



Telecom Digital Holdings Limited

電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8336

Annual Report 2015/16

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This annual report, for which the directors (the “Directors”) of Telecom Digital Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Cheung King Shek (*chairman*)
 Cheung King Shan
 Cheung King Chuen Bobby
 Cheung King Fung Sunny (*chief executive officer*)
 Wong Wai Man
 Mok Ngan Chu

Independent Non-executive Directors

Hui Ying Bun
 Ho Nai Man Paul
 Lam Yu Lung

COMPANY SECRETARY

Chan Yi Kan, *CPA*

COMPLIANCE OFFICER

Cheung King Fung Sunny

BOARD COMMITTEES

Audit Committee

Lam Yu Lung (*chairman*)
 Hui Ying Bun
 Ho Nai Man Paul

Remuneration Committee

Ho Nai Man Paul (*chairman*)
 Hui Ying Bun
 Lam Yu Lung

Nomination Committee

Hui Ying Bun (*chairman*)
 Ho Nai Man Paul
 Lam Yu Lung

AUTHORISED REPRESENTATIVES

Cheung King Fung Sunny
 Chan Yi Kan

COMPANY'S WEBSITE

www.tdhl.cc

AUDITOR

SHINEWING (HK) CPA Limited
 43/F., Lee Garden One,
 33 Hysan Avenue,
 Causeway Bay, Hong Kong

LEGAL ADVISER

CFN Lawyers (in association with Broad & Bright)
 27/F., Neich Tower,
 128 Gloucester Road,
 Wanchai, Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
 27/F., Grand Millennium Plaza,
 181 Queen's Road Central,
 Hong Kong

REGISTERED OFFICE

Clifton House,
 75 Fort Street,
 P.O. Box 1350,
 Grand Cayman KY1-1108,
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., YHC Tower,
 No.1 Sheung Yuet Road,
 Kowloon Bay,
 Kowloon,
 Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Bank of China Tower,
 1 Garden Road,
 Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
 HSBC Main Building,
 1 Queen's Road Central,
 Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
 Clifton House,
 75 Fort Street,
 P.O. Box 1350,
 Grand Cayman KY1-1108,
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
 Suites 3301-04, 33/F.,
 Two Chinachem Exchange Square,
 338 King's Road,
 North Point, Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8336

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016.

RESULTS

The Group's revenue for the year ended 31 March 2016 was approximately HK\$1,428,914,000 (2015: HK\$1,358,304,000), representing an increase of approximately 5.2% over the previous year. Profit for the year ended 31 March 2016 was approximately HK\$89,769,000 (2015: HK\$86,817,000), representing an increase of approximately 3.4% as compared to the previous year. The increase in revenue and profit was primarily due to the increase in revenue in relation to the Group's retail business as well as the 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.



BUSINESS OVERVIEW

The Group was founded in 1974 as one of the first paging operators in Hong Kong. In the past 42 years, it has been actively engaged in the telecommunications and related business in Hong Kong. The Group is principally engaged in the retail sales and distribution of mobile phones in Hong Kong and provision of paging and other telecommunications services in Hong Kong and Macau. The Group is also engaged in the provision of operation services to SUN Mobile. With its extensive market experience and excellent professional teams, the Group has evolved into a reliable service provider. As at the 31 March 2016, our Group had 63 shops in operation.

During the year, although the macroeconomic environment was filled with uncertainties, the Group's businesses have been developed steadily. The Group's retail business has recorded a growth of approximately 12.1% in 2015/16 when compared with the previous year. Being an investor of SUN Mobile, the Group has benefited from the growing mobile phone and telecommunications market. Profit from provision of operation services to SUN Mobile in 2015/16 recorded a substantial increase of approximately 46.2% as compared to previous year.

On the other hand, due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to experience a decrease in 2015/16. Profit from paging and Mobitex based services had a decline of approximately 96.4% when compared with the previous year. We systematically search for opportunities to create new businesses to maintain our business growth.

Chairman's Statement (continued)

FUTURE PROSPECT

Being a mobile-first enterprise, we can expect tangible improvements in the way we interact with our employees, customers and partners by raising employee productivity, improving customer relationships and satisfaction, and streamlining business processes and operations. During the year under review, the Group has acquired a new Customer Relationship Management system and an Enterprise Resource Planning system. The two systems will be in use in the second half of 2016 and they will help us to learn more about our target customers and how to best cater to their needs.

Given the uncertainties and challenges faced by the world's major economies, the Group will continue to prudently manage its business, implementing stricter financial control, streamlining structure and expenditure austerity. The Group will be cautiously assessing any business opportunities to ensure a bright future for our shareholders.

APPRECIATION

Finally, on behalf of the Board, I would like to express sincere thanks to our customers, business partners, suppliers and shareholders for their persistent support to the Group. We have a top management team and they are leading our business growth. We consider this leadership team as the best in our industry and fundamental to our records breaking success year after year. I extend my appreciation and thanks for their incredible hard work and consistent, outstanding performance.



Cheung King Shek

Chairman and Executive Director

Hong Kong, 22 June 2016

Chief Executive Officer's Review

OPERATION OVERVIEW

With the provision of operation services to SUN Mobile as its core business, the Group continues to benefit from the vibrant but growing mobile phone market. To cope with the continuous growth, numbers of retail shop have been increased from 54 to 63 as at 31 March 2016. At the same time, average shop size has been increased together with relocating some of the retail shops to strategic locations to meet with the market demand. In terms of services, the Group continues to strengthen its service quality through staff training, especially on products and customer services skill, enhancing the overall workflow and optimizing the logistic support. Overall speaking, thanks to the guidance from the Board and to the support from our business partners and staff, all business goals are satisfactorily achieved.



FUTURE PROSPECT

Coming forward in 2016/17, despite a markedly economic downturn in Hong Kong, the Group will continue to strive in maintaining our competitive position within the mobile and telecommunications markets. As the Group has already laid a very solid foundation in terms of its operation, it will continue to work more on controlling cost and expenses, in particular, the rental for retail shops, where more reasonable offers and better locations are now seen in the commercial property market.

While the Group continues to focus its core business in the challenging mobile and telecommunications markets, moving forward, the Group is opening up new growth opportunities in our portfolio of businesses by diversifying its business in other aspects of daily living necessities. Such move shall no doubt be benefiting all of our customers and creating new value to the Group and our shareholders.

As the Chief Executive Officer of the Group, I would like to express my gratitude to the Board for their professionalism and guidance, to the team for their dedication and hard work, and to our customers, business partners, suppliers and shareholders for their persevering support to the Group. Through all these efforts, the management team shall continue to extend the lead in the competitive mobile and telecommunications market. Meanwhile, we shall also accelerate our move in opening up exciting new opportunities in the other business sectors.

Cheung King Fung Sunny
CEO and Executive Director
Hong Kong, 22 June 2016

Management Discussion and Analysis

INDUSTRY OVERVIEW

The ecosystem for enterprise mobility is becoming ever complex. To succeed, mobility vendors, solution and service providers will need to understand not only the trends of mobility but also specific requirements of customers needs.

A mobile-first enterprise can expect tangible improvements in the way it interacts with their employees, customers and partners by raising employee productivity, improving customer relationships and satisfaction, and streamlining business processes and operations.

The Group well understands the above significance and has acquired a new Customer Relationship Management system and an Enterprise Resource Planning system. The two systems will help us to learn more about our target customers and how to best cater to their needs.

BUSINESS REVIEW

The Group maintained its market position as one of the leading comprehensive telecommunications service providers in Hong Kong and Macau. The business segments of the Group include (i) retail sales of mobile phones and pre-paid SIM cards 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.

For the year ended 31 March 2016, retail sales and distribution of mobile phones and related services remain the key contributor of the Group's revenue. Revenue derived from the two segments contributed to approximately 77.1% of the Group's total revenue, amounting to approximately HK\$1,101,280,000 (2015: HK\$1,060,597,000) which represents an increase of approximately 3.8% as compared to previous year. Apart from the increase in revenue from retail sales and distribution business, revenue from provision of operation services also increased by approximately 22.3% as compared to the year ended 31 March 2015. However, due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to experience a decrease in 2015/16. The management team will systematically search for opportunities to create new businesses to maintain its business growth.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Segment analysis:

	2015/16		2014/15	
	HK\$'000	%	HK\$'000	%
Retail business	485,193	34.0	421,709	31.0
Distribution business	616,087	43.1	638,888	47.0
Paging and other telecommunications services	97,400	6.8	109,417	8.1
Operation services	230,234	16.1	188,290	13.9
Total revenue	1,428,914	100.0	1,358,304	100.0

Revenue

The Group's revenue for the year ended 31 March 2016 was approximately HK\$1,428,914,000 (2015: HK\$1,358,304,000), representing an increase of approximately 5.2% over the previous year. The increase in the Group's revenue was mainly due to higher revenue generated from the retail business and operation services.

Revenue from retail sales and distribution of mobile phones were the main source of the Group's revenue, representing approximately 77.1% of the Group's total revenue for the year ended 31 March 2016. Revenue from distribution of mobile phones and provision of related services for the year ended 31 March 2016 was approximately HK\$616,087,000 (2015: HK\$638,888,000), representing a decrease of approximately 3.6% as compared to the previous year. Although the mobile phone manufacturers launched different hero products during year, Hong Kong smartphone prices fall after competition law comes into force in December 2015. Revenue from distribution business was hit by the price war in the first quarter of 2016.

Revenue from provision of paging and other telecommunications services for the year ended 31 March 2016 decreased by approximately 11.0% to HK\$97,400,000 (2015: HK\$109,417,000). Due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to experience a decrease in 2015/16.

Revenue from provision of operation services for the year ended 31 March 2016 was approximately HK\$230,234,000 (2015: HK\$188,290,000), representing an increase of approximately 22.3% as compared to previous year. As SUN Mobile keeps launching different service plans to attract customers, the number of customers keeps growing as well. As boosted by the increase in average revenue per user and in the light of the stable customer growth, the Group's administrative and operational work became more cost efficient and therefore it is expected that the growth in the service fee may continue.

Other Income

Other income mainly contributed by rental income and exchange difference. Other income for the year ended 31 March 2016 was approximately HK\$6,241,000 (2015: HK\$8,491,000), representing a decrease of approximately 26.5% as compared to previous year. Such decrease was primarily due to (i) a gain on disposal of plant and equipment in 2014/15; (ii) decrease in rental income due to the resumption of a warehouse for the Group's use; and (iii) decrease in sponsorship from suppliers.

Management Discussion and Analysis (continued)

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental and building management fees, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre and customer service centre, repair cost for pagers and Mobitex devices, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2016 were approximately HK\$190,425,000 (2015: HK\$172,045,000), representing an increase of approximately 10.7% over the previous year.

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

Share of Results of an Associate

Share of result of an associate for the year ended 31 March 2016 was approximately HK\$31,971,000 (2015: HK\$28,428,000), representing an increase of approximately 12.5% as compared to the previous year. The amount represents our share of net profit of SUN Mobile.

Finance Costs

There is no significant change in the Group's bank borrowings throughout year ended 31 March 2016. The finance costs for the year ended 31 March 2016 were approximately HK\$5,437,000 (2015: HK\$3,938,000). It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion.

Income Tax Expenses

Income tax for the year ended 31 March 2016 was approximately HK\$13,934,000 (2015: HK\$10,430,000), representing an increase of approximately 33.6%. The increase was mainly due to the increase in profit before tax. In addition, the tax loss bought forward from previous years has been utilised in 2015/16.

Profit for the Year Attributable to the Owners of the Company

Profit for the year ended 31 March 2016 was approximately HK\$89,769,000 (2015: HK\$86,817,000), representing an increase of approximately 3.4% as compared to the previous year. The increase was primarily due to the increase in revenue and improvement in the share of results of an associate.

Management Discussion and Analysis (continued)

Liquidity and Financial Resources

As at 31 March 2016, the Group had net current liabilities of approximately HK\$26,594,000 (2015: HK\$65,533,000) and had cash and cash equivalents of approximately HK\$11,999,000 (2015: HK\$27,584,000).

The Group has a current ratio of approximately 0.9 as at 31 March 2016 comparing to that of 0.8 as at 31 March 2015. As at 31 March 2016, the Group's gearing ratio was 91.4% as compared to 188.8% as at 31 March 2015, which is calculated based on the Group's total borrowings of approximately HK\$214,934,000 (2015: HK\$323,328,000) and the Group's total equity of approximately HK\$235,086,000 (2015: HK\$171,289,000).

Apart from providing working capital to support its business development, the Group also has available banking facilities and the net proceeds from the listing of issued ordinary shares of the Company on GEM of the Stock Exchange (the "Listing") to meet potential needs for business expansion and development. As at 31 March 2016, the Group's total cash at banks as at 31 March 2016 amounted to approximately HK\$15,819,000 (2015: HK\$27,584,000) and it has the unutilised banking facilities of HK\$328,067,000 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 2016, the Group has no material contingent liabilities (2015: 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 30 to the consolidated financial statements.

Dividends

The first interim dividend of HK\$0.05 per share was paid on 30 November 2015. At a meeting held on 22 June 2016, the Board declared a second interim dividend of HK\$0.05 per share for the year ended 31 March 2016. The second interim dividend will be paid to Shareholders on record as at 12 July 2016. It is expected that the second interim dividend will be paid on or about 18 July 2016.

Management Discussion and Analysis (continued)

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in note 27 to the consolidated financial statements, there was no change in the capital structure during the year ended 31 March 2016.

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

Material Acquisition and Disposal

Except for investments in subsidiaries and an associate, the Group did not hold any significant investment in equity interest in any other company during the year ended 31 March 2016 (2015: nil).

As at 31 March 2016, the Group's properties in Hong Kong with carrying values of approximately HK\$187,635,000 (2015: HK\$165,918,000).

