>	<u>17,302</u>
PRC Enterprise Income Tax		
– current year	<u>1</u>	<u>37</u>
Deferred tax		
– current year	<u>56</u>	<u>(669)</u>
	<u>18,515</u>	<u>16,670</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 2021 (2020: 25%).

From 1 January 2019 to 31 December 2021, 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 2021 and 2020, 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year is arrived at after charging and crediting:		
Directors' emoluments		
– fees	335	290
– salaries, allowances and other benefits	8,721	8,098
– discretionary bonuses	797	168
– contributions to retirement benefits scheme	352	168
	<u>10,205</u>	<u>8,724</u>
Other staff costs		
– salaries, allowances and other benefits (<i>Note a</i>)	177,655	199,276
– contributions to retirement benefits scheme	7,260	8,136
– provision for long service payments	352	297
	<u>185,267</u>	<u>207,709</u>
Total staff costs	<u>195,472</u>	<u>216,433</u>
Allowance for inventories (<i>Notes b and c</i>)	–	1,744
Reversal of allowance for inventories (<i>Note c</i>)	(1,754)	(1,640)
Auditor's remuneration (<i>Note d</i>)	1,000	1,000
Advertising and promotion expenses (<i>Note d</i>)	12,425	9,857
Bank charges (<i>Note d</i>)	7,632	5,900
Depreciation of property, plant and equipment	29,002	27,680
Depreciation of investment properties	2,457	3,307
Depreciation of right-of-use assets	52,939	66,072
Impairment loss on a right-of-use asset (<i>Note d</i>)	–	4,434
Impairment loss on an investment property (<i>Note d</i>)	984	–
Impairment loss on loan to an associate (<i>Note d</i>)	640	–
Impairment loss on property, plant and equipment (<i>Note d</i>)	–	543
Loss on written off of property, plant and equipment (<i>Note d</i>)	–	30
Share of income tax expenses of associates	<u>1,500</u>	<u>2,607</u>

Notes:

- (a) Salaries, allowances and other benefits included redundancy cost of HK\$741,000 (2021: nil).
- (b) During the year ended 31 March 2021, no allowance for inventories (2020: HK\$1,744,000) was made for write-down of obsolete inventories that are no longer suitable for sell in the market.
- (c) These expenses are included in “Cost of inventories sold” in profit or loss.
- (d) These expenses are included in “Other operating expenses” in profit or loss.

9. DIVIDENDS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2018/19 fourth interim dividend of HK\$0.06 per share	–	24,225
2019/20 first interim dividend of HK\$0.06 per share	–	24,225
2019/20 second interim dividend of HK\$0.03 per share	–	12,113
2019/20 third interim dividend of HK\$0.03 per share	–	12,113
2019/20 fourth interim dividend of HK\$0.10 per share	40,375	–
2020/21 first interim dividend of HK\$0.06 per share	24,225	–
2020/21 second interim dividend of HK\$0.06 per share	24,225	–
2020/21 third interim dividend of HK\$0.06 per share	24,225	–
	<u>113,050</u>	<u>72,676</u>

Subsequent to the end of the reporting period, the fourth interim dividend of HK\$0.08 per share in respect of the year ended 31 March 2021 has been declared by the directors of the Company.

10. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <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>135,218</u>	<u>80,201</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	403,753	403,753
Effect of dilutive potential ordinary shares:		
Share options (<i>Note</i>)	<u>N/A</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>403,753</u>	<u>403,753</u>

Note: The computation of diluted earnings per share for the year ended 31 March 2020 did not assume the exercise of the Company's remaining share options because the exercise price of those options was higher than the average market price for shares during the period from 1 April 2019 to 5 July 2019.

