Telecom Digital
電訊數碼
Wireless Data

Telecom Digital Holdings Limited
電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6033

Annual Report
2017/18

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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
Lam Yu Lung
Lau Hing Wah, *MH, JP*

COMPANY SECRETARY

Wong Yu On

COMPLIANCE OFFICER

Cheung King Fung Sunny

BOARD COMMITTEES

Audit Committee

Lam Yu Lung *(chairman)*
Hui Ying Bun
Lau Hing Wah, *MH, JP*

Remuneration Committee

Lau Hing Wah, *MH, JP (chairman)*
Hui Ying Bun
Lam Yu Lung

Nomination Committee

Hui Ying Bun *(chairman)*
Lam Yu Lung
Lau Hing Wah, *MH, JP*

AUTHORISED REPRESENTATIVES

Cheung King Fung Sunny
Wong Yu On

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

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

6033

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the audited annual results of Telecom Digital Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018.

RESULTS

The Group's revenue for the year ended 31 March 2018 was approximately HK$1,297,573,000 (2017: HK$1,092,263,000), representing an increase of approximately 18.8% over the corresponding period of last year. Thanks to the outstanding performance in the retail business and the provision of operation services to Sun Mobile Limited ("SUN Mobile"), an associate 40% owned by the Group and 60% owned by HKT Limited ("HKT"), the profit attributable to owners of the Company increased by approximately 34.1% year-on-year, amounting to approximately HK$128,168,000 (2017: HK$95,593,000).

The Board has recommended a fourth interim dividend for 2017/18 of HK$0.06 per share of the Company ("Share") which, together with the three dividends already paid, total dividends for the year amounted to HK$0.21 per Share.

BUSINESS OVERVIEW

The Group has been one of the leading providers of comprehensive telecommunications services in Hong Kong since its establishment in 1974. Beginning from paging operators, the Group has strategically expanded and shifted its business focus to other telecommunications and related businesses, including the retail sales of mobile phones of various brands, distribution of mobile phones and the related business, provision of paging and other telecommunications services, and provision of operator services to SUN Mobile. As at 31 March 2018, the Group had 75 shops in operation.

During the year, despite the keen competition and price wars among the industry players, the Group continued its strategy to expand the retail network and achieved steady revenue growth of approximately 47.5% in retail business when compared with the corresponding period of last year. The retail business remained as the largest revenue contributor for the year. Leverage the close and cohesive partnership with HKT, both the revenue and profit from the provision of operation services was increased approximately 20.3% and approximately 50.7% respectively.

Due to the popularity of various channels of mobile communications, the total number of paging and Mobitex based services subscribers has gradually decreased. Even though the market continued to shrink, the revenue from paging and Mobitex based services has remained stable, with approximately 14.5% decrease year on year. For the distribution business, the profit declined approximately 21.8% during the year due to fierce competition. The Group continues to explore other business opportunities with different mobile phone manufacturers. Although the Group has gradually shifted the business focus to the retail business, it will keep a certain proportion in the distribution business in the coming few years.

Chairman's Statement (continued)

FUTURE PROSPECTS

Moving forward, while the telecommunications market in Hong Kong is expected to remain competitive, we will leverage the Group's well-established retail network and experienced sales force to further develop the retail business. We will continue the Group's expansion strategy, as well as relocate and renovate the existing shops so as to enhance the customer experience.

We will ride the core advantages of the Group to implement robust development plans which are aimed at diversifying the Group's business. We will formulate our development blueprint in a prudent manner, and grasp different business opportunities to diversify our business. The Group will proactively address the market dynamics and implement appropriate measures, so as to generate sustainable growth.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the entire staff and the management team for their contributions to the Group during the year. Their endeavours and dedication give us the vital momentum to drive our business forward. I would also like to thank our customers, business partners, suppliers and shareholders for their continuous support. In the coming year, we will strive our utmost to bolster the Group's leading position in the market, with the aim of creating stable and promising returns for our shareholders in the future.

Cheung King Shek
Chairman and Executive Director
Hong Kong, 26 June 2018

Chief Executive Officer's Review

OPERATION OVERVIEW

Over the past year, the mobile services industry has become increasingly crowded. The outbreak of a price war has made the business environment more challenging. The new entrants continued to disrupt the market and grab market share. Despite the difficult operating environment, the Group has adhered to its development strategy and enhanced its competitiveness during the year.

In order to further strengthen the strong retail network, the number of retail shops has been increased from 69 to 75 as at 31 March 2018. In respect to the existing outlets, we have relocated certain shops to prime locations so as to meet the growing market demand. We have also renovated some of our shops which aim to attract new customers and improve the customer experience. We are not only focused on the physical location of the shop, but also the quality of customer service. The Group continues to strengthen its service quality through staff training, especially on products and customer services skills, enhancing the overall workflow and optimising the logistic support. As at 31 March 2018, our sales team comprised over 300 front-end staff.

FUTURE PROSPECTS

Looking ahead, the Group will continue to expand its retail network, not only in terms of the number of shops, but also the size and location so as to better capture market demand. Apart from improving the physical attributes of retail spaces, we will also provide product knowledge and services training to the staff in order to provide superior quality services to our customers.

Although the market is expected to become more competitive, the Group will continue to seize opportunities guided by the vision of the management team, coupled with its solid business foundations and proactive development strategies. The Group will remain open to new opportunities and will explore new businesses with good prospects while focusing on growth opportunities in our existing business.

APPRECIATION

As the Chief Executive Officer of the Group, I wish to extend my deepest appreciation to our management team and staff for their contributions to the Group over the past year. I would also like to take this opportunity to express my gratitude to our customers, business partners, suppliers and shareholders for their unwavering trust and tremendous support, which is essential for the ongoing development of the Group.

Cheung King Fung Sunny
Chief Executive Officer and Executive Director
Hong Kong, 26 June 2018

Management Discussion and Analysis

INDUSTRY OVERVIEW

Throughout the year, the mobile telecommunications services industry became increasingly crowded and competitive, with more and more new players entering the market while still engaging in price wars. The mobile subscription rate in Hong Kong is exceptionally high. Leveraging its well-established shop network, professional sales team and close relations with suppliers and customers, the Group has successfully improved the profit and maintained market share under the highly competitive business environment.

BUSINESS REVIEW

The Group is among the leading comprehensive telecommunications services providers in Hong Kong. It is principally involved in (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, an associate 40% owned by the Group and 60% by HKT.