Employees and Remuneration Policies

As at 31 March 2016, the Group employed approximately 463 (2015: 459) 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

The competition law which took effect on 14 December 2015 caused a drop in the prices of mobile phones. This is not only good news for consumers who like to keep up with trends and always have the latest models but also leading to the increase in market demand and our revenue. In addition, mobile phone usage, especially the usage of smartphones, has been surging over the recent years. The number of mobile subscribers in Hong Kong experienced a fast increase during the past few years. Retail business and provision of operation service are expected to remain key contributors to the Group's financial results, as it continues to monetize on the growing demand.

Apart from continuing focus on its core business in mobile and telecommunications markets, moving forward, the Group is opening up new growth opportunities in its portfolio of businesses by diversifying its business in other aspects. The Group is confident that the above factors will support its continuous business development.

Management Discussion and Analysis (continued)

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 26 May 2014 (the "Prospectus") with the Group's actual business progress for the year ended 31 March 2016 is set out below:

Business objectives for the year ended 31 March 2016

Actual Business Progress for the year ended 31 March 2016

Expansion of the Group's shop network and opening of flagship stores to strengthen its business of retail sales of mobile phones

- | | |
|---|---|
| <ul style="list-style-type: none"> • Identify suitable locations for new shops • Establish three new shops and one flagship store • Employ 20 new customer service staff | <ul style="list-style-type: none"> • The Group keeps searching for suitable locations for expanding its shop network. It had opened 11 new shops at Mongkok, Causeway Bay, Tseung Kwan O, Kwai Fong, Kowloon Bay, Wong Tai Sin, Tuen Mun and Yuen Long respectively and a flagship store in Central during the year. • Average shop size has been increased together with relocating some of the retail shops to strategic locations to meet with the market demand. • The Group has employed different levels of new staff. They were trained by providing on-job training on product knowledge, soft selling and customer handling skills. |
|---|---|

Expanding the Group's head office and logistics vehicle fleet to cope with its growth of business

- | | |
|---|--|
| <ul style="list-style-type: none"> • Purchase 2 new trucks | <ul style="list-style-type: none"> • In order to cope with the fast growing business, the Group had purchased 7 new motor vans and a new truck for its logistic team last year. |
|---|--|

Enhancing management capability and efficiency by implementing an Enterprise Resource Planning ("ERP") system

- | | |
|--|---|
| <ul style="list-style-type: none"> • Start the ERP system construction • Review the performance of the ERP system with the service provider and if necessary, implement any modification | <ul style="list-style-type: none"> • The Group has acquired a new Customer Relationship Management system and an ERP system in late 2015. • The two systems are being modified and will be in use in the second half of 2016. |
|--|---|

Management Discussion and Analysis (continued)

Use of Proceeds

The net proceeds from the Company's issue of 100,000,000 new Shares at the placing price of HK\$1.0 per Share at the time of the Listing, after deducting related expenses, amounted to approximately HK\$77.7 million. The Group intends to apply such net proceeds as follows:

Use	Planned use of proceeds as stated in the Prospectus during the year ended 31 March 2016 HK\$ million	Actual use of proceeds during the year ended 31 March 2016 HK\$ million
Expansion of the Group's shop network and opening of flagship stores to strengthen its business of retail sales of mobile phones	10.0	7.8
Expansion of the Group's head office and logistics vehicle fleet to cope with its growth of business	56.0	56.0
Implementation of an ERP system to enhance management capacity and efficiency	5.0	5.0
General working capital	6.7	6.7
	77.7	75.5

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The proceeds were applied in accordance with the actual development of the market. As the date of this annual report, approximately HK\$75.5 million out of the net proceeds from the Listing has been used.

As at the date of this annual report, the unused net proceeds were placed with banks in Hong Kong as short-term deposits. The unused net proceeds amounted to HK\$2.2 million is intended to expand the Group's shop network and logistics vehicle fleet, respectively.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung King Shek, aged 64, was appointed as a Director in November 2002, appointed as the chairman of the Company and re-designated as an executive Director in March 2014. He joined the Group in 1981 and is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Mr. Cheung King Shek brings to the Group more than 30 years of experience in the telecommunications industry and has achieved a solid track record of achievements. Under his leadership and stewardship, the Group has grown to be a versatile service provider in the telecommunications industry. Mr. Cheung King Shek graduated with a bachelor's degree in commerce from the University of New South Wales in April 1976 and a master degree in business administration from the University of Melbourne in Australia in August 1981. Mr. Cheung King Shek is the chairman of Hong Kong Radio Paging Association, and an honorary citizen of Swatow City. He is the elder brother of Mr. Cheung King Shan (executive Director), Mr. Cheung King Chuen Bobby (executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Shek has been the chairman and a non-executive director of Telecom Service One Holdings Limited ("TSO Holdings", stock code: 8145, a company listed on GEM) since August 2012.

Mr. Cheung King Shan, aged 57, was appointed as a Director in November 2002, re-designated as a non-executive Director in March 2014 and re-designated as an executive Director on 8 September 2015. Mr. Cheung King Shan is responsible for advising on sales and marketing and apps writing in relation to the Group's information broadcasting services. He joined the Group in 1985 and was responsible for the overall planning and formulation of the marketing and sales strategies in line with its sales and corporate targets, and played a major role in the growth of the sales volume and customer base. Mr. Cheung King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. He is a committee member of the Chinese People's Political Consultative Conference of Dongguan City. Mr. Cheung King Shan is the younger brother of Mr. Cheung King Shek (chairman and executive Director), and the elder brother of Mr. Cheung King Chuen Bobby (executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Shan has been a non-executive director of TSO Holdings since August 2012.

Mr. Cheung King Chuen Bobby, aged 57, was appointed as a Director in November 2002, re-designated as a non-executive Director in March 2014 and re-designated as an executive Director on 8 September 2015. Mr. Cheung King Chuen Bobby is responsible for advising on administration, human resources and special and ad hoc projects. Mr. Cheung King Chuen Bobby joined the Group in 1985 and was responsible for the formulation and implementation of its administrative policies as well as overseeing its administrative operation in human resources, legal and administration, property management and PRC projects. Mr. Cheung King Chuen Bobby obtained a bachelor degree in art in urban planning studies and a postgraduate diploma in urban planning implementation from the University of Westminster in London in 1983 and 1984 respectively. Mr. Cheung King Chuen Bobby is a committee member of the Chinese People's Political Consultative Conference of Swatow City, and an honorary citizen of Swatow City. Mr. Cheung King Chuen Bobby is the younger brother of Mr. Cheung King Shek (chairman and executive Director) and Mr. Cheung King Shan (executive Director), and the elder brother of Mr. Cheung King Fung Sunny (chief executive officer and executive Director). Mr. Cheung King Chuen Bobby has been a non-executive director of TSO Holdings since August 2012.

Directors and Senior Management (continued)

Mr. Cheung King Fung Sunny, aged 48, was appointed as a Director in November 2002, re-designated as an executive Director in March 2014 and appointed as the chief executive officer of the Company on 8 September 2015. Mr. Cheung King Fung Sunny joined the Group in 1990 and is primarily responsible for overseeing the financial management of the Group. Mr. Cheung King Fung Sunny graduated from the University of Western Ontario in Canada with a bachelor's degree in administrative and commercial studies in October 1990. He is a committee member of the Chinese People's Political Consultative Conference of Guangzhou City. Mr. Cheung King Fung Sunny is the younger brother of Mr. Cheung King Shek (chairman and executive Director), Mr. Cheung King Shan (executive Director) and Mr. Cheung King Chuen Bobby (executive Director). Mr. Cheung King Fung Sunny has been an executive director of TSO Holdings since August 2012, and was appointed as its chief executive officer in August 2014.

Mr. Wong Wai Man, aged 50, was appointed as an executive Director in March 2014 and is responsible for overall control of the management information system ("MIS") department. Mr. Wong joined the Group for 25 years since March 1991. He is currently holding the position of the senior MIS manager of the Group, before which he was a MIS manager from June 1998 to August 2001. Mr. Wong took the role as an assistant MIS manager from June 1995 to May 1998. Before being promoted to be the assistant MIS manager, Mr. Wong was a system administrator during July 1994 to May 1995. He worked for the Group as a project assistant for the period from March 1991 to July 1994. Mr. Wong was appointed as a member of the Telecommunications Regulatory Affairs Advisory Committee to represent the Radio Paging Operators as a group for a two year term starting from June 2012 to June 2014 and was a member of the Radio Spectrum Advisory Committee for the period from 2010 to 2012. Further, he was admitted as a full member of the Hong Kong Computer Society on May 2012. Mr. Wong received his bachelor's degree of social sciences from The University of Hong Kong in December 1990 and obtained a postgraduate diploma in strategic business information technology from the NCC Education in October 2008.

Ms. Mok Ngan Chu, aged 60, was appointed as an executive Director in March 2014 and is responsible for customer services and business operation. Ms. Mok joined the Group in July 1977. For the 38 years' service for the Group, Ms. Mok has rich experience in customer services and business operation, especially in handling the customers' enquiries and complaints, retaining the clients, setting up workflow for the staff and daily operational policies. Ms. Mok completed her secondary education in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Ying Bun, aged 69, was appointed as an independent non-executive Director on 20 May 2014. Mr. Hui is the chairman of the nomination committee, a member of the audit committee and a member of the remuneration committee of the Company. From January 2012 to December 2013, Mr. Hui was a non-executive director of Dah Chong Hong Holdings Limited ("DCH Holdings") (stock code: 1828), a company listed on the Main Board of the Stock Exchange. He was also the chairman of DCH Holdings from July 2007 to December 2013 and was an executive director of DCH Holdings from July 2007 to December 2011. Mr. Hui joined Dah Chong Hong, Limited in February 1966, and was the group chief executive from January 2003. Mr. Hui has more than 40 years' experience in motor vehicle businesses and corporate management. From April 2013 to March 2014, Mr. Hui was an independent non-executive director of TSO Holdings.

Directors and Senior Management (continued)

Mr. Ho Nai Man Paul, aged 61, was appointed as an independent non-executive Director on 20 May 2014. Mr. Ho is the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee of the Company. Currently, he is a director of Wiyoo Company Limited and Youyou Mobile Technology Limited, both are engaged in the business of rental of mobile data to outbound travelers from Hong Kong as well as inbound travelers to Hong Kong. Mr. Ho worked for TraxComm Limited, a subsidiary of MTR Corporation Limited, as its chief executive officer from August 2002 to January 2009. Mr. Ho also worked for New World Telephone Limited from October 2000 to July 2002. He entered New World Telephone Limited as a marketing director and left as a personal market director. Mr. Ho had about 20 years of IT experience spreading over several multinational IT companies including Wang Pacific Ltd., Tandem Computers (Hong Kong) Limited, Honeywell Limited and Stratus Computer (HK) Limited. Mr. Ho used to be a member of the Communication Association of Hong Kong participating as the president of the Fixed Network Group & Value Added Service Group and a member of Telecommunications Numbering Advisory Committee in the Office of Communications Authority. He has been an official mediator in the Customer Complaint Settlement Scheme since 7 March 2013. Mr. Ho received his bachelor's degree of science from the University of California, Berkeley in June 1976.

Mr. Lam Yu Lung, aged 51, was appointed as an independent non-executive Director on 20 May 2014. Mr. Lam is the chairman of the audit committee, a member of the remuneration committee and a member of the nomination committee of the Company. Mr. Lam is a Certified Public Accountant (Practising) in Hong Kong and a fellow member of the Institute of Chartered Accountants in England and Wales. He has over 27 years of experience in the accountancy profession and is the sole proprietor of a certified public accountant firm. Mr. Lam received his bachelor degree in social sciences from The University of Hong Kong in November 1988. Mr. Lam has been an independent non-executive director of Arts Optical International Holdings Limited (stock code: 1120) since 30 September 2011.

SENIOR MANAGEMENT

Ms. Lee Wing Tsz, aged 47, was appointed as the chief financial officer of the Group in September 2013 and is primarily responsible for the financial management of the Group. Ms. Lee worked for Telecom Digital Services Limited ("TDS") as group financial controller from September 2009 to August 2012. She was appointed as the chief financial officer of TSO Holdings from August 2012 to September 2013. Ms. Lee also worked for SHINEWING Tax and Business Advisory Limited as tax manager from May 2006 to August 2009. Ms. Lee had worked for The Law Debenture Corporation (H.K.) Limited as assistant trust manager from November 2002 to September 2005. She was a tax manager of Ernst & Young Tax Services Limited from February 1994 to November 2002. Ms. Lee received her bachelor's degree of art in accountancy from the Hong Kong Polytechnic University in November 2002.

Notes:

- (i) CKK Investment Limited ("CKK Investment", of which Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the "Cheung Brothers") are directors) has disclosure interests in the Company under the provisions of the Securities and Futures Ordinance ("SFO").
- (ii) Each of the Cheung Brothers is a director of certain subsidiaries of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders (the "Shareholders"), customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code", formerly contained in Appendix 15 of the GEM Listing Rules until 31 December 2015) to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the year ended 31 March 2016, the Company has complied with the CG Code, except the deviation as disclosed under the section headed "Functions of the Board" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM 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 year ended 31 March 2016, they were in compliance with the required provisions set out in the Required Standard of Dealings. All Directors declared that they have complied with the Required Standard of Dealings throughout the year ended 31 March 2016.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board currently comprises six executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Cheung King Shek (*chairman*)
Mr. Cheung King Shan*
Mr. Cheung King Chuen Bobby*
Mr. Cheung King Fung Sunny (*chief executive officer*)**
Mr. Wong Wai Man
Ms. Mok Ngan Chu

Independent Non-executive Directors

Mr. Hui Ying Bun
Mr. Ho Nai Man Paul
Mr. Lam Yu Lung

* re-designated from non-executive Director to executive Director on 8 September 2015

** appointed as chief executive officer on 8 September 2015

The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 13 to 15 of this annual report. To the best knowledge of the Company, save as disclosed in the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

Corporate Governance Report (continued)

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

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 2016, 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.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the articles of association of the Company (the "Articles of Association"). All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

Directors' Appointment, Re-election and Removal

Under the Code Provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of not more than three years which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing, subject to the provisions on retirement by rotation as set out in the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years.