The diluted earnings per share for the year ended 31 March 2021 are the same as basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year or at the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	4,095	4,687
Other receivables (<i>Note</i>)	5,121	8,962
Receivable from disposal of an associate, net of allowance for impairment	6,473	14,507
Rental deposits	25,423	27,070
Utility and other deposits	5,074	5,205
Prepayments to suppliers	16,275	4,025
Other prepayments	7,763	5,188
	<u>70,224</u>	<u>69,644</u>
<i>Less:</i> Rental deposits classified as non-current assets	<u>(5,824)</u>	<u>(6,636)</u>
Current portion included in trade and other receivables	<u><u>64,400</u></u>	<u><u>63,008</u></u>

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

The Group does not hold any collateral over these balances.

As at 31 March 2021, the gross amount of trade receivables arising from contracts with customers amounted to HK\$4,095,000 (2020: HK\$4,687,000).

As at 1 April 2019, trade receivables from contracts with customers amounted to HK\$4,230,000.

The Group allows an average credit period ranging from 7 to 30 days (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	3,826	3,892
91-180 days	187	231
181-365 days	2	150
Over 365 days	80	414
	4,095	4,687

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The Group considers the credit risk characteristic and the days past due of trade receivables to measure the expected credit losses. The Group considers the historical loss rates in prior years and adjusts for forward looking macroeconomic data in calculating the expected credit loss rates.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 March 2021 and 2020, the expected credit loss rates for trade receivables based on ageing of customers were very low, the identified impairment loss for trade receivables was immaterial.

For receivable from disposal of an associate, the Group determined the expected credit losses based on individual assessment after taken into account historical data together with other external available information and they are adjusted to reflect current and forward-looking information on macroeconomic factors.

The movements in the allowance for impairment of receivable from disposal of an associate are set out below:

	<i>HK\$'000</i>
At 1 April 2019	–
Impairment loss recognised	<u>3,913</u>
At 31 March 2020 and 1 April 2020	3,913
Impairment loss reversed	<u>(1,986)</u>
At 31 March 2021	<u><u>1,927</u></u>

The Group's prepayments to suppliers that are denominated in currencies other than the functional currency of the relevant group entity to which they related are set out below:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
United States dollars (“USD”)	<u><u>11,813</u></u>	<u><u>–</u></u>

12. TRADE AND OTHER PAYABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	31,293	39,588
Accrued payroll	14,477	16,929
Accrued expenses and other payables	<u>9,177</u>	<u>9,869</u>
	<u><u>54,947</u></u>	<u><u>66,386</u></u>

The average credit period on trade payables is 10 – 30 days (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 60 days	29,003	36,156
61 – 90 days	127	259
Over 90 days	<u>2,163</u>	<u>3,173</u>
	<u>31,293</u>	<u>39,588</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
USD	<u>–</u>	<u>4,681</u>

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>403,753,000</u>	<u>4,039</u>

14. SHARE OPTION SCHEME

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

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

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

During the year ended 31 March 2020, all the remaining share options were lapsed upon the expiry of option period.

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

For the year ended 31 March 2020

	Date of grant	Exercisable period	Exercise price	Number of share options			
				Outstanding at 1 April 2019	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2020
Directors	6 July 2017	6 July 2017 – 5 July 2019	HK\$3.05	60,000	–	(60,000)	–
Employees	6 July 2017	6 July 2017 – 5 July 2019	HK\$3.05	4,790,000	–	(4,790,000)	–
Total				<u>4,850,000</u>	<u>–</u>	<u>(4,850,000)</u>	<u>–</u>
Exercisable at the end of the year							<u>N/A</u>
Weighted average exercise price				<u>HK\$3.05</u>	<u>N/A</u>	<u>HK\$3.05</u>	<u>N/A</u>

No share option was granted during the years ended 31 March 2021 and 2020.