The Group has delivered satisfactory financial results in the past year. As at 31 March 2018, retail sales of mobile phones and provision of operation services to SUN Mobile remained as the Group's major revenue contributors, recording approximately HK$1,123,227,000 (2017: HK$815,064,000) in total, accounting for approximately 86.5% of the Group's total revenue and increasing approximately 37.8% year-on-year. However, the performance of paging and other telecommunications services remained stable and due to the ongoing migration of the users to mobile communications services, the Group continues to scale down this business segment. On the other hand, the revenue of the distribution business declined due to the fierce competition, thus the Group will continue to shift the focus to retail business but will maintain a portion of its business in this segment in the coming years.

With respect to the retail network, as at 31 March 2018, the Group had 75 retail shops in operation. Benefitting from the increasing revenue, together with the significantly positive effect brought by the strong retail network, the profit attributable to owners of the Company recorded substantial growth to approximately HK$128,168,000 (2017: HK$95,593,000), increasing approximately 34.1% year-on-year.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Segment Analysis

	2017/18		2016/17	
	HK$'000	**%**	HK$'000	%
Retail business	**773,795**	**59.6**	524,628	48.0
Distribution business	**104,842**	**8.1**	195,882	17.9
Paging and other telecommunication services	**69,504**	**5.4**	81,317	7.5
Operation services	**349,432**	**26.9**	290,436	26.6
Total revenue	**1,297,573**	**100.0**	1,092,263	100.0

Revenue

The Group's revenue for the year ended 31 March 2018 was approximately HK$1,297,573,000 (2017: HK$1,092,263,000), representing an increase of approximately 18.8% over the previous year. The increase in the Group's revenue was mainly due to increase in revenue generated from retail business and operation services and partly off-set by decrease in revenue generated from distribution business.

During the year ended 31 March 2018, revenue from retail business increased approximately 47.5% as compared to the corresponding period of the previous year to approximately HK$773,795,000 (2017: HK$524,628,000). This is the major source of revenue of the Group.

Revenue from distribution of mobile phones and related business for the year ended 31 March 2018 decreased approximately 46.5% as compared to the corresponding period of the previous year. It was mainly due to fierce competition.

Revenue from provision of paging and other telecommunications services for the year ended 31 March 2018 dropped approximately 14.5% as compared to the corresponding period of the previous year. This was primarily due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to decrease during the year ended 31 March 2018.

Revenue from provision of operation services continues its healthy growth and hit a new record of approximately HK$349,432,000 for the year ended 31 March 2018, representing an increase of approximately 20.3% as compared to the corresponding period of the previous year. The increase was mainly due to the adjustment on mobile service monthly plan fees and the increase in customers of SUN Mobile.

Management Discussion and Analysis (continued)

Other Income

Other income mainly contributed by rental and sub-letting income and exchange difference. Other income for the year ended 31 March 2018 was approximately HK$6,034,000 (2017: HK$6,078,000), representing a slight decrease of approximately 0.7% as compared to previous year.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental, building management fees, utilities and other shops running expenses, 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 2018 were approximately HK$201,990,000 (2017: HK$193,775,000), representing an increase of approximately 4.2% over the previous year.

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

Share of Results of an Associate

Share of result of an associate for the year was approximately HK$20,728,000 (2017: HK$32,502,000), representing a decrease of approximately 36.2% as compared to the previous year. The amount represents our share of net profit of SUN Mobile. The decrease was mainly due to the increase in operating cost of SUN Mobile.

Finance Costs

There is no significant change in the Group's bank borrowings throughout year ended 31 March 2018. The finance costs for the year ended 31 March 2018 were approximately HK$3,708,000 (2017: HK$3,448,000). It was mainly consisted of interest expenses on interest-bearing bank borrowings for supporting the Group's daily operation and business expansion.

Income Tax Expense

Income tax for the year ended 31 March 2018 was approximately HK$24,428,000 (2017: HK$13,659,000), representing an increase of approximately 78.8%. The increase was mainly due to the increase in profit before tax.

Management Discussion and Analysis (continued)

Profit for the Year Attributable to the Owners of the Company

Profit attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK$128,168,000 (2017: HK$95,593,000), representing an increase of approximately 34.1% as compared to the previous year.

Liquidity and Financial Resources

As at 31 March 2018, the Group had net current liabilities of approximately HK$26,064,000 (2017: HK$41,294,000) and had cash and cash equivalents of approximately HK$41,273,000 (2017: HK$36,706,000).

The Group has a current ratio of approximately 0.9 as at 31 March 2018 comparing to that of 0.8 as at 31 March 2017. As at 31 March 2018, the Group's gearing ratio was approximately 45.6% as compared to approximately 60.1% as at 31 March 2017, which is calculated based on the Group's total borrowings of approximately HK$145,257,000 (2017: HK$159,463,000) and the Group's total equity of approximately HK$318,712,000 (2017: HK$265,236,000). The Group's total cash at banks as at 31 March 2018 amounted to approximately HK$41,841,000 (2017: HK$42,907,000).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 31 March 2018, the Group has the unutilised banking facilities of approximately HK$406,912,000 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 2018, the Group did not have any material contingent liabilities (2017: 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.

Management Discussion and Analysis (continued)

Capital Commitments

Details of the Group's capital commitments are set out in note 32 to the consolidated financial statements.

Dividends

	Year ended 31 March			
	2018		2017	
	HK$ per share	**HK$'000 (audited)**	HK$ per share	HK$'000 (audited)
Dividends recognised as distribution during the year:				
2015/16 second interim dividend	**–**	**–**	0.05	20,010
2016/17 first interim dividend	**–**	**–**	0.03	12,008
2016/17 second interim dividend	**–**	**–**	0.05	20,139
2016/17 third interim dividend	**–**	**–**	0.05	20,146
2016/17 fourth interim dividend	**0.05**	**20,154**	–	–
2017/18 first interim dividend	**0.05**	**20,177**	–	–
2017/18 second interim dividend	**0.05**	**20,180**	–	–
2017/18 third interim dividend	**0.05**	**20,185**	–	–
		80,696		72,303

At a meeting held on 26 June 2018, the Board declared the fourth interim dividend of HK$0.06 per share for the year ended 31 March 2018 (2017: HK$0.05 per share).