In compliance with the Code Provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the Code Provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to Article 108(a) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Corporate Governance Report (continued)

In compliance with the Code Provision A.4.3 of the CG Code, the re-election of each of those independent non-executive Directors who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the Shareholders at the relevant annual general meeting; and (ii) further information being given to Shareholders together with the notice of meeting the reasons why the Board believes the relevant Director is still independent and should be re-elected.

A Director may be removed by an ordinary resolution of the Company before the expiration of his/her term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him/her and the Company) and the Company may by ordinary resolution appoint another in his/her place.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 5.05(1) of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Lam Yu Lung has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung to be independent.

Chairman and Chief Executive Officer

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2016, the role of the chairman of the Company is performed by Mr. Cheung King Shek and the executive functions of a chief executive are discharged by Mr. Cheung King Fung Sunny as the chief executive officer of the Company.

Delegation of Powers

The Board delegates day-to-day operations of the Group to the chief executive officer and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Corporate Governance Report (continued)

Continuing Professional Development

According to the Code Provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some training for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on the Directors' training. During the year ended 31 March 2016, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	Reading materials
Executive Directors	
Mr. Cheung King Shek (<i>chairman</i>)	✓
Mr. Cheung King Shan	✓
Mr. Cheung King Chuen Bobby	✓
Mr. Cheung King Fung Sunny (<i>chief executive officer</i>)	✓
Mr. Wong Wai Man	✓
Ms. Mok Ngan Chu	✓
Independent Non-executive Directors	
Mr. Hui Ying Bun	✓
Mr. Ho Nai Man Paul	✓
Mr. Lam Yu Lung	✓

Directors' and Officers' Liabilities

In compliance with the Code Provision A.1.8 of the CG Code, the Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and the company secretary of the Company that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

Audit Committee

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 and 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. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung. Mr. Lam Yu Lung is the chairman of the Audit Committee.

Corporate Governance Report (continued)

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the year ended 31 March 2016:

- (a) reviewed the quarterly, interim and annual financial statements before submission to the Board;
- (b) reviewed the Group's financial controls, internal control and risk management systems;
- (c) approved the remuneration and the appointment and the terms of engagement of the external auditor;
- (d) reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
- (e) met with external auditor without the presence of management;
- (f) reviewed and discussed the external auditor's report to the Audit Committee;
- (g) reviewed the corporate governance disclosures in the quarterly, interim and annual reports;
- (h) reviewed the continuing connected transactions and their annual caps; and
- (i) reviewed and recommended to the Board the amendments to the terms of reference of the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee, among other things, are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors determines his/her own remuneration.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung. Mr. Ho Nai Man Paul is the chairman of the Remuneration Committee.

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the year ended 31 March 2016:

- (a) reviewed the remuneration packages and assessed the performance of the Directors;
- (b) considered the increase of remuneration packages of certain Directors;
- (c) considered the bonus payment to certain Directors;
- (d) reviewed the remuneration policy of the Group; and
- (e) considered the grant of share options to Directors and employees of the Group.

Corporate Governance Report (continued)

Remuneration Policy for Directors and Senior Management

The Directors and senior management of the Company receive compensation in the forms of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The remuneration package of each of the Directors is detailed in note 13 to the consolidated financial statements. The Directors and senior management of the Company may also receive options to be granted under the share option scheme of the Company (the "Share Option Scheme"), details of which are set out on pages 30 to 33 of this annual report.

Nomination Committee

The Board is empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy on or, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The nomination committee of the Company (the "Nomination Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding appointment of Directors and candidates to fill vacancies on the Board.

The Nomination Committee comprises three independent non-executive Directors, namely, Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung. Mr. Hui Ying Bun is the chairman of the Nomination Committee.

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the year ended 31 March 2016:

- (a) reviewed and assessed the independence of all independent non-executive Directors;
- (b) recommended the list of retiring Directors for re-election at the annual general meeting;
- (c) reviewed the structure, size and composition of the Board;
- (d) recommended the re-designation of Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby as executive Directors and the appointment of Mr. Cheung King Fung Sunny as the chief executive officer of the Company for approval at the annual general meeting; and
- (e) reviewed the board diversity policy of the Company.

Corporate Governance Report (continued)

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board since 20 May 2014. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and the presence of one female Director out of a total of nine Board members, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

The attendance records of each Director and each member of the three Board Committees at the relevant meetings held in the year ended 31 March 2016 are as follows:

	Board	Board Committees			2015 Annual General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee	
No. of meetings held during the year	4	5	1	1	1
Meetings Attended/Eligible to Attend					
Executive Directors					
Mr. Cheung King Shek (<i>chairman</i>)	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Shan	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Chuen Bobby	4/4	N/A	N/A	N/A	1/1
Mr. Cheung King Fung Sunny (<i>chief executive officer</i>)	4/4	N/A	N/A	N/A	1/1
Mr. Wong Wai Man	4/4	N/A	N/A	N/A	1/1
Ms. Mok Ngan Chu	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Hui Ying Bun	4/4	5/5	1/1	1/1	0/1
Mr. Ho Nai Man Paul	4/4	4/5	1/1	1/1	1/1
Mr. Lam Yu Lung	4/4	5/5	1/1	1/1	1/1

Corporate Governance Report (continued)

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2016, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2016, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK\$'000
Audit service	900
Non-audit services	150
Total	1,050

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

- (a) to develop and review the policies and practices on corporate governance of the Group;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report contained in the annual report of the Company.

During the year ended 31 March 2016, the Board held one meeting regarding the corporate governance functions of the Company.

Corporate Governance Report (continued)

INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the systems of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2016. Based on the result of the review in respect of the year ended 31 March 2016, the Directors considered that the internal control systems are effective and adequate.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with its Shareholders and investors. The Company uses two-way communication channels to account to its Shareholders and investors for the performance of the Company. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders or investors may be sent to the Board by mail to the Company's principal place of business at 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company uses a number of formal communication channels to account to its Shareholders and investors for the performance of the Company. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meetings or extraordinary general meetings (if any) providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's branch share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of quarterly, interim and annual reports and/or despatching circulars, notices and announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meetings for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the general meetings. To comply with Code Provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to Article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company, have the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

Corporate Governance Report (continued)

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains a website (www.tdhl.cc) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY

Ms. Chan Yi Kan has been the company secretary of the Company since 20 May 2014. She is a certified public accountant as defined in the Professional Accountants Ordinance.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 March 2016.

Report of the Directors

The Directors submit herewith their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2016.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are telecommunications and related business in Hong Kong. Details of the principal activities of the subsidiaries of the Company are set out in note 35 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 March 2016 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 48 to 123.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The first interim dividend for the year ended 31 March 2016 of HK\$0.05 per Share was paid on 30 November 2015.

On 22 June 2016, the Board declared a second interim dividend of HK\$0.05 per Share for the year ended 31 March 2016. The second interim dividend will be payable in cash to the Shareholders on the register of members as at 12 July 2016.

For the purpose of determining Shareholders' entitlement to the second interim dividend, the register of members of the Company will be closed from 11 to 12 July 2016 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for the second interim dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on 8 July 2016.

The payment date of the second interim dividend is expected to be on or about 18 July 2016.

Report of the Directors (continued)

AGM AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "AGM") is scheduled to be held on 29 July 2016. A notice convening the AGM will be issued and despatched to the Shareholders on or around 28 June 2016.

For the purpose of determining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 28 to 29 July 2016 (both dates inclusive) during which period no transfer of Shares will be registered. 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 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 27 July 2016.

DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 20 May 2014 ("Deed of Non-competition") executed by the controlling shareholders of the Company (the "Controlling Shareholders", comprising CKK Investment, Amazing Gain Limited ("Amazing Gain"), the Cheung Brothers and J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust)) in favour of the Company (for itself and as trustee for its subsidiaries), save and except the exceptional circumstances, the Controlling Shareholders have undertaken to the Company that they shall not carry on any business which is in competition with the business of the Group in Hong Kong, Macau and any other country or jurisdiction, the principal terms of which are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company has received an annual declaration from each of the Controlling Shareholders confirming that they complied with the undertakings for the year ended 31 March 2016. The Controlling Shareholders also confirmed in the said annual declaration that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2016.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-competition during the year ended 31 March 2016:

- (i) The Controlling Shareholders had procured the independent non-executive Directors to review, on an annual basis, the compliance with the non-competition undertakings by the Controlling Shareholders under the Deed of Non-competition.
- (ii) The Controlling Shareholders had promptly provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition.
- (iii) The Controlling Shareholders had provided to the Company a written confirmation relating to the compliance of the Deed of Non-competition and declared that they had complied with the Deed of Non-competition during the year ended 31 March 2016.
- (iv) The independent non-executive Directors, having reviewed the relevant information and the written confirmation provided by the Controlling Shareholders, decided that the undertakings in respect of the Deed of Non-competition had been duly enforced and complied with by the Controlling Shareholders during the year ended 31 March 2016.

Report of the Directors (continued)

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2016, the Group's top five customers accounted for approximately 43.3% of the revenue. The top five suppliers accounted for approximately 98.7% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 20.4% of the revenue and the Group's largest supplier accounted for approximately 37.4% of the total purchases for the year.

For the year ended 31 March 2016, the Cheung Brothers, who are Directors and Controlling Shareholders, have an indirect interest in SUN Mobile, which was the largest customer of the Group. The revenue attributable to SUN Mobile amounted to approximately HK\$291,774,000, representing 20.4% of the Group's revenue for the year ended 31 March 2016.

Save as disclosed above, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of the Shares in issue) had any interest in these major customers and suppliers for the year ended 31 March 2016.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2016 are set out in the consolidated statement of changes in equity and in note 28 to the consolidated financial statements respectively.

As at 31 March 2016, the Company's reserves available for distribution to Shareholders amounted to HK\$205,811,000 (2015: HK\$147,666,000) as calculated in accordance with the Companies Law of the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2016 are set out in note 26 to the consolidated financial statements.

Report of the Directors (continued)

DIRECTORS

The Directors who held office during the year ended 31 March 2016 and up to the date of this annual report were:

Executive Directors

Mr. Cheung King Shek (*chairman*)
Mr. Cheung King Shan*
Mr. Cheung King Chuen Bobby*
Mr. Cheung King Fung Sunny (*chief executive officer*)**
Mr. Wong Wai Man
Ms. Mok Ngan Chu

Independent Non-executive Directors

Mr. Hui Ying Bun
Mr. Ho Nai Man Paul
Mr. Lam Yu Lung

* re-designated from non-executive Director to executive Director on 8 September 2015

** appointed as chief executive officer on 8 September 2015

By virtue of Article 108(a) of the Articles of Association, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Wong Wai Man will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the year ended 31 March 2016.

Report of the Directors (continued)

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of not more than three years which shall be terminated in accordance with the provisions of the service agreement by either party giving to the other not less than three months' prior notice in writing, subject to the provisions on retirement by rotation as set out in the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years.

Save as disclosed above, none of the Directors (including those proposed for re-election at the AGM) has or is proposed to have a service agreement or an appointment letter with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

SHARE OPTION SCHEME

(I) The following is a summary of principal terms of the Share Option Scheme adopted by a resolution in writing passed by the Shareholders on 20 May 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

(2) Participants of the Share Option Scheme

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants ("Eligible Participant(s)"), to take up options to subscribe for Shares:

- (i) any employee (whether full-time or part-time, including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries ("Subsidiaries") or any entity ("Invested Entity") in which the Group holds an equity interest;
- (ii) any non-executive Directors (including independent non-executive Directors), any Subsidiaries or any Invested Entity;

Report of the Directors (continued)

- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more Eligible Participants. For avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(3) Total number of Shares available for issue under the Share Option Scheme together with the percentage of the Shares in issue that it represents as at the date of the annual report

The total number of Shares available for issue under the Share Option Scheme is 35,404,000 representing approximately 8.85% of the total number of Shares in issue as at the date of this annual report.

(4) Maximum entitlement of each Eligible Participant under the Share Option Scheme

Unless approved by Shareholders in general meetings of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options):

- (i) to each participant in any 12-month period shall not exceed 1% of the number of Shares in issue for the time being; and
- (ii) a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the GEM Listing Rules) in any 12-month period shall not exceed 0.1% of the Shares in issue and with a value in excess of HK\$5 million.

Report of the Directors (continued)

(5) Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(6) Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(7) Amount payable on acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

(i) Amount payable on acceptance of the option:

a nominal consideration of HK\$1

(ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:

21 days after the offer date of an option or such shorter period as the Directors may determine

(8) Basis of determining the subscription price

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the 5 business days immediately preceding the date of the offer of grant; and

(iii) the nominal value of a Share.

(9) Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 20 May 2014, i.e. the remaining life of the Share Option Scheme is approximately 8 years.

Report of the Directors (continued)

(II) Details of Share Options Granted

During the year ended 31 March 2016, share options to subscribe for a total of 4,596,000 ordinary shares of HK\$0.01 each of the Company were granted under the Share Option Scheme.

As at 31 March 2016, an aggregate of 3,796,000 Shares are issuable for the outstanding share options granted under the Share Option Scheme, representing approximately 0.95% of the Shares in issue.