15. 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 years ended 31 March 2021 and 2020. The leases are rented to third parties under operating leases with leases negotiated for a term of one to three years (2020: one to two years) as at 31 March 2021. None of the leases includes contingent rentals.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	2,406	1,698
After one year but within two years	1,980	312
Over two years	825	–
	<u>5,211</u>	<u>2,010</u>

16. CAPITAL COMMITMENTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>604</u>	<u>200</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Looking back at 2020, the telecommunications industry maintained robust growth thanks to the rapid development of the 5G network and 5G phones in the Hong Kong market. In January 2021, the subscription rate of mobile communication services in Hong Kong was 22.70 million, with the mobile subscriber penetration rate reaching 286.6%, and subscriptions of 2.5G/3G/4G mobile broadband services reaching 22.55 million. In terms of mobile data usage in Hong Kong, it escalated to a record high of 88,554 Terabytes, an increase of 27% and almost doubled against the December 2018 and December 2017 figures respectively, reflective of the rapid growth of the telecommunication services market.

In the past year, by seizing opportunities brought by its enhanced retail network and strengthening e-commerce business, the Group recorded satisfactory results and sustained its market position in the competitive business environment.

BUSINESS REVIEW

The Group is supported by four operational pillars, consisting of (i) retail sales of mobile phones and other consumer goods and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to Sun Mobile Limited (“SUN Mobile”), an associate 40% owned by the Group and 60% by HKT Limited (“HKT”).

During the year ended 31 March 2021, the Group benefited from an uptick in result from its retail business, which, combined with effective cost saving strategies and government subsidies as part of COVID-19 relief measures, resulted in an overall performance upturn. Revenue decreased by approximately 4.4% year-on-year to approximately HK\$1,038.95 million (2020: HK\$1,087.24 million) and profit attributable to owners of the Company climbed approximately 68.6% to approximately HK\$135.22 million (2020: HK\$80.20 million).

The retail business operates a network of 82 shops. As at the review year, this segment generated approximately HK\$616.02 million of revenue. This was principally due to an expanded brand portfolio; having welcomed an internationally renowned mobile phone brand and top mainland mobile phone brand, the products of which appealed to existing and new customers. With regard to the Mango Mall e-commerce platform, it has enjoyed a steady growth in members. The rise in membership can be attributed to an increasingly diverse range of products, including COVID-19 related products and festive products that are available from the platform.

The performance of the operation service segment weakened during the review year, as reflected by a year-on-year decline in revenue of approximately 3.7% to approximately HK\$350.35 million. Nonetheless, the Group has maintained close and constructive ties with HKT, and are mutually committed to the advancement of SUN Mobile.

As has been the prevailing trend, the paging and other telecommunications services operation has continued to experience a decline in revenue, contracting by approximately 18.9% to approximately HK\$37.06 million as at the review year. While mindful of the waning demand for such products and services, the Group has nevertheless maintained its commitment to customers, which include members of the healthcare community and Hong Kong Government. What is more, the Group has continued to direct customers to its portfolio of mobile phones and corresponding mobile applications when they no longer require paging services, so as to protect its customer base.

In reference to the distribution business, it has benefited from the Group's cautious approach to product procurement as reflected by stable revenue generated from this segment – amounting to approximately HK\$35.52 million as at the review year, a year-on-year increase of approximately 46.2%.

FINANCIAL REVIEW

Segment Analysis

	2020/21		2019/20	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Retail business	616,021	59.3	653,494	60.1
Distribution business	35,522	3.4	24,286	2.2
Paging and other telecommunications services	37,058	3.6	45,709	4.2
Operation services	350,345	33.7	363,751	33.5
Total revenue	<u>1,038,946</u>	<u>100.0</u>	<u>1,087,240</u>	<u>100.0</u>

Revenue

The Group's revenue for the year ended 31 March 2021 was approximately HK\$1,038.95 million (2020: HK\$1,087.24 million), representing a decrease of approximately 4.4% over the previous year. The decrease in the Group's revenue was mainly due to decrease in revenue generated from retail, paging and operation businesses.

During the year ended 31 March 2021, revenue from retail business decreased approximately 5.7% as compared to the corresponding period of the previous year. The decreased was principally due to the outbreak of the COVID-19 epidemic. This is the major source of revenue of the Group.

Revenue from distribution of mobile phones and related business for the year ended 31 March 2021 increased approximately 46.2% as compared to the corresponding period of the previous year. It was mainly due to an increasingly diverse range of products.