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in note 28 to the consolidated financial statements, there was no change in the capital structure during the year ended 31 March 2018.

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

Management Discussion and Analysis (continued)

Material Acquisition and Disposal

Except for purchase of properties for commercial use amounted to HK$55,000,000 (2017: HK$38,800,000), the Group did not hold any significant investment in equity interest in any other company during the year ended 31 March 2018 (2017: nil).

As at 31 March 2018, the Group's properties in Hong Kong with carrying values of approximately HK$270,431,000 (2017: HK$223,168,000).

Employees and Remuneration Policies

As at 31 March 2018, the Group employed 569 (2017: 557) 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

Looking ahead, the Group is expanding and strengthening the retail network. The Group continues to relocate the existing shops to prime locations together with renovation in specific current shops in order to attract new customers and improve the customer experience. In order to enhance customer satisfaction, the Group is also utilising the newly-launched CRM system enabling it to effectively understand the emerging needs of customers and thereby improve its service quality.

While likely to face fierce competition, the Group will continue to explore potential business opportunities through different approaches together with enhancing all aspects of its operation in order to strengthen the brand position and seize greater market share, ultimately leading to long-term growth.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheung King Shek, aged 66, 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 Limited, 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: 3997, a company listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since August 2012.

Mr. Cheung King Shan, aged 59, 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, sales and marketing and special ad hoc projects. Mr. Cheung King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. 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 59, 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. He is a standing committee member of Chinese People's Political Conference of Swatow City, an honorary citizen of Swatow City and the principal president of Hong Kong & Kowloon Chiu Chow Public Association. 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.

Mr. Cheung King Fung Sunny, aged 50, 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, sales and marketing and special ad hoc projects and played a major role in the growth of the sales volume and customer base 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 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.

Directors and Senior Management (continued)

Mr. Wong Wai Man, aged 52, 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 27 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 62, 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 40 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 71, 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.

Mr. Lam Yu Lung, aged 53, 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 29 years of experience in the accountancy profession and currently is a partner of ZHONGHUI ANDA CPA LIMITED. 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), a company listed on the Main Board of the Stock Exchange, since 30 September 2011.

Directors and Senior Management (continued)

Mr. Lau Hing Wah*, MH, JP,* aged 61, was appointed as an independent non-executive Director on 28 April 2017 (with effect from 1 May 2017). He is the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee of the Company. Mr. Lau is currently a chairman of Asia Pacific Holdings Corp. Limited. He is also the chief executive officer of Asia Pacific Power Electric Limited (formerly known as FG Wilson (Engineering) HK Limited) and Cooltech Global Limited, both are wholly-owned subsidiaries of Asia Pacific Holdings Corp. Limited, which engaged in the business of provision of cost effective and consistent high quality electric power products for end users, engineering consultants, project contractors, facilities managers and commercial professionals. Mr. Lau has 41 years experience in electrical engineering profession. He served as a chairman of Kwai Tsing District Fight Crime Committee since 2016, a chairman of Kwai Tsing District Junior Police Call Honorary Presidents Council since 2015, an observer of Independent Police Complaints Council since 2013, a co-opted member of Kwai Tsing District Council and a manager of Hong Kong and Kowloon Chiu Chow Public Association Secondary School since 2012. He also served as a committee member of the 11th of Heilongjiang Provincial Committee of the People's Political Consultative Conference since 2013.

SENIOR MANAGEMENT

Ms. Lee Wing Tsz, aged 49, 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.

Note: Each of Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, 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 Company has adopted the principles and the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the 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 2018, 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 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended 31 March 2018, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code throughout the year ended 31 March 2018.

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

Corporate Governance Report (continued)

Independent Non-executive Directors
Mr. Hui Ying Bun
Mr. Lam Yu Lung
Mr. Lau Hing Wah, *MH, JP*

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 12 to 14 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.

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 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 2018, the chief executive officer and chief financial officer of the Company have provided and will continue to provide to all members of the Board with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2 of the CG Code.

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, subject to re-election.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term and renewable automatically until 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.

Corporate Governance Report (continued)

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.

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 3.10(1) of the 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 3.10(2) of the Listing Rules. In accordance with Rule 3.13 of the Listing Rules, the Company has received from each of its existing independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers Mr. Hui Ying Bun, Mr. Lam Yu Lung and Mr. Lau Hing Wah, to be independent.

Corporate Governance Report (continued)

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 2018, 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.

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 2018, 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 *(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. Lam Yu Lung	✓
Mr. Lau Hing Wah	✓

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.

Corporate Governance Report (continued)

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. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; to review the financial statements and material advice in respect of financial reporting; to oversee the financial reporting system, risk management and internal control systems of the Company; and to review arrangements for employees to raise concerns about financial reporting improprieties.

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

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 2018:

(a) reviewed the 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 interim and annual reports; and

(h) reviewed the continuing connected transactions and their annual caps.

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. The terms of reference of the Remuneration Committee 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.

Corporate Governance Report (continued)

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Hui Ying Bun, Mr. Lam Yu Lung and Mr. Lau Hing Wah. Mr. Lau Hing Wah 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 2018:

(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.

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 38 to 42 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. The terms of reference of the Nomination Committee 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. Lam Yu Lung and Mr. Lau Hing Wah. Mr. Hui Ying Bun is the chairman of the Nomination Committee.

Corporate Governance Report (continued)

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 2018:

(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) reviewed the board diversity policy of the Company.

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.

Corporate Governance Report (continued)

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 2018 are as follows:

		Board Committees			2017 Annual General Meeting
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	
No. of meetings held during the year	4	2	1	1	1
		Meetings Attended/Eligible to Attend			
Executive Directors					
Mr. Cheung King Shek *(chairman)*	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 *(chief executive officer)*	4/4	N/A	N/A	N/A	1/1
Mr. Wong Wai Man	3/4	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	3/4	1/2	1/1	1/1	1/1
Mr. Lam Yu Lung	4/4	2/2	1/1	1/1	1/1
Mr. Lau Hing Wah	4/4	2/2	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 2018, 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 2018, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, and its affiliated firms, respect of their audit and non-audit services was as follows:

	HK$'000
Audit service	1,010
Non-audit services*	490
Total	1,500

* Included in non-audit services were approximately HK$280,000 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firms.

Corporate Governance Report (continued)

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.