Details of the movements of the share options under the Share Option Scheme during the year ended 31 March 2016 are as follows:

Grantees	Date of grant	Exercise price	Exercise period	Changes during the year ended 31 March 2016				Balance as at 31 March 2016
				Balance as at 1 April 2015	Granted	Exercised	Lapsed	
Eligible employees ^{Note (i)}	7 July 2015	HK\$2.22 ^{Note (ii)}	7 July 2015– 6 July 2018 ^{Note (iii)}	—	4,596,000	(50,000) ^{Note (iv)}	(750,000)	3,796,000

Notes:

- (i) Share options were granted to certain eligible employees (two of them being present Directors of the Company), all working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance and are participants with share options not exceeding the respective individual limits. Details of the Company’s share options granted to Directors of the Company and the relevant movement(s) during the year ended 31 March 2016 are set out in the section headed “(b) Rights to acquire shares of the Company” on page 35.
- (ii) The closing price of the Shares immediately before the date of grant (i.e. as of 6 July 2015) was HK\$1.96.
- (iii) All share options granted do not have any vesting period.
- (iv) The weighted average closing price of the Shares immediately before the date on which the share options were exercised was HK\$2.24.

Except as disclosed above, no share option lapsed or was granted, exercised or cancelled by the Company under the Share Option Scheme during the year ended 31 March 2016 and there were no outstanding share options under the Share Option Scheme as at 31 March 2016.

Report of the Directors (continued)

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

As at 31 March 2016, 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 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 Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(a) Long position in the Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of Shares in issue
Mr. Cheung King Shek	Beneficial owner	20,000,000	5%
	Beneficiary of a trust ^{Note A}	220,000,000	55%
Mr. Cheung King Shan	Beneficial owner	20,000,000	5%
	Beneficiary of a trust ^{Note A}	220,000,000	55%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,000,000	5%
	Beneficiary of a trust ^{Note A}	220,000,000	55%
Mr. Cheung King Fung Sunny	Beneficial owner	20,000,000	5%
	Beneficiary of a trust ^{Note A}	220,000,000	55%

Note A:

The 220,000,000 shares, representing approximately 55% of the Shares in issue, are held by CKK Investment. CKK Investment is wholly-owned by Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Family Trust is a discretionary trust, the discretionary objects of which include the Cheung Brothers. Each of the Cheung Brothers is deemed to be interested in the shares in the Company held by the Cheung Family Trust under the SFO.

Report of the Directors (continued)

(b) Rights to acquire shares of the Company

Pursuant to the Share Option Scheme, two Directors were granted share options to subscribe for the shares of the Company, details of which (all being personal interests) as at 31 March 2016 were as follows:

Name of Directors	Date of grant	Exercise price	Exercise period	Changes during the year ended 31 March 2016			
				Balance as at 1 April 2015	Granted	Balance as at 31 March 2016	Approximate percentage of Shares in issue
Mr. Wong Wai Man	7 July 2015	HK\$2.22	7 July 2015– 6 July 2018	—	30,000	30,000	0.0075%
Ms. Mok Ngan Chu	7 July 2015	HK\$2.22	7 July 2015– 6 July 2018	—	30,000	30,000	0.0075%
				—	60,000	60,000	0.015%

Save as disclosed above, as at 31 March 2016, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2016 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).

EQUITY-LINKED AGREEMENT

Save as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Report of the Directors (continued)

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

As at 31 March 2016, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the 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 GEM Listing Rules:

Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of Shares in issue
CKK Investment Limited ^{Note A above}	Beneficial owner	220,000,000	55%
Amazing Gain Limited ^{Note A above}	Interest in a controlled corporation	220,000,000	55%
J. Safra Sarasin Trust Company (Singapore) Limited ^{Note A above}	Trustee (other than a bare trustee)	220,000,000	55%
Ms. Law Lai Ying Ida ^{Note B}	Interest of spouse	240,000,000	60%
Ms. Tang Fung Yin Anita ^{Note B}	Interest of spouse	240,000,000	60%
Ms. Yeung Ho Ki ^{Note B}	Interest of spouse	240,000,000	60%

Note B:

Ms. Law Lai Ying Ida is the wife of Mr. Cheung King Shek. Ms. Tang Fung Yin Anita is the wife of Mr. Cheung King Shan. Ms. Yeung Ho Ki is the wife of Mr. Cheung King Fung Sunny. Pursuant to Part XV of the SFO, each of Ms. Law Lai Ying Ida, Ms. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 240,000,000 Shares which are interested by their respective husbands.

Save as disclosed above, as at 31 March 2016, 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.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2016 and up to the date of this annual report, the Company has maintained the public float required by the GEM Listing Rules.

Report of the Directors (continued)

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 13 to the consolidated financial statements. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2016.

DIRECTORS' INTERESTS IN 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 2016 or at any time during that year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as at 31 March 2016, none of the Directors nor their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of Director	Name of Company	Nature of Interest	Competing Business
Mr. Ho Nai Man Paul	Wiyo Company Limited	director and shareholder	These two companies are engaged in the business of rental of mobile data to outbound travelers from Hong Kong as well as inbound travelers to Hong Kong. Accordingly, these two companies may indirectly compete with the Group's business of sales of pre-paid SIM cards and with SUN Mobile's business of provision of roaming data services.
	Youyou Mobile Technology Limited	director and shareholder	

Report of the Directors (continued)

No non-competition undertaking was given by the above Director. As the above Director is an independent non-executive Director who has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board is independent of the board of the above companies, the Group operates its businesses independently of, and at arm's length from, the business of the above companies.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2016 are set out in note 24 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2016 are set out in note 32 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The related party transactions of the Company for the year ended 31 March 2016 are set out in note 34 to the consolidated financial statements. Other than disclosed below, the related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

During the year ended 31 March 2016, the Group has entered into the following transactions, each of which constituted a non-exempt continuing connected transaction for the Company subject to announcement, annual review and reporting requirements but exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules, particulars of which were previously disclosed in the Prospectus and the announcements of the Company dated 1 September 2014 and 31 March 2015. The Company shall comply with the annual review and reporting requirements for all of the following non-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules.

1. Purchase of goods by TDD from Radiotex

Telecom Digital Data Limited ("TDD", a wholly-owned subsidiary of the Company) has been purchasing from Radiotex International Limited ("Radiotex") goods including pagers, Mango Devices and related parts. On 22 May 2014, TDD and Radiotex entered into a master agreement (the "Master Agreement with Radiotex") setting out the governing terms and conditions in relation to such purchase of goods from the 30 May 2014 to 31 March 2017, pursuant to which separate agreements and/or purchase orders in terms not contrary to the Master Agreement with Radiotex would be entered into between TDD and Radiotex from time to time. The price of such goods is determined at cost plus certain percentage of the value of the orders, with reference to the prevailing market rate of similar goods.

Report of the Directors (continued)

Radiotex, which is principally engaged in the design, manufacture and selling of telecommunications products, is a wholly-owned subsidiary of Sun Asia Pacific Limited, which is ultimately owned by the Cheung Brothers (the Controlling Shareholders and Directors). Therefore, Radiotex is an associate of the Cheung Brothers and a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the transactions under the Master Agreement with Radiotex constitute continuing connected transactions for the Company.

As disclosed in the Prospectus and the announcement of the Company dated 31 March 2015, the annual caps for the aggregate amount of goods to be purchased from Radiotex by TDD under the Master Agreement with Radiotex for the two years ended/ending 31 March 2016 and 2017 are HK\$12,000,000 and HK\$3,000,000 respectively. The aggregate amount of goods purchased from Radiotex by TDD for the year ended 31 March 2016 is approximately HK\$9,111,000.

2. Leasing of properties by certain subsidiaries of East-Asia to the Group

The Group has been leasing certain properties in Hong Kong and Macau from certain wholly-owned subsidiaries of East-Asia Pacific Limited ("East-Asia") for the use by the Group as shops, cell sites, office premises, warehouses and carparking spaces. On 22 May 2014, the Company and East-Asia entered into a master agreement (the "Master Agreement with East-Asia") setting out the basic terms and conditions of leasing of properties in Hong Kong and Macau from the 30 May 2014 to 31 March 2017, pursuant to which separate tenancy agreements in terms not contrary to the Master Agreement with East-Asia would be entered into between the Group and subsidiaries of East-Asia (the "East-Asia Group") from time to time. Subsequently on 1 September 2014, the annual caps for the aggregate rents and licence fees payable by the Group to the East-Asia Group under the Master Agreement with East-Asia have been revised while all other basic terms and conditions remain unchanged. The rents and licence fees paid by the Group to the East-Asia Group were determined with reference to the prevailing market rents and licence fees of similar properties in the nearby locations.

As East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of the Shares in issue, each of the following wholly-owned subsidiaries of East-Asia, namely, (a) Glossy Enterprises Limited, (b) Glossy Investment Limited, (c) Silicon Creation Limited, (d) Telecom Properties Investment Limited, (e) Telecom Service Limited and (f) H.K. Magnetronic Company Limited, being a party to the respective existing tenancy agreements, is a connected person of the Company as defined under the GEM Listing Rules. Accordingly, the following tenancy agreements under the Master Agreement with East-Asia constitute continuing connected transactions for the Company.

	Address	Usage	Term	Monthly rent HK\$
1	Roof of 17/F., Cheron Court, Hung Hom, Kowloon	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	3,175 3,493
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	Shop	1 April 2014–31 March 2017	120,000
3	Room 1–2, 36/F., Tower 2, Metroplaza, Kwai Fong, New Territories	Office	1 April 2014–31 March 2017	114,000

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK\$
4	Unit C, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014–31 March 2016 1 April 2016–31 March 2017	38,725 40,274
5	Portion B of Unit 3608–3612, 36/F, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories	Office	1 April 2016–31 March 2017	61,000
6	Unit D, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014–31 March 2016 1 April 2016–31 March 2017	44,400 46,176
7	Portion of Unit A, 23/F., Kyoto Plaza, Nos. 491–499, Lockhart Road, Wanchai, Hong Kong	Shop	1 July 2014–31 March 2017	25,290
8	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	Shop	1 April 2013–31 March 2016 1 April 2016–31 March 2017	60,000 66,000
9	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	Shop	1 April 2014–31 March 2017	40,000
10	19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 May 2014–31 March 2016 1 April 2016–31 March 2017	313,200 325,728
11	Room & Portion of Roof top of Flat G, 5/F., Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	4,800 5,280
12	Flat C and Roof, 23/F., Tung Po Building, 485 King's Road, North Point, Hong Kong	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	6,000 6,600
13	Office No.1, 29/F., Portion of R/F., Ho King Commercial Centre, No. 2–16 Fa Yuen Street, Mongkok, Kowloon	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	3,500 3,850

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK\$
14	Radio Station & Antenna on Portion of the Roof of 4 Wing Lee Street, Peng Chau, New Territories	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	6,000 6,600
15	Portion of R/T of Flat G, 5/F., Silver Center Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	7,200 7,920
16	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	Shop	1 April 2013–31 March 2016 1 April 2016–31 March 2017	60,000 66,000
17	Shop C28 & C29, 1/F., Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	Shop	1 April 2014–31 March 2017	59,000
18	Roof Level of Flat E on 22/F. of Block 5, Hong Kong Garden (Phase 1), 101 Castle Peak Road, Tsing Lung Tau, New Territories	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	1,750 1,925
19	Roof Level of Unit 3407, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon	Cell site	1 April 2013–31 March 2016 1 April 2016–31 March 2017	7,584 8,342
20	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	Shop	1 April 2013–31 March 2016 1 April 2016–31 March 2017	60,000 66,000
21	Rua de Pequim, n ^o s 170–174, Edifício Centro Comercial Kong Fat, 16 ^o andar E, Macau	Office	1 August 2014–31 July 2016	8,540
22	Carparking Space Nos. 5, 6, 7, 10 and 13 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014–31 August 2017	25,000
23	Carparking Space No. 8 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014–31 August 2017	5,000

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK\$
24	Carparking Space Nos. 9, 12, 45, 46, 47, 48 and 49 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014–31 August 2017	35,000
25	Carparking Space No.11 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014–31 August 2017	5,000

As disclosed in the announcement of the Company dated 1 September 2014, the annual caps for the aggregate rents and licence fees payable by the Group to the East-Asia Group under the Master Agreement with East-Asia for the two years ended/ending 31 March 2016 and 2017 are HK\$13,178,000 and HK\$14,008,000 respectively. The aggregate amount of rents and licence fees paid by the Group to the East-Asia Group under the Master Agreement with East-Asia for the year ended 31 March 2016 is approximately HK\$12,638,000.

3. Transactions with TSO

Telecom Service One Limited (“TSO”, a wholly-owned subsidiary of TSO Holdings) is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products. On 22 May 2014, the Company entered into a master agreement with TSO (the “Master Agreement with TSO”) setting out the governing terms and conditions in relation to the following services provided by TSO and the Group to each other for a term up to 31 March 2017.

TSO is indirectly 55%-owned by the Cheung Family Trust which indirectly holds 55% of the Shares and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the below transactions constitute continuing connected transactions for the Company.

a. *Provision of repair and refurbishment services by TSO to the Group*

TSO has been providing repair and refurbishment services for pagers and Mango Devices to the Group. The service fee charged by TSO is on a “per device” basis. The service fees are determined by TSO and the Group with reference to the prevailing market rate (in terms of, among others, profit margin) of similar services.

As disclosed in the Prospectus, the aggregate annual caps for the repair and refurbishment service fees payable by the Group to TSO under the Master Agreement with TSO for the two years ended/ending 31 March 2016 and 2017 are HK\$10,000,000 respectively. The amount of repair and refurbishment service fee paid by the Group to TSO under the Master Agreement with TSO for the year ended 31 March 2016 is approximately HK\$9,139,000.

b. *Consignment of accessories for mobile phones and personal electronic products of TSO*

TDS (a wholly-owned subsidiary of the Company) has allowed TSO to sell the accessories for mobile phones and personal electronic products at the Group’s retail shops on a consignment basis in consideration of a consignment fee. The consignment fee, which is based on a fixed percentage of the sales of consigned goods, shall be paid by TSO to TDS for the consignment arrangement. Such consignment fee has been determined by TSO and TDS with reference to the prevailing market rate of similar consignment arrangements.

Report of the Directors (continued)

As disclosed in the Prospectus, the annual caps for the consignment fees receivable by TDS from TSO under the Master Agreement with TSO for the two years ended/ending 31 March 2016 and 2017 are HK\$4,000,000 and HK\$4,200,000 respectively. The consignment fees received by TDS from TSO under the Master Agreement with TSO for the year ended 31 March 2016 is approximately HK\$2,093,000.