Revenue from the provision of paging and other telecommunications services for the year ended 31 March 2021 dropped approximately 18.9% as compared to the corresponding period of the previous year. The total number of paging services subscribers has continued to decrease during the year.

Revenue from the provision of operation services experienced a decline in revenue of approximately 3.7% for the year ended 31 March 2021 as compared to the corresponding period of the previous year. The decrease was mainly due to the keen market competition of mobile telecommunications services.

Other Income and Gains

Other income and gains for the year ended 31 March 2021 was approximately HK\$43.92 million (2020: HK\$5.46 million), representing a substantial increase of approximately 704.4% as compared to previous year. The increase was primarily due to the receipt of government grants in respect of COVID-19 related subsidies. Apart from approximately HK\$33.54 million government grants, other income and gains mainly contributed by rental and sub-letting income, gain on disposal of motor vehicles and consultancy income.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental, utilities and running expenses of shops and customers service centre, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre, repair cost for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2021 were approximately HK\$112.02 million (2020: HK\$115.07 million), representing a slight decrease of approximately 2.7% over the previous year.

The decrease was mainly brought by the decrease in information fees and promotion expenses. The decrease in information cost was mainly due to the decrease in financial data charged by the HKEx Information Services Limited by reference to the usage of information. In addition, due to the unstable market conditions, less promotion expenses were incurred in the year under review.

Share of Results of Associates

Share of results of associates for the year was approximately HK\$7.99 million (2020: HK\$12.69 million), representing a decrease of approximately 37.0% as compared to the previous year. The amount mainly represents our share of net profit of SUN Mobile. The decrease was mainly due to the decrease in revenue of SUN Mobile.

Finance Costs

The finance cost comprises mainly bank interest and interest on lease liabilities. There is no significant change in the Group's bank borrowings throughout the year ended 31 March 2021. The bank interest for the year ended 31 March 2021 was approximately HK\$2.30 million (2020: HK\$5.47 million). It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion. The interest expenses on lease liabilities for the year ended 31 March 2021 was approximately HK\$3.52 million (2020: 2.91 million).

Income Tax Expense

Income tax for the year ended 31 March 2021 was approximately HK\$18.52 million (2020: HK\$16.67 million), representing an increase of approximately 11.1%. The increase was mainly due to the increase in profit before tax.

Profit for the Year Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the year ended 31 March 2021 was approximately HK\$135.22 million (2020: HK\$80.20 million), representing a substantial increase of approximately 68.6% as compared to the previous year. The increase was primarily due to effective cost saving strategies and government subsidies in respect of COVID-19 relief measures.

Liquidity and Financial Resources

As at 31 March 2021, the Group had net current liabilities of approximately HK\$23.51 million (2020: HK\$62.07 million) and had cash and cash equivalents of approximately HK\$70.83 million (2020: HK\$40.97 million).

The Group has a current ratio of approximately 0.90 as at 31 March 2021 comparing to that of approximately 0.77 as at 31 March 2020. As at 31 March 2021, the Group's gearing ratio was approximately 34.7% as compared to approximately 41.0% as at 31 March 2020, which is calculated based on the Group's total borrowings of approximately HK\$132.74 million (2020: HK\$147.02 million) and the Group's total equity of approximately HK\$382.12 million (2020: HK\$358.79 million). The Group's total cash at banks as at 31 March 2021 amounted to approximately HK\$72.17 million (2020: HK\$41.64 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 2021, the Group has unutilised banking facilities of approximately HK\$303.05 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

Contingent Liabilities

At 31 March 2021, the Group did not have any material contingent liabilities (2020: nil).