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 2018. Based on the result of the review in respect of the year ended 31 March 2018, the Directors considered that the internal control systems are effective and adequate.

A meeting regarding the internal control functions and policies of the Company for the year ended 31 March 2018 has been held.

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.

Corporate Governance Report (continued)

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 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 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.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the 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.

Corporate Governance Report (continued)

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

Mr. Wong Yu On has been appointed as the company secretary of the Company on 1 August 2016. He is a certified public accountant as defined in the Professional Accountants Ordinance.

Environmental, Social and Governance Report

1. ABOUT ESG REPORT

The Group is pleased to publish the Environmental, Social and Governance Report (the "ESG Report") for the reporting period from 1 April 2017 to 31 March 2018. The ESG Report elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities for the year.

1.1 Scope of ESG report

The ESG Report focuses on the environmental and social performance of the Group's services on retail sales and distribution of mobile phones in Hong Kong during the year. The disclosure of the key performance indicators ("KPIs") during the year covers the head office and retail stores of the Group. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 26 of this annual report.

1.2 Reporting Framework

The ESG report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Listing Rules.

1.3 Stakeholder Engagement

The preparation of the ESG Report, which was supported by employees across various departments of the Group, enables us to have a better understanding of current environmental and social development. The information that the Group gathered is not only the summary of the environmental and social works carried out by the Group during the year, but also the basis for us to map out its short-and long-term sustainable development.

1.4 Information and Feedbacks

Your opinions and feedbacks on our environmental, social and governance performance will be highly valued by the Group. If you have any advice or suggestions, please share with us via email at ESG_enquiry@TDHL.cc.

2. ENVIRONMENTAL PROTECTION

2.1 Emissions

The Group recognises the importance of maintaining environmental sustainability in its daily operation and acts in compliance with the laws and regulations relating to environmental protection and pollutant control, including the Water Pollution Control Ordinance, Air Pollution Control Ordinance and Waste Disposal Ordinance. Although our service-oriented business does not generate industrial pollutants or raise any significant environmental issues, environmental protection and carbon reduction will continue to be the core part of our operational objectives.

The major kind of wastewater generated by the Group is domestic sewage, which will be directly discharged to municipal drainage system. Meanwhile, the Group has put effort to reduce the water consumption by setting the lowest practical level of water pressure.

Environmental, Social and Governance Report (continued)

The main source of air pollution from the Group's business operation is vehicle exhaust gas during transportation. The Group pays considerable attention to the management of its fleet's exhaust emissions and greenhouse gas emissions, such as providing regular maintenance for its vehicles and requiring its drivers to switch off idling engine. During the year, the exhaust emissions generated by the vehicles are as follows:

Emissions from Vehicles	2017/18
Nitrogen oxides (kg)	**392**
Sulphur dioxides (kg)	**1**
Particulates (kg)	**36**

The solid waste is mainly generated in daily office operation. The non-hazardous wastes include waste paper, master cartons and other general waste. The Group places recycling bins in the office to collect recyclable waste, which will be transferred to qualified recycling companies. Other general waste is collected and processed by building management office. The hazardous wastes, such as toner cartridge, discarded electronic products and related accessories, are collected and transferred to the corresponding suppliers for further handling when there is any hazardous waste produced.

2.2 Energy Conservation

The Group applies energy saving plans to improve the efficiency of equipment and infrastructure and reduce energy consumption. As part of the Group's initiatives to reduce energy consumption of lighting system, it fully utilises natural light and cleans the light fixtures regularly. In order to reduce the use of air-conditioning, the Group applies anti-ultraviolet films on windows to reduce heat gain and sets the temperature of the air conditioners at an energy-efficient level. A layout design specially for office is adopted to maximise cooling efficiency. Furthermore, the Group encourages the employees to set the computers to automatic standby or sleep mode and turn off unused electrical devices or lights before leaving office.

During the year, the Group has pledged support to the Environmental Bureau of Hong Kong's "Charter on External Lighting", in which all lighting installations of decorative, promotional or advertising purposes that affect the outdoor environment are switched off from midnight to 7 a.m. on the following day, to further reduce energy consumption and impact induced by external lightings. Moreover, the Group was awarded as "EcoPartner" in "BOCHK Corporate Environmental Leadership Awards 2017" by Bank of China (Hong Kong) Limited and Federation of Hong Kong Industries.

2.3 Green Operation

The Group understands the importance of employees' support and participation to the environmental protection at work, labels are distributed to remind employees to save energy and resources in the office, so as to raise employees' awareness towards environmental protection and encourage employees' participation.

Environmental, Social and Governance Report (continued)

The Group reduces paper consumption by reusing packaging materials, printing document on double sides, recycling paper, disseminating information via electronic means, and using smaller fonts and line spacing for documents. The Group also carries out paper volume statistics regularly to monitor paper consumption and make appropriate improvement. To promote paperless transaction, the Group introduces e-signature system in the retail stores and encourages customers to use e-Procurement and e-Payment systems to eliminate the use of paper, as well as minimizing the greenhouse gas emissions due to paper waste disposal at landfills and reducing the hazardous waste from the use of ink and toner cartridges.

3. EMPLOYMENT AND LABOR PRACTICES

3.1 Employment Guidelines

The Group has strictly complied with the relevant labour laws and regulations regarding compensation, benefits, dismissal, working hours and rest period, including the Employment Ordinance and Employees' Compensation Ordinance. The Group respects every employee and treats them equally. Any discrimination based on disability, sex, age, social status, appearance, language, religious belief and race is prohibited by the Group. This applies to all employment activities and human resources-related matters, including recruitment, promotion, transfer, reward provisions and training. Much effort is also made to cater for the development needs of employees, and safeguard the legitimate rights and interests of employees.

The Group recruits new employees according to the needs of departments. All candidates are given equal opportunities and are assessed quantitatively base on the selection criteria of entry requirements during the recruitment process. The recruitment process also involves age verification and identification examination to avoid child labour. The Group signs the employment contract with any new employees to prevent forced labour. Should resignation or dismissal take place, an exit interview would be arranged to understand the reasons of leaving and to improve the Group's operation. The payment of the outstanding wages will be made in a timely manner. Employee turnover is also closely monitored to identify and manage problems concerning the management of the Group.