In respect of the connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements under the GEM Listing Rules in force from time to time.

Confirmation of Independent Non-executive Directors

The Audit Committee, comprising three independent non-executive Directors, has reviewed the above non-exempt continuing connected transactions and confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from Auditor of the Company

The Board of Directors has received an unqualified letter issued by the auditor of the Company in accordance with Hong Kong Standard on Assurance Engagement 3000 and Practice Note 740 issued by the Hong Kong Institute of Certified Public Accountants confirming that:

- a. nothing has come to their attention that causes them to believe that the above non-exempt continuing connected transactions have not been approved by the Board;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap set by the Company.

A copy of the letter has been provided by the Company to the Stock Exchange.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Report of the Directors (continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), as at 31 March 2016, neither Guotai Junan nor any of its directors or employees or close associates had any interest in the Shares or the shares of any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the compliance adviser agreement entered into between the Company and Guotai Junan in May 2014.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 16 to 25. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 March 2016 and the material factors underlying its results and financial position can be found in the Management Discussion and Analysis on pages 6 to 12 of this annual report. These discussions form part of this Report of the Directors.

ENVIRONMENTAL POLICY

The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmental friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principle of Recycling and Reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and will consider implementing further environmental friendly measures and practices in the operation of the Group's businesses.

Report of the Directors (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2016, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

In relation to human resources, the Group is committed to complying with the requirements of the ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

On the corporate level, the Group complies with the requirements under the Companies Law (Revised) under the laws of Cayman Islands, the GEM Listing Rules, the Companies Ordinance and the SFO under the laws of Hong Kong for, among other things, the disclosure of information and corporate governance, and the Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationship with its customers and suppliers to fulfill its immediate and long-term goals. During the year ended 31 March 2016, there was no material and significant dispute between the Group and its customers and/or suppliers.

FINANCIAL SUMMARY

An analysis of the results and of the assets and liabilities of the Group using financial key performance indicators is set out in the financial summary on page 124 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of significant event occurring after the reporting period are set out in note 33 to the consolidated financial statements.

AUDITOR

The financial statements for the year ended 31 March 2016 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the AGM.

By order of the Board
Cheung King Shek
Chairman
Hong Kong, 22 June 2016

Independent Auditor's Report



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TELECOM DIGITAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Telecom Digital Holdings Limited (the "Company") and its subsidiaries set out on pages 48 to 123, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong
22 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	7	1,428,914	1,358,304
Cost of inventories sold		(1,002,971)	(980,125)
Staff costs	12	(141,632)	(121,003)
Depreciation	12	(22,958)	(20,865)
Other income	9	6,241	8,491
Other operating expenses		(190,425)	(172,045)
Share of results of an associate		31,971	28,428
Finance costs	10	(5,437)	(3,938)
Profit before tax		103,703	97,247
Income tax expense	11	(13,934)	(10,430)
Profit for the year attributable to the owners of the Company	12	89,769	86,817
Other comprehensive (expenses) income			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain on long service payment obligations	25	(339)	696
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating a foreign operation		—	(121)
Other comprehensive (expenses) income for the year		(339)	575
Total comprehensive income for the year attributable to the owners of the Company		89,430	87,392
Earnings per share (HK\$)			
Basic and diluted	15	0.22	0.23

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	16	236,715	215,672
Club membership	18	1,560	1,560
Interest in an associate	19	24,413	24,996
Deposit for purchase of property, plant and equipment		5,312	—
		268,000	242,228
Current assets			
Inventories	20	187,585	216,709
Trade and other receivables	21	68,853	99,544
Amounts due from related companies	34(a)	62	57
Amount due from an associate	34(b)	21,611	4,534
Pledged bank deposits	22	5,065	4,609
Bank balances and cash	22	15,819	27,584
		298,995	353,037
Current liabilities			
Trade and other payables	23	107,890	92,648
Amounts due to related companies	34(a)	60	618
Bank overdrafts	22	3,820	—
Bank borrowings	24	211,054	322,710
Tax payables		2,765	2,594
		325,589	418,570
Net current liabilities		(26,594)	(65,533)
Total assets less current liabilities		241,406	176,695
Non-current liabilities			
Long service payment obligations	25	2,163	1,314
Deferred tax liabilities	17	4,157	4,092
		6,320	5,406
Net assets		235,086	171,289

Consolidated Statement of Financial Position (continued)

As at 31 March 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Capital and reserves			
Share capital	26	4,001	4,000
Reserves		231,085	167,289
		235,086	171,289

The consolidated financial statements on pages 48 to 123 were approved and authorised for issue by the board of directors on 22 June 2016 and are signed on its behalf by:

Cheung King Shek

Cheung King Fung Sunny

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note a)	Share option reserve HK\$'000	Exchange reserve HK\$'000	Legal reserve HK\$'000 (note b)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2014	5,404	—	—	—	(112)	91	133,151	138,534
Profit for the year	—	—	—	—	—	—	86,817	86,817
Other comprehensive income (expense):								
Actuarial gain on long service payment obligations	—	—	—	—	—	—	696	696
Exchange differences arising on translating a foreign operation	—	—	—	—	(121)	—	—	(121)
Total comprehensive (expense) income for the year	—	—	—	—	(121)	—	87,513	87,392
Dividends	—	—	—	—	—	—	(146,000)	(146,000)
Group reorganisation	(5,404)	—	5,404	—	—	—	—	—
Issuance of ordinary shares in connection with the listing of shares of the Company (note c)	1,000	99,000	—	—	—	—	—	100,000
Capitalisation issue (note d)	3,000	(3,000)	—	—	—	—	—	—
Share issue expenses	—	(8,637)	—	—	—	—	—	(8,637)
At 31 March 2015 and 1 April 2015	4,000	87,363	5,404	—	(233)	91	74,664	171,289
Profit for the year	—	—	—	—	—	—	89,769	89,769
Other comprehensive expense:								
Actuarial loss on long service payment obligations	—	—	—	—	—	—	(339)	(339)
Total comprehensive income for the year	—	—	—	—	—	—	89,430	89,430
Dividends	—	—	—	—	—	—	(28,004)	(28,004)
Equity-settled share option expense (note 27)	—	—	—	2,260	—	—	—	2,260
Effect of share option								
— share issue upon exercise (note 26)	1	139	—	(29)	—	—	—	111
— lapse	—	—	—	(54)	—	—	54	—
At 31 March 2016	4,001	87,502	5,404	2,177	(233)	91	136,144	235,086

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2016

Notes:

- (a) Other reserve represents 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.
- (c) In connection with the Company's placing and listing, the Company issued 100,000,000 ordinary shares of HK\$0.01 each at a price of HK\$1.0 each for a total consideration (before expenses) of HK\$100,000,000. Dealing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited commenced on 30 May 2014.
- (d) Pursuant to the written resolutions passed by the shareholders of the Company on 20 May 2014, the directors of the Company were authorised to capitalise a sum of HK\$2,999,999.40 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 299,999,940 shares for allotment and issue to the then shareholders of the Company as at 20 May 2014 in proportion to their then respective shareholdings in the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	103,703	97,247
Adjustments for:		
Interest income	(281)	(392)
Depreciation of property, plant and equipment	22,958	20,865
Finance costs	5,437	3,938
Loss on written off of property, plant and equipment	4,822	5,420
Loss (gain) on disposal of property, plant and equipment	261	(396)
Equity-settled share option expense	2,260	—
Written off of inventories	—	116
Provision for long service payment	359	401
Share of results of an associate	(31,971)	(28,428)
Operating cash inflows before movements in working capital	107,548	98,771
Decrease (increase) in inventories	29,124	(134,429)
Decrease (increase) in trade and other receivables	30,691	(56,428)
Increase (decrease) in trade and other payables	15,242	(17,619)
Decrease in long service payment obligations	151	39
(Increase) decrease in amount due from an associate	(17,077)	1,262
Cash generated from (used in) operations	165,679	(108,404)
Hong Kong Profit Tax paid	(13,027)	(10,560)
Macau Complementary Income Tax paid	(671)	(125)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	151,981	(119,089)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(49,701)	(196,583)
Deposit for purchase of property, plant and equipment	(5,312)	—
(Placement) withdrawal of pledged bank deposits	(456)	5,152
Dividend received from an associate	32,554	37,476
Proceed from disposal of property, plant and equipment	617	2,705
Interest received	281	392
(Advance to) repayment from related companies	(5)	34,121
NET CASH USED IN INVESTING ACTIVITIES	(22,022)	(116,737)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
FINANCING ACTIVITIES		
Bank borrowings raised	906,917	1,177,390
Proceed from exercise of share option	111	—
Repayment to related companies	(558)	(236)
Interest paid	(5,437)	(3,938)
Dividend paid	(28,004)	(8,000)
Repayment of bank borrowings	(1,018,573)	(997,948)
Proceed from issue of ordinary shares	—	100,000
Payment of expenses attributable to issue of new shares	—	(8,637)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(145,544)	258,631
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,585)	22,805
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27,584	4,789
Effect of foreign exchange rate changes	—	(10)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by	11,999	27,584
Bank balances and cash	15,819	27,584
Bank overdrafts	(3,820)	—
	11,999	27,584

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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. The address of the registered office and the principal place of business of the Company are detailed in the section headed "Corporate Information" to the annual report.

Pursuant to a group reorganisation (the "Reorganisation") of the Company and its subsidiaries (collectively referred to as the "Group") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 26 May 2014 (the "Prospectus").

The shares of the Company have been listed on the Stock Exchange with effect from 30 May 2014.

The directors of the Company consider the immediate holding company and ultimate holding company are CKK Investment Limited ("CKK Investment") 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 Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in retail business, distribution business, 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 financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency. Other than the subsidiary established in Macau whose functional currency is Macau Pataca ("MOP"), the functional currency of the Company and other subsidiaries is HK\$.

Although the Group resulting from the above mentioned Reorganisation did not exist until 20 May 2014, the directors of the Company consider that meaningful information as regards to the historical performance of the Group, which includes entities under common control, is provided by treating the Group resulting from the Reorganisation as a continuing entity as if the group structure as at 20 May 2014 had been in existence from 1 April 2014.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence since 1 April 2014.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

The Group had net current liabilities of approximately HK\$26,594,000 as at 31 March 2016. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that:

- (i) the unutilised banking facilities readily available to the Group amounted to approximately HK\$328,067,000;
- (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 approximately HK\$55,136,000. 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. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements; and
- (iii) the Group is able 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. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of “vesting condition” and “market condition”; and (ii) add definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting condition”. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010–2012 Cycle has had no material impact in the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011–2013 Cycle has had no material impact in the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans — Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The directors of the Company consider that the application of the amendments to HKAS 19 has had no material impact in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale and Contribution of Assets between an Investor and Its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting from Acquisitions of Interests in Joint Operations ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective date not yet been determined.

⁴ Effective for annual periods beginning on or after 1 January 2019.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs and new disclosure requirement of Hong Kong Company Ordinance will have no material impact on the results and financial position of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces a "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- It requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 (2014) Financial Instruments (continued)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.
- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities and it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 16 Leases (continued)

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

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

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 1 Disclosure Initiative (continued)

Furthermore, the amendments clarify that:

- (i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and
- (ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- (a) when the intangible asset is expressed as a measure of revenue; or
- (b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvement to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements ‘if not disclosed elsewhere in the interim financial report’. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012–2014 Cycle will have a material effect on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint operations, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements includes the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been consolidated at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interest in an associate is accounted for in the consolidated financial statements using the equity method. Under the equity method, interest in an associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Property, plant and equipment

Property, plant and equipment including buildings held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Club membership

Club membership is carried at cost less accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above and bank overdraft. Bank overdrafts are shown in current liabilities on the consolidated statement of financial position.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, an associate and directors, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of ranged from 7 to 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amounts are reduced through the use of allowance accounts. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, they are written off against the respective allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, bank overdrafts and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated financial statements when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income from provision of telecom services, paging services, maintenance service, two-way wireless data services, logistic services and consultancy service are recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Employee benefits

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Employment Ordinance long service payments

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost;
- net interest expense; and
- remeasurement.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share option granted to employees

For share option that vest immediately at the date of grant, the fair value of the share option granted is expensed immediately to profit or loss, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of option that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share option are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share option are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumption involves making judgments by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions as set out in note 1.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment loss of property, plant and equipment

The Group assesses annually whether property, plant and equipment has any indication of impairment. The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 March 2016, the carrying values of property, plant and equipment were approximately HK\$236,715,000 (2015: HK\$215,672,000). There were no impairment losses recognised as at 31 March 2016 (2015: nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Income taxes

At 31 March 2016, the Group had unused tax losses of approximately HK\$3,881,000 (2015: HK\$3,833,000) available for offset against future profits. No deferred tax assets has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Estimated allowance for inventories

The Group makes the allowance for inventories based on assessments of the net realisable value and ageing analysis of inventories and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2016, the carrying amounts of inventories were approximately HK\$187,585,000, (2015: HK\$216,709,000), and inventories with carrying amount approximately HK\$116,000 were written off as at 31 March 2015 (2016: nil).

Estimated impairment loss of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amounts of trade and other receivables were approximately HK\$36,498,000 (2015: HK\$39,510,000), net of accumulated impairment loss of HK\$64,000 as at 31 March 2016 (2015: HK\$64,000).