Foreign Currency Risk

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

Capital Commitments

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

Dividends

	Year ended 31 March			
	2021		2020	
	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$'000</i>
	<i>per share</i>	<i>(audited)</i>	<i>per share</i>	<i>(audited)</i>
Dividends recognised as distribution during the year:				
2018/19 fourth interim dividend	-	-	0.06	24,225
2019/20 first interim dividend	-	-	0.06	24,225
2019/20 second interim dividend	-	-	0.03	12,113
2019/20 third interim dividend	-	-	0.03	12,113
2019/20 fourth interim dividend	0.10	40,375	-	-
2020/21 first interim dividend	0.06	24,225	-	-
2020/21 second interim dividend	0.06	24,225	-	-
2020/21 third interim dividend	0.06	24,225	-	-
		113,050		72,676

At a meeting held on 24 June 2021, the Board declared the fourth interim dividend of HK\$0.08 per share for the year ended 31 March 2021 (2020: HK\$0.10 per share).

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in note 13 to this announcement, there was no change in the capital structure during the year ended 31 March 2021.

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

Material Acquisition and Disposal

The Group did not purchase any property (2020: nil) or hold any significant investment in equity interest in any other company during the year ended 31 March 2021 (2020: nil).

As at 31 March 2021, the Group's properties in Hong Kong with carrying values of approximately HK\$302.54 million (2020: HK\$319.63 million).

On 31 March 2020, the Group disposed of its equity interest in Powersky Century Holdings (HK) Limited ("Powersky") to independent third parties for a total consideration of HK\$18.60 million. Before the disposal, the Group owned 16% equity interest in Powersky and the investment was previously accounted for as an investment in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a gain on disposal of approximately HK\$0.14 million in profit or loss for the year ended 31 March 2020.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries or associates during the year.

Employees and Remuneration Policies

As at 31 March 2021, the Group employed 645 (2020: 641) 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

Going forward, the Group will continue to err on the side of caution given the unpredictable business conditions. It will prudently maintain its product diversification drive; examining and sourcing high-potential products for attracting and retaining customers, so as to draw maximum attention from the public and enhance its performance.

On the retail network front, the revamp and upgrade of shops in the 18-district network will be the principal objective in the year ahead. Along with enhancing the shopping environment for customers, the Group will seek to enhance the shopping experience as well. Towards the latter goal, it will further promote staff development, which will include providing the latest training to enhance both the skills and self-worth of frontline colleagues. In addition, the Group will capitalize on opportunities to relocate shops to prime locations for the convenience of customers.

Amid the challenging business environment, the Group will also redouble efforts in examining potential partnerships so as to diversify its business and ensure that it is well protected against the dynamic business environment.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2021 and up to the date of this announcement, the Company has maintained the public float required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2021 or at any time during that year.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Fourth Interim Dividend

On 24 June 2021, the Board declared a fourth interim dividend of HK\$0.08 per share for the year ended 31 March 2021. The fourth interim dividend will be payable in cash to the shareholders of the Company whose names appear on the register of members on Tuesday, 13 July 2021.

The fourth interim dividend is expected to be paid on or about Monday, 19 July 2021.

Annual General Meeting

An Annual General Meeting (the "AGM") of the Company will be convened to be held on Thursday, 29 July 2021. The notice of the AGM will be published on the websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in June 2021.

Closure of Register of Members

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

- (a) from Monday, 12 July 2021 to Tuesday, 13 July 2021 (both days inclusive), for the purpose of determining shareholders' entitlement to the fourth interim dividend. In order to qualify for the fourth interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodge with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 9 July 2021; and

- (b) from Monday, 26 July 2021 to Thursday, 29 July 2021 (both days inclusive), for the purpose of determining shareholders of the Company who are entitled to attend and vote at the AGM. In order to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at their address as mentioned above for registration not later than 4:00 p.m. on Friday, 23 July 2021.

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

Corporate Governance Practices

During the year ended 31 March 2021, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code"), except the deviation as disclosed below:

- According to the Code Provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 March 2021, the chief executive officer and chief financial officer of the Company have provided and will continue to provide to all members of the Board with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2 of CG Code.

Review of Results

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

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters. The consolidated financial statements and final results of the Group for the year ended 31 March 2021 have been reviewed by the Audit Committee and have been audited by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited.

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

Hong Kong, 24 June 2021

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

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