3.2 Caring Employees

The salary structure is reviewed regularly for full-time employees in terms of the overall economy, employees' performance, achievements and results of the Company and decisions, so as to ensure that the Group offers competitive remuneration package to its employees. The Group also makes contributions to Mandatory Provident Fund Schemes for eligible employees. Statutory holidays are offered in accordance with the relevant regulations. Employees can enjoy annual leave, sick leave, marriage leave, compassionate leave and maternity leave, in addition to statutory holidays. Employees are also accessible to discretionary bonus, medical care and insurance.

In addition, the Group organised a series of activities for the employees, including Christmas party, Chinese New Year dinner, company trip, and provided employees with discounts on company products. In order to avoid congestion during lunch breaks, the Group has adopted flexible lunch break for the employees at frequently congested premises.

Environmental, Social and Governance Report (continued)

The Group maintains occupational health and safety with strict compliance with the relevant laws and regulations of the Occupational Safety and Health Ordinance. In order to create a safe and healthy workplace for employees, the Group takes a number of measures, including organising safety training, prohibiting smoking at workplace, placing green plants in indoor areas and regularly cleaning office area. Employees are expected to abide by the policies and procedures in all safety trainings, such as attending the regular fire drills organised by building management office.

3.3 Development and Training

The Group believes human capital is the most important asset. In order to establish an excellent team to accommodate the rapid development of the Group, performance appraisal is conducted regularly on the basis of employees' working performance, abilities of organization and management, interpersonal skills, presentation of employees and so on by the Group. The Group not only reports employees' performance and promotion prospect, but also makes recommendations on their training needs and career development in the appraisal with a view to maintaining the competitiveness of its employees.

To establish and maintain a professional team with strong technical expertise as well as essential business soft skills, we do our utmost to offer comprehensive training on all fronts relating to employees' code, industrial laws and regulations, customer service skills and products information for products launch. Sales trainings are also organised to strengthen the employees' soft skills. In addition, employees are encouraged to attend external talks and seminars to enrich their knowledge for discharge of their duties.

4. OPERATING PRACTICES

4.1 Supply Chain Management

An effective supply chain management is crucial to the stability and health of the business operation. To provide a range of quality products at a reasonable market price, the Group sources merchandise only from a prequalified list of suppliers who meet its quality standards to minimise the social risk caused by the supply chain. Procurement decisions are based on inventory levels and movement, expected sales and lead times of the products. Only eligible suppliers can be added to our list of approved suppliers. To integrate the environmental vision into the procurement of office supplies, priority is given to environmentally friendly products.

4.2 Business Ethics

As part of the Group's commitment to providing reliable services and products, the Group acts in strict compliance with the relevant laws and regulations of the industry, including the Personal Date (Privacy) Ordinance. The Group recognises the importance of personal data protection and believes it is the Group's responsibility to protect customers' personal information. In order to protect customer's personal information, every employee is required to enter into a confidentiality agreement which forbids him/her to disclose confidential or proprietary information outside the Group, either during or after employment, without the Group's authorisation. Anti-virus software and firewall are installed on each employee's computer, and regular checks for information technology systems are also conducted to prevent virus infection and the leakage of customers' information.

Environmental, Social and Governance Report (continued)

The Group respects intellectual property and is in strict compliance to the relevant laws and regulations, including the Copyright Law. Employees are not recommended to install the unauthorized software and should seek approval from the Group for assessing the necessity of such software.

4.3 Respect Customers

The Group's products are advertised through various ways such as newspapers and television programs. The advertising and promotional activities carried out by the Group are fully compliance with the relevant laws and regulations, including the Telecommunication Ordinance and Trade Descriptions Ordinance. The Group has designated employees to monitor the advertising content to ensure that all advertising contents are clear, true and authentic and free from any false and misleading product descriptions.

The Group establishes various channels to collect customers' feedback, such as customer centers and customer service hotline. To enhance customers' confidence in the Group, it strives not only to provide satisfactory services to customers, but also to promptly investigate and address the potential quality and safety issues of the products in response to the complaints from its customers.

In recognition of the Group's performance in customer service, our retail stores have been accredited by the Hong Kong Tourism Board as "Quality Tourism Services Scheme-accredited Shops" for 10 consecutive years.

4.4 Anti-Corruption

The Group is determined to maintain a fair and competitive market and promote the sustainable development of the industry. In strict compliance with the laws and regulations regarding bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance, employees are required to avoid conflicts of interest, bribery and corruption. Policy and guidelines are available to employees with detailed instructions to avoid and report any potential conflict of interest and benefits. Employees can also report any irregularities to the designated personnel. To enhance employees' awareness of anti-money laundering, relevant trainings are provided.

During the year, there was no legal action against the Group and its employees for corruption.

5. COMMUNITY INVESTMENT

Over the years, the Group has focused on community activities and strongly encouraged its employees to participate in various volunteer works.

The Group has supported various events organized by different charities through sponsorship. During the year, we sponsored the "2017 Tolo Harbour 10K King of Fast Course cum 4.2K Mini Marathon for Families" held by Lok Wah Runners Club, fundraising campaign for the Diamond Jubilee Gala Dinner of La Salle Primary School, and Annual Ball 2017 of La Salle College Old Boys' Association Limited. In addition, we have supported The Society of Rehabilitation and Crime Prevention, Hong Kong, by sponsoring their 60th anniversary charity events, including the charity walk namely "甦Walk 慈善行·跑步賽 x So Hot 嘉年華 2017", Charity Golf and Diamond Jubilee Gala Dinner, in helping the rehabilitated persons for their betterment, the prevention of crimes and the mental wellness of persons in need.

Environmental, Social and Governance Report (continued)

Besides, the Group made donations to the "Dragon Boat Festival Elderly Care Programme 2017" organized by 4 community centers serving the elderly in Wong Tai Sin District, and "Christmas Greeting for the Chest 2017" held by The Community Chest of Hong Kong for the support of social welfare agencies in services for the mentally ill and ex-mentally ill.

Furthermore, Macau was badly affected by Typhoon Hato in August 2017. Distribution One Limited, a non-wholly owned subsidiary of the Company, has responded to the typhoon by distributing 200 pieces of portable chargers to the needy in Macau.