Estimated impairment loss of club membership

The management of the Company reviews the impairment of club membership at the end of the reporting period. Management estimates the fair value of the club membership with reference to recent selling prices. In making the estimation, the Group considers comparable memberships recently sold in the market. As at 31 March 2016, the carrying amount of the club membership was approximately HK\$1,560,000 (2015: HK\$1,560,000). There was no impairment loss recognised as at 31 March 2016 (2015: nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision for long service payment

The Group's provision for long service payments is determined with reference to statutory requirements, the employees' remuneration, their years of service and age profile, and demographic assumptions including: pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability rate. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes to these assumptions will impact the carrying amount of provision for long service payments and the results and financial position of the Group. As at 31 March 2016, the carrying amounts of long service payment obligations were approximately HK\$2,163,000 (2015: HK\$1,314,000).

Estimated impairment loss of interest in an associate

Determining whether the interest in an associate is impaired requires an estimation of the future cash flows expected to arise and the expected dividend yield from the associate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2016, the carrying amount of Group's interest in an associate are approximately HK\$24,413,000 (2015: HK\$24,996,000), there was no impairment loss recognised as at 31 March 2016 (2015: nil).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, bank overdraft, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	104,158	98,694
Financial liabilities		
Amortised cost	290,258	385,833

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) affiliates pledged bank deposits, bank balances and cash, trade and other payables, bank overdrafts and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances and trade payables (2015: certain prepayment) are denominated in currencies other than the functional currencies of the entities to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets	
	2016 HK\$'000	2015 HK\$'000
United States Dollars ("USD")	(25,696)	24,708

The following table details the Group's sensitivity to a 5% increase and decrease in HK\$ against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where HK\$ strengthens 5% against the USD. For a 5% weakening of HK\$ against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Impact of USD

	2016 HK\$'000	2015 HK\$'000
Profit after tax	(1,073)	1,032

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable rate bank borrowings and bank overdrafts carried at prevailing market rates. However, the exposure in pledged bank deposits and bank balances is minimal to the Group as the pledged bank deposits and bank balances are all short-term in nature. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's Hong Kong dollar denominated pledged bank deposits, bank borrowings and bank overdrafts.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used for the year ended 31 March 2016 and 2015 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for the year ended 31 March 2016 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK\$872,000 (2015: HK\$1,324,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure for both years ended 31 March 2016 and 2015.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit quality of the counterparties in respect of amounts due from related companies, an associate and directors is assessed by taking into account their financial position, credit history and other factors. The directors of the Company are of the opinion that the risk of default by these counterparties is low.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers and spread across diverse industries.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, as all trade receivables as at 31 March 2016 and 2015 are due from customers located in Hong Kong.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk as at 31 March 2016 as the Group had net current liabilities of approximately HK\$26,594,000. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations and the details of which are set out in note 1.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	On demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2016			
Financial liabilities included in trade and other payables	75,324	75,324	75,324
Amounts due to related companies	60	60	60
Bank overdraft	3,820	3,820	3,820
Bank borrowings	212,320	212,320	211,054
	291,524	291,524	290,258
	On demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2015			
Financial liabilities included in trade and other payables	62,505	62,505	62,505
Amounts due to related companies	618	618	618
Bank borrowings	323,998	323,998	322,710
	387,121	387,121	385,833

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank loans with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2016, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK\$211,054,000 (2015: HK\$322,710,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$218,154,000 (2015: HK\$330,307,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

7. REVENUE

Revenue represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts. An analysis of the Group's revenue is as follows:

	2016 HK\$'000	2015 HK\$'000
Sales of goods	1,091,169	1,038,073
Service income	337,745	320,231
	1,428,914	1,358,304

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2015

	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	421,709	638,888	109,417	188,290	—	1,358,304
Inter-segment sales	—	348,639	3,563	—	(352,202)	—
Segment revenue	421,709	987,527	112,980	188,290	(352,202)	1,358,304
Segment results	28,759	22,844	5,066	26,166		82,835
Interest income						392
Finance costs						(3,938)
Share of results of an associate						28,428
Corporate expenses						(10,470)
Profit before tax						97,247

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represented the profit earned from each segment without allocation of interest income, finance costs, share of results of an associate, certain corporate expenses and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	2016 HK\$'000	2015 HK\$'000
Segment assets		
Retail business	163,151	146,257
Distribution business	152,524	240,175
Paging and other telecommunications services	72,608	78,528
Operation services	30,132	4,845
Total segment assets	418,415	469,805
Unallocated corporate assets	148,580	125,460
Total assets	566,995	595,265
Segment liabilities		
Retail business	11,000	6,708
Distribution business	53,668	46,983
Paging and other telecommunications services	33,252	38,363
Operation services	11,889	2,283
Total segment liabilities	109,809	94,337
Unallocated corporate liabilities	222,100	329,639
Total liabilities	331,909	423,976

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, club membership, interest in an associate, other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash managed on central basis and corporate assets; and
- all liabilities are allocated to segments other than certain other payables, deferred tax liabilities, amounts due to related companies, bank overdrafts and bank borrowings, tax payables, long services payment obligations and corporate liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued)

The segment information is as follows:

For the year ended 31 March 2016

	Retail business HK\$'000	Distribution business HK\$'000	Paging and other tele- communications services HK\$'000	Operation services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	8,725	891	9,628	13	3,701	22,958
Addition to non-current assets	13,056	9	9,129	—	27,507	49,701
Loss on disposal of property, plant and equipment	7	44	210	—	—	261
Loss on written off of plant and equipment	110	—	4,712	—	—	4,822
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest in an associate	—	—	—	24,413	—	24,413
Interest income	(280)	(1)	—	—	—	(281)
Interest expenses	273	4,094	310	—	760	5,437
Income tax expense	6,096	1,815	144	5,556	323	13,934
Share of result of an associate	—	—	—	(31,971)	—	(31,971)

Addition to non-current assets represented the addition of property, plant and equipment but excluded the deposit placed for the purchase of property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued)

For the year ended 31 March 2015

	Retail business HK\$'000	Distribution business HK\$'000	Paging and other tele- communications services HK\$'000	Operation services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	7,344	805	10,755	17	1,944	20,865
Addition to non-current assets	36,706	1,797	57,567	—	100,513	196,583
Gain on disposal of plant and equipment	(61)	(100)	(235)	—	—	(396)
Loss on written off of property, plant and equipment	777	—	4,643	—	—	5,420
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest in an associate	—	—	—	24,996	—	24,996
Interest income	(306)	(33)	—	—	(53)	(392)
Interest expenses	244	3,083	217	—	394	3,938
Income tax expense	6,910	3,051	383	—	86	10,430
Share of result of an associate	—	—	—	(28,428)	—	(28,428)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued)

Geographical information

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

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

Revenue from external customers

	2016 HK\$'000	2015 HK\$'000
Hong Kong (place of domicile)	1,427,247	1,356,438
Macau	1,667	1,866
	1,428,914	1,358,304

Non-current assets

	2016 HK\$'000	2015 HK\$'000
Hong Kong (place of domicile)	267,983	242,198
Macau	17	30
	268,000	242,228

Information about major customer

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

	2016 HK\$'000	2015 HK\$'000
Customer A ¹	291,774	216,540

¹ Revenue from operation services.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

9. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Bank interest income	281	392
Consultancy income	300	300
Gain on disposal of property, plant and equipment	—	396
Rental income	3,227	3,893
Warehouse storage income	328	538
Exchange gain	1,864	1,963
Others	241	1,009
	6,241	8,491

10. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest expenses on bank borrowings and bank overdrafts	5,437	3,938

11. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
Macau Complementary Income Tax		
— current year	—	39
— under-provision in prior years	12	—
	12	39
Hong Kong Profits Tax		
— current year	13,943	11,171
— over-provision in prior years	(86)	—
	13,857	11,171
Deferred tax		
— current year	65	(780)
Total income tax expense for the year	13,934	10,430

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

11. INCOME TAX EXPENSE (continued)

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.

During the both years ended 31 March 2016 and 2015, Macau Complementary Income Tax is charged at the progressive rate on the estimate assessable profit.

During the both years ended 31 March 2016 and 2015, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before tax	103,703	97,247
Tax expense at rates applicable to profits in the jurisdictions concerned	17,033	15,031
Adjustments in respect of current tax of previous periods	(74)	—
Tax effect of share of results of an associate	(5,275)	(4,691)
Tax effect of expenses not deductible for tax purpose	1,646	454
Tax effect of income not taxable for tax purpose	(46)	(130)
Tax effect of tax losses not recognised	382	386
Tax effect of deductible temporary difference not recognised	762	2,408
Tax exemption (<i>note</i>)	(120)	(71)
Utilisation of tax losses previously not recognised	(374)	(2,957)
Income tax expense for the year	13,934	10,430

Note: During years ended 31 March 2016, six (2015: four) companies were entitled to 75% tax deduction on Hong Kong Profit Tax with a cap at HK\$20,000.

Details of deferred taxation are set out in note 17.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

12. PROFIT FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit for the year is arrived at after charging (crediting):		
Directors' emoluments (<i>note 13</i>)		
— fees	360	300
— salaries, allowances and other benefits	7,559	6,579
— contribution to retirement benefits scheme	232	226
— equity-settled share option expense	49	—
	8,200	7,105
Other staff costs		
— salaries and other allowance	125,407	108,609
— contribution to retirement benefits scheme	5,455	4,888
— provision for long service payments	359	401
— equity-settled share option expense	2,211	—
	133,432	113,898
Total staff costs	141,632	121,003
Auditors' remuneration	900	880
Depreciation of property, plant and equipment	22,958	20,865
Written off of inventories (included in other operating expenses)	—	116
Loss on written off of property, plant and equipment	4,822	5,420
Loss (gain) on disposal of property, plant and equipment	261	(396)
Share of income tax expense of an associate	6,260	5,584
Operating lease rentals in respect of:		
— rented premises	56,984	49,960
— transmission stations	14,922	14,732
	71,906	64,692

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each director and chief executive were as follows:

Emoluments paid or receivable in respect of a director or chief executive's services as a director, whether of the Company or its subsidiary undertaking	Fees	Salaries, allowances and other benefits	Employer's contributions to retirement benefits scheme	Equity-settled share option expense	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2016					
Executive directors:					
Mr. Cheung King Shek	—	1,584	49	—	1,633
Mr. Cheung King Shan (<i>note i</i>)	—	1,584	49	—	1,633
Mr. Cheung King Chuen Bobby (<i>note i</i>)	—	1,584	49	—	1,633
Mr. Cheung King Fung Sunny (<i>note ii</i>)	—	1,584	49	—	1,633
Mr. Wong Wai Man	—	702	18	24	744
Ms. Mok Ngan Chu	—	521	18	25	564
Independent non-executive directors:					
Mr. Hui Ying Bun	120	—	—	—	120
Mr. Ho Nai Man Paul	120	—	—	—	120
Mr. Lam Yu Lung	120	—	—	—	120
Total	360	7,559	232	49	8,200

Notes:

- (i) re-designated from non-executive Director to executive Director on 8 September 2015.
- (ii) appointed as chief executive officer on 8 September 2015.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and Chief Executive's emoluments (continued)

Emoluments paid or receivable in respect of a director or chief executive's services as a director, whether of the Company or its subsidiary undertaking	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Employer's contributions to retirement benefits scheme HK\$'000	Total HK\$'000
Year ended 31 March 2015				
Executive directors:				
Mr. Cheung King Shek	—	1,384	49	1,433
Mr. Cheung King Fung Sunny	—	1,276	43	1,319
Ms. Mok Ngan Chu	—	465	18	483
Mr. Wong Wai Man	—	686	18	704
Non-executive directors:				
Mr. Cheung King Shan	—	1,384	49	1,433
Mr. Cheung King Chuen Bobby	—	1,384	49	1,433
Independent non-executive directors:				
Mr. Hui Ying Bun	100	—	—	100
Mr. Ho Nai Man Paul	100	—	—	100
Mr. Lam Yu Lung	100	—	—	100
Total	300	6,579	226	7,105

Mr. Cheung King Shek has been the chief executive of the Company until Mr. Cheung King Fung Sunny was appointed as the chief executive officer of the Company on 8 September 2015. Their emoluments disclosed above include those for services rendered by them as the chief executive during their respective terms of service.

No directors or chief executive waived or agreed to waive any emolument paid by the Group during the years ended 31 March 2016 and 2015. No emoluments were paid by the Group to any of the directors or chief executive as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2016 and 2015.

During the year, certain directors were granted share option, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 27 to the financial statements. The fair value of such option, which has been recognised as an expense in full at the grant date when the share option granted vest immediately, is included in the above directors' and chief executive's emoluments disclosures.

No emoluments were paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the years ended 31 March 2016 and 2015.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included four directors of the Company during both years ended 31 March 2016 and 2015 respectively, whose emoluments are included in the analysis presented above. Details of emoluments paid to the remaining one individual of the Group during the years ended 31 March 2016 and 2015 were as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and other benefits	1,145	1,254
Contribution to retirement benefits scheme	18	18
Equity-settled share option expense	17	—
	1,180	1,272

His emoluments was within the following band:

	2016 No. of employees	2015 No. of Employees
HK\$1,000,000 to HK\$1,500,000	1	1

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2016 and 2015.

14. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Dividends recognised as distribution during the year:		
2016 Interim — HK\$0.05 per share (2015: HK\$0.02 per share)	20,004	146,000
2015 Final — HK\$0.02 per share	8,000	—
	28,004	146,000

Subsequent to the end of the reporting period, a second interim dividend of HK0.05 in respect of the year ended 31 March 2016 per share has been declared by the directors.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

15. EARNINGS PER SHARE

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

	2016 HK\$'000	2015 HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	89,769	86,817
	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	400,035	384,384

The weighted average number of ordinary share in issue during the year ended 31 March 2015 represents 300,000,000 ordinary shares in issue before the Listing and the weighted average of 100,000,000 ordinary shares issued upon the Listing.