6. KEY PERFORMANCE INDICATORS

During the year, the data of KPIs for head office and retail stores of the Group is as follows:

Environmental Indicators	2017/18
Greenhouse Gases	
Total greenhouse gas emissions (tonnes CO_2e)	2,253
Total greenhouse gas emissions per employee (tonnes CO_2e/employee)	3.96
Wastes	
Total hazardous waste produced (tonnes)[1]	N/A
Total hazardous waste generated per employee (tonnes/employee)	N/A
Total non-hazardous waste produced (tonnes)	124
Total non-hazardous waste generated per employee (tonnes/employee)	0.22
Use of Resources	
Total energy consumption (MWh)	3,906
Total energy consumption per employee (MWh/employee)	6.86
Electricity purchased for consumption (MWh)	3,506
Fuel consumption of vehicles (MWh)	400
Total water consumption (m^3)[2]	N/A
Total water consumption per employee (m^3/employee)	N/A
Use of Packaging Material	
Total packaging material used (tonnes)[3]	N/A
Total packaging material used per product (tonnes/product)	N/A

1 Hazardous wastes were collected by suppliers and qualified companies for treatment and no record was kept by the Group.

2 Water fee was included in management fee, hence data of water consumption cannot be collected.

3 The Group does not involve any production process or the use of packaging material.

Environmental, Social and Governance Report (continued)

Social Indicators	2017/18
Number of Employees	
By gender	
Male	313
Female	256
By age group	
Below age 30	168
Age 30 to 50	294
Above age 50	107
Average Hours of Training per Employee and Percentage of Employees who Received Training	
By gender	
Male	23 (69%)
Female	23 (54%)
By employee category	
General	24 (61%)
Middle Management	17 (80%)
Senior Management	18 (59%)

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 2018.

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 37 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 March 2018 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 59 to 131 of this annual report.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The third interim dividend for the nine months ended 31 December 2017 of HK$0.05 per Share was paid on Friday, 2 March 2018.

On 26 June 2018, the Board declared a fourth interim dividend of HK$0.06 per Share for the year ended 31 March 2018. The fourth interim dividend will be payable in cash to the Shareholders whose names appear on the register of members of the Company on Friday, 13 July 2018.

For the purpose of determining Shareholders' entitlement to the fourth interim dividend, the register of members of the Company will be closed from Thursday, 12 July 2018 to Friday, 13 July 2018 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the fourth interim dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 11 July 2018.

The fourth interim dividend is expected to be paid on or about Friday, 20 July 2018.

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 Tuesday, 28 August 2018. A notice convening the AGM will be issued and despatched to the Shareholders on or around 26 July 2018.

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 Wednesday, 22 August 2018 to Tuesday, 28 August 2018 (both days 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 Tuesday, 21 August 2018.

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 Limited ("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 of the Company.

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 2018. 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 2018.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-competition during the year ended 31 March 2018:

(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.

Report of the Directors (continued)

(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 2018.

(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 2018.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, the Group's top five customers accounted for approximately 36.4% of the revenue. The top five suppliers accounted for approximately 92.9% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 33.4% of the revenue and the Group's largest supplier accounted for approximately 57.2% of the total purchases for the year.

For the year ended 31 March 2018, 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$433,601,000, representing approximately 33.4% of the Group's revenue for the year ended 31 March 2018.

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 2018.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity and in note 29 to the consolidated financial statements respectively.

As at 31 March 2018, the Company's reserves available for distribution to Shareholders amounted to approximately HK$171,348,000 (2017: HK$178,105,000) as calculated in accordance with the Companies Law of the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group are set out in notes 16 and 17 to the consolidated financial statements respectively.

Report of the Directors (continued)

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2018 are set out in note 27 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year ended 31 March 2018 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. Lam Yu Lung
Mr. Lau Hing Wah, *MH, JP*

By virtue of Article 108(a) of the Articles of Association, Mr. Cheung King Fung Sunny, Ms. Mok Ngan Chu 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 3.13 of the Listing Rules and considers all the independent non-executive Directors were independent during the year ended 31 March 2018.

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 and renewable automatically until 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange. The Share Option Scheme will remain effective following the Company's transfer of listing from GEM to Main Board subject to certain immaterial amendments to the Share Option Scheme and will be implemented in full compliance with the requirements of Chapter 17 of the 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;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

Report of the Directors (continued)

(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 34,594,000 representing approximately 8.57% 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 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 remains 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 6 years.

Report of the Directors (continued)

(II) Details of Share Options Granted

On 7 July 2015, 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.

On 6 July 2017, share options to subscribe for a total of 6,300,000 ordinary shares of HK$0.01 each of the Company were granted under the Share Option Scheme.

As at 31 March 2018, an aggregate of 5,662,000 Shares are issuable for the outstanding share options granted under the Share Option Scheme, representing approximately 1.40% of the Shares in issue.

Details of the movements of the share options under the Share Option Scheme during the year ended 31 March 2018 are as follows:

Grantees	Date of grant	Exercise price	Exercise period	Balance as at 1 April 2017	Changes during the year ended 31 March 2018				Balance as at 31 March 2018
					Granted	Exercised	Cancelled	Lapsed	
Eligible employees *Note (i)*	7 July 2015	HK$2.22 *Note (ii)*	7 July 2015 – 6 July 2018 *Note(iii)*	741,000	–	(310,000) *Note (iv)*	–	(19,000)	412,000
Eligible employees *Note (i)*	6 July 2017	HK$3.05 *Note (v)*	6 July 2017 – 5 July 2019 *Note(vi)*	–	6,300,000 *Note (vii)*	(450,000) *Note (viii)*	(410,000) *Note (ix)*	(190,000)	5,250,000
				741,000	6,300,000	(760,000)	(410,000)	(209,000)	5,662,000

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 2018 are set out in the section headed "(b) Rights to acquire shares of the Company" on page 43.

(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 on 7 July 2015 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$3.42.

(v) The closing price of the Shares immediately before the date of grant (i.e. as of 5 July 2017) was HK$3.05.

(vi) All share options granted on 6 July 2017 do not have any vesting period.

(vii) The shares which may be issued upon exercise of the share options by a grantee shall be subject to a no-disposal period of 90 days (including the exercise date) from the relevant exercise date of the share options, during which period the option shares are not allowed to be transferred.

(viii) The weighted average closing price of the Shares immediately before the date on which the share options were exercised was HK$3.48.

(ix) The exercise price of the cancelled options was HK$3.05.

Report of the Directors (continued)

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 2018 and there were no outstanding share options under the Share Option Scheme as at 31 March 2018.

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

As at 31 March 2018, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 Model Code, were as follows:

(a) Long position in the Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of Shares in issue *Note A*
Mr. Cheung King Shek	Beneficial owner	20,500,000	5.08%
	Beneficiary of a trust *Note B*	220,000,000	54.50%
Mr. Cheung King Shan	Beneficial owner	20,500,000	5.08%
	Beneficiary of a trust *Note B*	220,000,000	54.50%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,500,000	5.08%
	Beneficiary of a trust *Note B*	220,000,000	54.50%
Mr. Cheung King Fung Sunny	Beneficial owner	20,401,000	5.05%
	Beneficiary of a trust *Note B*	220,000,000	54.50%
Mr. Wong Wai Man	Beneficial owner	30,000	0.0074%
Ms. Mok Ngan Chu	Beneficial owner	30,000	0.0074%

Note A: The calculation is based on 403,701,000 Shares in issue as at 31 March 2018.

Note B: The 220,000,000 shares, representing approximately 54.50% of the Shares in issue, are held by CKK Investment, of which the Cheung Brothers are directors. 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 2018 were as follows:

Name of Directors	Date of grant	Exercise price	Exercise period	Balance as at 1 April 2017	Changes during the year ended 31 March 2018		Balance as at 31 March 2018	Approximate percentage of Shares in issue Note A
					Granted	Exercised		
Mr. Wong Wai Man	7 July 2015	HK$2.22	7 July 2015 – 6 July 2018	30,000	–	(30,000) Note (a)	–	–
	6 July 2017	HK$3.05 Note (b)	6 July 2017 – 5 July 2019	–	30,000 Note (c)	–	30,000	0.0074%
Ms. Mok Ngan Chu	6 July 2017	HK$3.05 Note (b)	6 July 2017 – 5 July 2019	–	30,000 Note (c)	–	30,000	0.0074%
				30,000	60,000	(30,000)	60,000	0.0148%

Notes: (a) The closing price of the Shares immediately before the date on which the share options were exercised was HK$3.57.

(b) The closing price of the Shares immediately before the date of grant (i.e. as of 5 July 2017) was HK$3.05.

(c) The shares which may be issued upon exercise of the share options by the directors shall be subject to a no-disposal period of 90 days (including the exercise date) from the relevant exercise date of the share options, during which period the option shares are not allowed to be transferred.

Save as disclosed above, as at 31 March 2018, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2018 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).

Report of the Directors (continued)

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.

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

As at 31 March 2018, 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 Listing Rules:

Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of Shares in issue *Note A*
CKK Investment *Note B*	Beneficial owner	220,000,000	54.50%
Amazing Gain *Note B*	Interest in a controlled corporation	220,000,000	54.50%
J. Safra Sarasin Trust Company (Singapore) Limited *Note B*	Trustee (other than a bare trustee)	220,000,000	54.50%
Ms. Tang Fung Yin Anita *Note C*	Interest of spouse	240,500,000	59.58%
Ms. Yeung Ho Ki *Note C*	Interest of spouse	240,401,000	59.55%

Note C: 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. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 240,500,000 Shares and 240,401,000 Shares respectively in which their respective husbands are interested.

Save as disclosed above, as at 31 March 2018, 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.

Report of the Directors (continued)

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2018 and up to the date of this annual report, the Company has maintained the public float required by the Listing Rules.

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 2018.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2018 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 2018.

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

As at 31 March 2018, none of the Directors or 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.

Report of the Directors (continued)

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2018 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 2018 are set out in note 33 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The related party transactions of the Group for the year ended 31 March 2018 are set out in note 36 to the consolidated financial statements. Other than disclosed below, the related party transactions of the Group did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Non-exempt Continuing Connected Transactions

During the year ended 31 March 2018, 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 14A of the Listing Rules, particulars of which were previously disclosed in the announcements of the Company dated 31 March 2017 and 29 March 2018. The Company shall comply with the annual review and reporting requirements for all of the following non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

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

   The Group has been leasing properties in Hong Kong and Macau from certain wholly-owned subsidiaries of East-Asia Pacific Limited ("East-Asia", collectively as the "East-Asia Group") for the use by the Group as shops, cell sites, office premises and car-parking spaces. On 31 March 2017, the Company and East-Asia entered into the renewal tenancy agreements (the "Renewal Tenancy Agreements") and renewal Licence agreements (the "Renewal Licence Agreements") in relation to the tenancy of the properties and the carparking spaces with the East-Asia Group for a term of one year ended 31 March 2018.

   On 29 March 2018, the Group entered into the 2018/19 Tenancy Agreements and the 2018/19 Licence Agreements with the East-Asia Group for renewal of the tenancy of the properties and the carparking spaces for a further term of one year ending 31 March 2019. 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.

Report of the Directors (continued)

As East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds approximately 54.50% 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 Listing Rules. Accordingly, the following tenancy agreements under the Renewal Tenancy Agreements, the Renewal Licence Agreements, the 2018/19 Tenancy Agreements and the 2018/19 Licence Agreements with East-Asia Group constitute continuing connected transactions for the Company.

	Address	**Usage**	**Term**	**Monthly rent HK$**
1	Roof of 17/F., Cheron Court, Hunghom, Kowloon	Cell site	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	3,900 4,200
2	Shop G5, G/F., Commercial Podium Sincere House, 83 Argyle Street, Kowloon	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	132,000 145,000
3	Room 1–2, 36/F., Tower 2, Metroplaza, Kwai Fong, New Territories	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	123,700 160,116
4	Unit C, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	43,372 46,470
5	Portion B of Unit 3608–3612, 36/F, Tower 2, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	64,800 69,948
6	Unit D, 10/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	49,728 53,280
7	Shop A4, G/F., Kam Wah Mansion, No. 226–242 Cheung Sha Wan Road, Kowloon	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	80,000 88,000
8	Portion of Shop 4, G/F., 93 Lion Rock Road, Kowloon City, Kowloon	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	44,000 48,000