The weighted average number of ordinary share in issue during the year ended 31 March 2016 represents 400,000,000 ordinary shares in issue before the year ended 31 March 2015 and the weighted average of 50,000 ordinary shares issued upon the share option exercised during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share option because the exercise price of those share option was higher than the average market price for shares during the year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Radio and transmitting equipment HK\$'000	Tele- communications devices HK\$'000	Motor vehicles HK\$'000	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
COST							
As at 1 April 2014	—	73,981	19,142	19,476	25,127	57,408	195,134
Additions	169,428	77	11,637	1,985	10,835	2,621	196,583
Disposal	—	—	(434)	(7,010)	—	(122)	(7,566)
Written off	—	—	(7,969)	—	(15,893)	(19,587)	(43,449)
Exchange realignment	—	—	—	(4)	(120)	(305)	(429)
As at 31 March 2015 and 1 April 2015	169,428	74,058	22,376	14,447	19,949	40,015	340,273
Additions	27,506	—	9,111	—	6,529	6,555	49,701
Disposal	—	—	(386)	(1,163)	—	(14)	(1,563)
Written off	—	—	(8,140)	—	(1,384)	(220)	(9,744)
As at 31 March 2016	196,934	74,058	22,961	13,284	25,094	46,336	378,667
ACCUMULATED DEPRECIATION							
As at 1 April 2014	—	64,280	5,651	11,221	18,099	48,195	147,446
Provided for the year	3,510	4,003	3,860	2,876	3,519	3,097	20,865
Eliminated in disposal	—	—	(44)	(5,092)	—	(121)	(5,257)
Eliminated in written off	—	—	(3,483)	—	(14,999)	(19,547)	(38,029)
Exchange realignment	—	—	—	(3)	(116)	(305)	(424)
As at 31 March 2015 and 1 April 2015	3,510	68,283	5,984	9,002	6,503	31,319	124,601
Provided for the year	5,789	2,181	5,180	1,840	4,526	3,442	22,958
Eliminated in disposal	—	—	(62)	(618)	—	(5)	(685)
Eliminated in written off	—	—	(3,427)	—	(1,305)	(190)	(4,922)
As at 31 March 2016	9,299	70,464	7,675	10,224	9,724	34,566	141,952
CARRYING VALUES							
As at 31 March 2016	187,635	3,594	15,286	3,060	15,370	11,770	236,715
As at 31 March 2015	165,918	5,775	16,392	5,445	13,446	8,696	215,672

The above property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of term of the leases or 50 years
Radio and transmitting equipment	5 years
Telecommunications devices	5 years
Motor vehicles	5 years
Leasehold improvement	Over the shorter of lease term or 5 years
Furniture and fixtures	5 years

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

16. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 March 2016, the Group's buildings with carrying values of approximately HK\$187,635,000 (2015: HK\$165,918,000) have been pledged to secure banking facilities granted to the Group.

17. DEFERRED TAXATION

	2016 HK\$'000	2015 HK\$'000
Deferred tax liabilities	(4,157)	(4,092)

The following are the major deferred tax (liabilities) and assets recognised and movements thereon during the year:

	Accelerated tax depreciation HK\$'000	Estimated tax losses HK\$'000	Deferred employee benefits HK\$'000	Total HK\$'000
As at 1 April 2014	(4,148)	1	(725)	(4,872)
Credited (charged) to the consolidated statement of profit or loss and other comprehensive income (<i>note 11</i>)	830	(1)	(49)	780
As at 31 March 2015 and 1 April 2015	(3,318)	—	(774)	(4,092)
(Charged) credited to the consolidated statement of profit or loss and other comprehensive income (<i>note 11</i>)	(180)	—	115	(65)
As at 31 March 2016	(3,498)	—	(659)	(4,157)

At 31 March 2016, the Group had unused tax losses of approximately HK\$3,881,000 (2015: HK\$3,833,000) available for offset against future profits. No deferred tax assets has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

At 31 March 2016, the Group had deductible temporary differences of HK\$688,000 (2015: HK\$15,533,000). At 31 March 2016, no deferred asset has been recognised in relation to such deductible temporary difference and it is not considered probable that taxable profits will be available against which such deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

18. CLUB MEMBERSHIP

	2016 HK\$'000	2015 HK\$'000
Club membership, at cost	1,560	1,560

The directors of the Company consider no impairment identified with reference to the second hand market price of the club membership as at the end of the reporting period.

19. INTEREST IN AN ASSOCIATE

	2016 HK\$'000	2015 HK\$'000
Cost of interest in an associate	16,640	16,640
Share of post-acquisition results, net of dividends received	7,773	8,356
	24,413	24,996

As at 31 March 2016 and 2015, the Company had interests in the following associate:

Name of company	Form of entity	Place of incorporation and operation	Class of shares held/paid-up capital	Proportion of ownership interest and voting rights held by the Group	Principal activity
Sun Mobile Limited	Incorporated	Hong Kong	Ordinary shares/ HK\$1,000	40%	Provision of mobile services including voice and data products

The associate was accounted for using the equity method in these consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

19. INTEREST IN AN ASSOCIATE (continued)

The summarised financial statements in respect of the associate as extracted from the financial statements prepared in accordance with HKFRSs.

	2016 HK\$'000	2015 HK\$'000
Non-current assets	347	466
Current assets	224,782	190,635
Current liabilities	(164,096)	(128,611)
Net assets	61,033	62,490
Revenue	862,218	650,909
Profit and total comprehensive income for the year	79,927	71,069
Dividends received from the associate during the year	32,554	37,476

Reconciliation of the above summarised financial statements to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2016 HK\$'000	2015 HK\$'000
Net assets of an associate	61,033	62,490
Proportion of the Group's ownership interest in an associate	24,413	24,996
Carrying amount of the Group's interest in an associate	24,413	24,996

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

20. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Merchandises	187,585	216,709

21. TRADE AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	29,634	34,492
Less: impairment loss recognised in respect of trade receivables	(64)	(64)
	29,570	34,428
Other receivables	6,931	5,082
Deposits	25,100	22,400
Prepayment	7,252	37,634
	68,853	99,544

The Group does not hold any collateral over these balances.

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

	2016 HK\$'000	2015 HK\$'000
Within 90 days	28,478	33,607
91–180 days	1,058	798
181–365 days	10	1
Over 365 days	24	22
	29,570	34,428

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

21. TRADE AND OTHER RECEIVABLES (continued)

The movement in the impairment loss of trade receivables was as follow:

	2016 HK\$'000	2015 HK\$'000
At the beginning and the end of the year	64	64

At 31 March 2016 and 2015, the ageing analysis of trade receivables that were past due but not impaired are as follows:

	Within 30 days HK\$'000	31-90 days HK\$'000	91-180 days HK\$'000	181-365 days HK\$'000	Over 365 days HK\$'000	Total HK\$'000
As at 31 March 2016	8,247	2,292	1,138	49	24	11,750
As at 31 March 2015	3,319	1,288	798	1	22	5,428

The Group has not recognised any impairment loss in respect of trade receivables which are past due as there has not been a significant change in the credit quality of customers and the amounts are still considered as recoverable.

As at 31 March 2015, included in prepayment amount of approximately HK\$24,696,000 (2016: nil) are denominated in USD.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH/BANK OVERDRAFTS

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. All bank deposits have been pledged to secure bank overdrafts and bank borrowings. The pledged deposits carried interest at prevailing market rates ranging from 0.01% to 0.16% per annum during the year ended 31 March 2016 (2015: 0.02% to 0.07%).

During the year ended 31 March 2016, bank balances carried interest at prevailing market rates ranging from 0.01% to 3.48% (2015: 0.01% to 3.22%) per annum.

During the year ended 31 March 2016, bank overdrafts carried interest at 1-month HIBOR plus 1.25% (2015: 1-month HIBOR plus 1.25%) per annum.

As at 31 March 2015 and 2016, all the bank overdrafts were secured by bank deposits with aggregate principal amount of not less than HK\$4,180,000 and continuing unlimited personal guarantees from the directors of the Company. The personal guarantee provided by the directors of the Company were released during the year ended 31 March 2015. During the year ended 31 March 2016, all the bank overdrafts was supported by corporate guarantee of the Company.

The Group's bank balances and cash that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2016 HK\$'000	2015 HK\$'000
USD	24	12

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

23. TRADE AND OTHER PAYABLES

	2016 HK\$'000	2015 HK\$'000
Trade payables	51,094	48,426
Receipt in advance	32,566	30,143
Accrued expenses and other payables	24,230	14,079
	107,890	92,648

The average credit period on trade payables is 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:

	2016 HK\$'000	2015 HK\$'000
Within 60 days	47,548	44,838
61–90 days	1,335	1,803
Over 90 days	2,211	1,785
	51,094	48,426

As at 31 March 2016, included in trade payables of approximately HK\$25,720,000 (2015: nil) are denominated in USD.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

24. BANK BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Variable rate bank borrowings		
Mortgage loans	60,441	59,541
Others	19,500	22,694
Variable rate trust receipt borrowings	131,113	240,475
	211,054	322,710
Secured	119,500	59,541
Unsecured	91,554	263,169
	211,054	322,710

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

	2016 HK\$'000	2015 HK\$'000
Within one year	155,918	267,926
After one year but within two years	5,338	4,778
After two years but within five years	16,223	14,463
After five years	33,575	35,543
	211,054	322,710
Carrying amount of bank borrowings that are repayable on demand or within one year	155,918	267,926
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	55,136	54,784
	211,054	322,710

- (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:

	2016	2015
Variable rate bank borrowings	1.52%–2.24%	0.81%–2.50%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

24. BANK BORROWINGS (continued)

- (b) The bank borrowings are all denominated in HK\$.
- (c) As at 31 March 2016, secured bank borrowings of approximately HK\$119,500,000 (2015: HK\$59,541,000) were secured by property, plant and equipment with carrying amounts of approximately HK\$187,635,000 (2015: HK\$165,918,000).

25. LONG SERVICE PAYMENT OBLIGATIONS

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further in note 3. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK\$390,000 per employee. The provision represented the management's best estimate of the Group's liability at the end of the reporting period.

The Group exposes to actuarial risks such as interest rate risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2016 by Asset Appraisal Limited, a member of The Hong Kong Institution of Surveyors. The present value of the defined benefit obligation, and the related service cost, were measured using the Projected Unit Credit Method.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

25. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Movement of present value of provision for long service payment is as follows:

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	1,314	1,570
Charged to profit or loss	359	401
Actuarial loss (gain) recognised in other comprehensive income	339	(696)
Refund during the year	151	39
At end of the year	2,163	1,314

Movement of present value of the defined benefit obligations is as follows:

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	1,314	1,570
Current service cost	358	376
Interest cost	1	25
Remeasurement loss (gain):		
Actuarial loss (gain) recognised in other comprehensive income	339	(696)
Benefit refund during the year	151	39
At end of the year	2,163	1,314

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2016 HK\$'000	2015 HK\$'000
Current service cost	358	376
Net interest expense	1	25
Components of defined benefit costs recognised in profit or loss (included in staff costs)	359	401

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

25. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Remeasurement on the net defined benefit liability:

	2016 HK\$'000	2015 HK\$'000
Actuarial loss (gain) arising from changes in financial assumptions	339	(696)
Components of defined benefit costs recognised in other comprehensive income	339	(696)

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2016 HK\$'000	2015 HK\$'000
Cumulative amount of actuarial losses at the beginning of the year	42	738
Net actuarial loss (gain) during the year	339	(696)
Cumulative amount of actuarial losses at the end of the year	381	42

As at 31 March 2016 and 2015, the amount is calculated based on the principal assumptions stated as below:

	2016	2015
Annual salary increment	4.04%	3.75%
Turnover rate	3.75%–30.76%	4.29%–17.86%
MPF return rate	3.86%	4.30%
Discount rate	0.286%–1.496%	0.10%–1.62%

Significant actuarial assumptions for the determination of the long service payment obligations are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the long service payment obligations would decrease by approximately HK\$169,000 (increase by HK\$192,000) (2015: decrease by HK\$10,000 (increase by HK\$11,000)).

If the expected salary growth rate increases (decreases) by 100 basis points, the long service payment obligations would increase by approximately HK\$701,000 (decrease by HK\$549,000) (2015: increase by HK\$53,000 (decrease by HK\$47,000)).

If the life expectancy increases (decreases) by one year for both men and women, there would be no material effect on the long service payment obligations for the year ended 31 March 2016 (2015: increase HK\$122,000 (decrease by HK\$129,000)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

25. LONG SERVICE PAYMENT OBLIGATIONS (continued)

The sensitivity analysis presented above may not be representative of the actual change in the long service payment obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the long service payment obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the long service payment obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted average duration of the long service payment obligations is 25 years (2015: 25 years).

26. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2014	<i>(a)</i>	38,000,000	380
Increase during the year	<i>(b)</i>	9,962,000,000	99,620
At 31 March 2015 and 31 March 2016		10,000,000,000	100,000
Issued and fully paid:			
			HK\$'000
At 1 April 2014		1	—
Subscription of shares by CKK Investment	<i>(c)</i>	43	—
Issued in consideration for the acquisition of the issued share capital of Telecom Digital Investment Limited	<i>(d)</i>	16	—
Issuance of ordinary shares in connection with the listing of shares of the Company	<i>(e)</i>	100,000,000	1,000
Capitalisation issue	<i>(f)</i>	299,999,940	3,000
At 31 March 2015 and 1 April 2015		400,000,000	4,000
Issue of share upon:			
Exercise of share option	<i>(g)</i>	50,000	1
At 31 March 2016		400,050,000	4,001

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

26. SHARE CAPITAL (continued)

Notes:

- (a) As at 31 March 2014, the share capital of approximately HK\$5,404,000 of the Group represented the sum of amount of share capital of the Company and the subsidiaries now comprising the Group.
- (b) Pursuant to the written resolution passed on 20 May 2014, the authorised share capital of the Company was increased to HK\$100,000,000 with 10,000,000,000 shares of HK\$0.01 each by the creation of an additional 9,962,000,000 new shares of HK\$0.01 each.
- (c) On 7 May 2014, CKK Investment, the immediate holding company of the Company, entered into a subscription agreement with the Company pursuant to which CKK Investment agreed to subscribe for 43 new shares of HK\$0.01 each, at par value, at a total subscription price of HK\$0.43.
- (d) On 20 May 2014, the Company acquired the entire interests in Telecom Digital Investment Limited in consideration of and in exchange for which the Company allotted and issued 16 shares in aggregate, credited as fully paid, to Cheung Brothers.
- (e) On 27 May 2014, the Company issued a total of 100,000,000 ordinary shares HK\$0.01 each at a price of HK\$1.0 per share as a result of the completion of the placing. Of the total gross proceeds, HK\$100,000,000, HK\$1,000,000 representing the par value credit to the Company's share capital and HK\$99,000,000, before the share issue expenses, credit to the share premium account. The Company's total number of issued shares was increased to 400,000,000 shares upon completion of the placing.
- (f) On 20 May 2014, pursuant to the resolution of the then shareholders of the Company, it was approved to issue 299,999,940 ordinary shares of HK\$0.01 each to the shareholders by way of capitalisation of HK\$2,999,999 from the share premium account arose from the placing of 100,000,000 ordinary shares of the Company. Such shares were issued on 27 May 2014, being the date of completion of placing.
- (g) The 50,000 share option were exercised during the year resulted in the issue of 50,000 ordinary shares of the Company and new share capital of HK\$111,000 (before issue expenses), as further detailed in note 27 to the financial statements.

All shares issued during the year ended 31 March 2016 rank *pari passu* with existing shares in all respects.

27. 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 Board of 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 option to outside third parties for settlement in respect of goods or services provided to the Company.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

27. SHARE OPTION SCHEME (continued)

At 31 March 2016, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 3,796,000, representing 0.01% of the shares of the Company in issue at that date.

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

	Outstanding at 1 April 2015 '000	Granted during year '000	Exercised during year '000	Lapsed during the year '000	Outstanding at 31 March 2016 '000	Exercisable period	Exercise price
Option granted on 7 July 2015							
Employees	—	4,536	(50)	(750)	3,736	7 July 2015– 6 July 2018	HK\$2.22
Directors	—	60	—	—	60	7 July 2015– 6 July 2018	HK\$2.22
	—	4,596	(50)	(750)	3,796		
Weighted average exercise price	—	2.22	2.22	2.22	2.22		

Included in the number of share option lapsed during the year, 656,000 share option represented the non-acceptance of share option by the employees at the date of grant.

In respect of the share option exercised during the year, the weighted average share price at the dates of exercise is HK\$2.24.

The Group recognised the total expense of HK\$2,260,000 for the year ended 31 March 2016 in relation to share option granted by the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

27. SHARE OPTION SCHEME (continued)

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

	Options granted on 7 July 2015
Underlying stock price	HK\$1.98
Exercise price	HK\$2.22
Contractual Option Life	3 years
Risk-free rate	0.62%
Expected dividend yield	2.60%
Expected volatility of underlying share	78.48%
Exercise multiple	Directors: 2.47 Employees: 1.6
Exit rate	Directors: 0% Employees: 10%
Estimated fair value for each share option	Directors: HK\$0.81 Employees: HK\$0.57

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Non-current asset			
Investment in a subsidiary		34,161	31,956
Current assets			
Prepayment and other receivables		—	28
Amounts due from subsidiaries		319,528	234,640
Bank balance		4	2
		319,532	234,670
Current liabilities			
Other payables		119	100
Tax payables		141	—
Amounts due to subsidiaries		143,621	114,860
		143,881	114,960
Net assets		209,812	151,666
Capital and reserves			
Share capital	26	4,001	4,000
Reserves	(a)	205,811	147,666
		209,812	151,666

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(a) Reserves

	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	(Accumulated Loss) retained profits HK\$'000	Total HK\$'000
At 1 April 2014	—	—	—	(10,969)	(10,969)
Profit for the year and total comprehensive income for the year	—	—	—	185,316	185,316
Dividends	—	—	—	(146,000)	(146,000)
Capitalisation issue	(3,000)	—	—	—	(3,000)
Issue of shares upon acquisition of subsidiaries	—	31,956	—	—	31,956
Issuance of ordinary shares in connection with the listing	99,000	—	—	—	99,000
Share issue expenses	(8,637)	—	—	—	(8,637)
At 31 March 2015 and 1 April 2015	87,363	31,956	—	28,347	147,666
Profit for the year and total comprehensive income for the year	—	—	—	83,833	83,833
Dividends	—	—	—	(28,004)	(28,004)
Equity-settled share option expense (note 27)	—	—	2,260	—	2,260
Effect of share option	—	—	—	—	—
— Share issue upon exercise (note 26)	139	—	(29)	—	110
— Lapse	—	—	(54)	—	(54)
At 31 March 2016	87,502	31,956	2,177	84,176	205,811

29. OPERATING LEASES COMMITMENTS

The Group as lessee

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

	2016 HK\$'000	2015 HK\$'000
Within one year	39,000	33,839
In the second to fifth year, inclusive	33,046	13,211
	72,046	47,050

The Group leases certain of its office premises, transmission stations and service outlets under operating lease arrangements. Leases are negotiated for a term ranging from one to three years with fixed rentals as at 31 March 2016 and 2015.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

29. OPERATING LEASES COMMITMENTS (continued)

The Group as lessor

Rental income earned during the year ended 31 March 2016 was HK\$3,227,000 (2015: HK\$3,893,000). The office premises, transmission stations, warehouse and service outlets are leased to third parties under operating lease with leases negotiated for a term ranging from one to two years as at 31 March 2016 (2015: one year).

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

	2016 HK\$'000	2015 HK\$'000
Within one year	2,408	716
In the second to fifth year, inclusive	1,234	—
	3,642	716

30. CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	3,431	1,569

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

31. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2015, interim dividend amounted of approximately HK\$138,000,000 attributable to the directors (who are the shareholders of the Company) were settled through with amounts due from directors and amounts due from related companies with amount of HK\$116,366,000 and HK\$21,634,000 respectively.

32. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees makes monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 (2015: HK\$1,500) per month.

Employees employed by the Group's operations in Macau Special Administration Region ("MSAR") are members of government-managed retirement benefits schemes operated by the MSAR government. The MSAR operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the MSAR government is to make the required contributions under the schemes.

During the year ended 31 March 2016, the total costs charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK\$5,687,000 (2015: HK\$5,114,000) represented contributions payable to the scheme by the Group.

33. EVENTS AFTER THE REPORTING PERIOD

- (a) On 15 April 2016, the Group acquired a 72% interest in Distribution One Limited, which is engaged in trading of mobile phone and accessory. The Group has acquired Distribution One Limited from an independent third party to further expand its market share of trading of mobile phone and accessory in Hong Kong. The purchase consideration of HK\$3,600,000 for the acquisition was in the form of cash and was paid on the acquisition date. The Group plans to measure the non-controlling interest in Distribution One Limited at their proportionate share of the value of net identifiable assets acquired.

Because the acquisition of Distribution One Limited was effect shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

- (b) On 7 June 2016, the Group has entered into a provisional agreement with an independent third party to acquire a property at the consideration of HK\$38,800,000. Further details of the acquisition of are set out in the Company's announcement dated 7 June 2016.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

34. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transactions	Notes	2016 HK\$'000	2015 HK\$'000
Related companies				
Glossy Enterprises Limited	Rental expenses paid thereto	<i>(ii) & (iii)</i>	4,034	3,745
Glossy Investment Limited	Rental expenses paid thereto	<i>(ii) & (iii)</i>	833	785
H.K. Magnetronic Company Limited	Rental expenses paid thereto	<i>(ii) & (iii)</i>	102	68
Radiotex International Limited	Purchase of goods therefrom	<i>(iii) & (iv)</i>	9,111	11,642
Silicon Creation Limited	Rental expenses paid thereto	<i>(ii) & (iii)</i>	5,078	4,715
	Repair service fee paid thereto	<i>(i) & (ii)</i>	360	—
Sun Mobile Limited	Service fee income received therefrom	<i>(i) & (iii)</i>	291,774	216,540
	Promotion income received therefrom	<i>(i) & (iii)</i>	288	—
Telecom Digital Securities Limited	Subscription fee income received therefrom	<i>(i) & (iii)</i>	1,159	1,041
	Consultancy fee income received therefrom	<i>(i) & (iii)</i>	300	300
	Technical support service income received therefrom	<i>(i) & (iii)</i>	120	120
	Sub-letting income received therefrom	<i>(ii) & (iii)</i>	197	228
Telecom Properties Investment Limited (formerly known as "Telecom Digital Holdings Limited (HK)")	Rental expenses paid thereto	<i>(ii) & (iii)</i>	1,758	1,758

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	2016 HK\$'000	2015 HK\$'000
Related companies				
Telecom Service Limited	Rental expenses paid thereto	(ii) & (iii)	832	832
Telecom Service One Limited	Repairs and maintenance fee paid thereto	(i) & (iii)	9,139	5,350
	Consignment fee received therefrom	(i) & (iii)	2,093	2,278
	Logistic fee income received therefrom	(i) & (iii)	1,246	834
	Sub-letting income received therefrom	(ii) & (iii)	125	—
	Licensing income received therefrom	(i) & (iii)	—	6

Details of amounts due from related companies are as follows:

	Notes	As at 31 March		Maximum amount During the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
East-Asia Pacific Limited	(iii) & (iv)	—	—	—	55,931
Telecom Digital Securities Limited	(iii) & (iv)	8	57	57	57
Telecom Service One Limited	(iii) & (iv)	54	—	54	—
		62	57		

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Details of amounts due to related companies are as follows:

	Notes	2016 HK\$'000	2015 HK\$'000
Silicon Creation Limited	(i), (ii) & (iii)	60	—
Telecom Service One Limited	(i), (iii) & (iv)	—	618
		60	618

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The rental income, sub-letting income and rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.
- (iii) Cheung Brothers, the directors of the Company, have direct or indirect beneficial interests in the relevant parties.
- (iv) The amounts are unsecured, interest-free and repayable on demand.
- (b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days credit term and aged within 30 days.

(c) Compensation of key management personnel

The remuneration of key management during the years ended 31 March 2016 and 2015 was as follow:

	2016 HK\$'000	2015 HK\$'000
Short-term benefits	9,130	8,133
Post-employment benefits	251	244
	9,381	8,377

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2016 and 2015 are as follow:

Name of subsidiaries	Place and date of incorporation or establishment/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Carries Technology Limited	Hong Kong 30 June 1987	Ordinary	HK\$300,000	—	100%	Installation, provision of maintenance and management services for paging transmission stations
CKK Properties Limited (formerly known as "Telecom Digital Corporate Limited")	Hong Kong 19 January 1990	Ordinary	HK\$1,000	—	100%	Property investment
Mango Limited	Hong Kong 5 August 2002	Ordinary	HK\$1,000	—	100%	Provision of technical support activities
Telecom Digital 2 Limited	Hong Kong 7 August 2002	Ordinary	HK\$1,000	—	100%	Provision of telecommunications services
Telecom Digital Data Limited	Hong Kong 3 September 1999	Ordinary	HK\$5,000,000	—	100%	Trading of telecommunications products and provision of paging services, maintenance services and two-way wireless data services
Telecom Digital Investment Limited	BVI 12 March 2014	Ordinary	US\$1	100%	—	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2016

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place and date of incorporation or establishment/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Telecom Digital Mobile Limited	Hong Kong 27 August 2001	Ordinary	HK\$1,000	—	100%	Provision of operation services
Telecom Digital Services Limited	Hong Kong 17 September 2001	Ordinary	HK\$1,000	—	100%	Provision of management consultancy and professional services, sales of telecommunications products and provision of telecommunications services
Telecom (Macau) Limited	Macau 15 June 1977	Ordinary	MOP100,000	—	100%	Trading of telecommunications products and provision of paging services
Telecom Service Network Limited	Hong Kong 3 September 1999	Ordinary	HK\$1,000	—	100%	Provision of distribution services

None of the subsidiaries had any debt securities issued subsisting at the end of both years ended or any time during both years.

Financial Summary

	Year ended 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	1,428,914	1,358,304	1,198,346	1,091,089	840,181
Cost of inventories sold	(1,002,971)	(980,125)	(832,569)	(747,514)	(549,410)
Staff costs	(141,632)	(121,003)	(109,882)	(119,051)	(99,513)
Depreciation	(22,958)	(20,865)	(17,707)	(12,996)	(11,927)
Other income	6,241	8,491	12,261	6,825	12,734
Other operating expenses	(190,425)	(172,045)	(182,454)	(182,089)	(182,657)
Reversal of impairment loss recognised in respect of interest in an associate	—	—	—	9,646	—
Share of results of an associate	31,971	28,428	23,295	12,983	—
Finance costs	(5,437)	(3,938)	(4,123)	(4,352)	(3,021)
Profit before tax	103,703	97,247	87,167	54,541	6,387
Income tax (expense) credit	(13,934)	(10,430)	(6,429)	(4,157)	520
Profit for the year attributable to the owners of the Company	89,769	86,817	80,738	50,384	6,907
Other comprehensive (expense) income <i>Items that will not be reclassified subsequently to profit or loss:</i> Actuarial (loss) gain on long service payment obligations	(339)	696	(568)	(268)	98
<i>Items that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translating of foreign operations	—	(121)	74	(45)	(74)
Other comprehensive (expense) income for the year	(339)	575	(494)	(313)	24
Total comprehensive income for the year attributable to the owners of the Company	89,430	87,392	80,244	50,071	6,931
Earnings per share (HK\$) Basic and diluted	0.22	0.23	0.27	0.17	0.02
ASSETS AND LIABILITIES					
Total assets	566,995	595,265	408,902	698,212	403,075
Total liabilities	(331,909)	(423,976)	(270,368)	(639,922)	(394,856)
	235,086	171,289	138,534	58,290	8,219
Equity attributable to owners of the Company	235,086	171,289	138,534	58,290	8,219