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
9	19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	350,784 375,840
10	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 2017 – 31 March 2018	5,800
11	Portion of R/T of Flat G, 5/F., Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2017 – 31 March 2018	8,700
12	Room & Roof top of Flat G, 5/F., Silver Centre Building, 10 Mui Wo Ferry Pier Road, Lantau Island, New Territories	Cell site	1 April 2018 – 31 March 2019	10,000
13	Unit A025, 1/F., Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	80,000 88,000
14	Shop C28 & C29, 1/F., Kingswood Richly Plaza, 1 Tin Wu Road, New Territories	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	65,000 71,500
15	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 2017 – 31 March 2018 1 April 2018 – 31 March 2019	2,200 2,500
16	Roof Level of Unit 3407, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon	Cell site	1 April 2017 – 31 March 2018	9,100
17	Shop 6, Wing Light Building, 68–76 Castle Peak Road, Yuen Long, New Territories	Shop	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	80,000 88,000

Report of the Directors (continued)

	Address	Usage	Term	Monthly rent HK$
18	Rua de Pequim, n°s 170–174, Edifício Centro Comercial Kong Fat, 16° andar E, Macau	Office	1 April 2017 – 31 March 2018 1 April 2018 – 31 March 2019	9,150 10,000
19	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
20	Carparking Space Nos. 9 and 12 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014 – 31 August 2017	10,000
21	Carparking Space Nos. 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	10,000
22	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
23	Carparking Space Nos. 5, 6 and 7 on 2/F. of YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	Carparking space	1 September 2014 – 31 August 2017 *(Rentals reduce to HK$10,500 per month from April to August 2017)* 1 September 2017 – 31 March 2018 1 April 2018 – 31 March 2019	15,000 10,500 10,500
24	Carparking Space Nos. 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 *(Rentals reduce to HK$17,500 per month from April to August 2017)* 1 September 2017 – 31 March 2018 1 April 2018 – 31 March 2019	25,000 17,500 17,500

As disclosed in the announcements of the Company dated 31 March 2017 and 29 March 2018, the annual caps for the aggregate rents and licence fees payable by the Group to the East-Asia Group under the Renewal Tenancy Agreements, the Renewal Licence Agreements, the 2018/19 Tenancy Agreements and the 2018/19 Licence Agreements for the years ended/ending 31 March 2018 and 2019 are HK$14,162,900 and HK$15,467,000 respectively. The aggregate amount of rents and licence fees paid by the Group to the East-Asia Group under the Renewal Tenancy Agreements and the Renewal Licence Agreements with East-Asia for the year ended 31 March 2018 is approximately HK$14,162,800.

Report of the Directors (continued)

2. 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 31 March 2017, the Company entered into a renewal master agreement with TSO (the "Renewal Master Agreement") 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 2018.

TSO is indirectly owned by the Cheung Family Trust as to 51.48% which indirectly holds 54.50% of the Shares in issue and is therefore a connected person of the Company under the Listing Rules. Accordingly, the below transactions constitute continuing connected transactions for the Company.

The Group expects that the below services will continue after the expiration of the Renewal Master Agreement. Therefore, the Company and TSO entered into the 2018/19 master agreement with TSO (the "2018/19 Master Agreement") on 29 March 2018 for a term of one year ending 31 March 2019.

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 and the historical amounts paid by the Group to TSO.

As disclosed in the announcement of the Company dated 31 March 2017 and 29 March 2018, the aggregate annual caps for the repair and refurbishment service fees payable by the Group to TSO under the Renewal Master Agreement and 2018/19 Master Agreement for the years ended/ending 31 March 2018 and 2019 are HK$5,000,000 and HK$4,000,000 respectively. The amount of repair and refurbishment service fees paid by the Group to TSO under the Renewal Master Agreement for the year ended 31 March 2018 is approximately HK$3,576,000.

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 and the historical amounts received by the Group from TSO.

As disclosed in the announcement of the Company dated 31 March 2017 and 29 March 2018, the annual caps for the consignment fees receivable by the Group from TSO under the Renewal Master Agreement and the 2018/19 Master Agreement for the years ended/ending 31 March 2018 and 2019 are HK$4,000,000 and HK$2,000,000 respectively. The consignment fees received by the Group from TSO under the Renewal Master Agreement for the year ended 31 March 2018 is approximately HK$734,000.

Report of the Directors (continued)

In respect of the connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements under the 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 (Revised) and with reference to 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.

Report of the Directors (continued)

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 15 to 26 of this annual report. 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 2018 and the material factors underlying its results and financial position can be found in the Management Discussion and Analysis on pages 6 to 11 of this annual report. These discussions form part of this Report of the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ESG Report of the Company for the year ended 31 March 2018 is set out on pages 27 to 33 of this annual report which elaborates on the various works of the Group in fulfilling the principle of sustainable development and its performance in social responsibilities. 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 principles 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 2018, 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 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 Model Code 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 2018, 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 132 of this annual report.

EVENT AFTER THE REPORTING PERIOD

Details of significant event occurring after the reporting period are set out in note 35 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 March 2018 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, 26 June 2018

Independent Auditor's Report

信永中和 ShineWing

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)

OPINION

We have audited the consolidated financial statements of Telecom Digital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 131, which comprise the consolidated statement of financial position as at 31 March 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Impairment of inventories

Refer to notes 4 and 20 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the carrying amount of the inventories was approximately HK$129,034,000. We have identified the valuation of inventories as a key audit matter because of their significance to the consolidated financial statements and the involvement of significant judgement and estimates on the estimation of net realisable values for inventories which may be subject to management bias.	Our procedures in relation to the valuation of inventories were designed to review the judgements and estimates made by the management on the assessment on the allowance for inventories as at 31 March 2018. We have discussed with the management for the long-aged inventories identified as at 31 March 2018 and challenged their judgements and estimates on such inventories of not being obsolete. We have reviewed the utilisation of inventories after the end of the reporting period on the abovementioned long-aged inventories. We have also reviewed the selling price of the inventories at 31 March 2018 and compared with their carrying amounts, on a sample basis, to consider whether the inventories were stated at lower of their costs and net realisable values.

Valuation of trade and other receivables

Refer to notes 4 and 21 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the carrying amounts of (i) trade receivables, net of impairment loss recognised in respect of trade receivables; and (ii) other receivables, are approximately HK$6,334,000 and HK$14,059,000 respectively. Allowance for doubtful debts recognised in respect of trade receivables was approximately HK$64,000. No allowance for doubtful debts recognised in respect of other receivables has been made for the year ended 31 March 2018. We have identified the valuation of trade and other receivables as a key audit matter in view of the significance of the carrying amounts of trade and other receivables to the consolidated financial statements and the significance of management's judgement and estimates involved in assessing the ultimate realisation of these receivables taking into account the estimation of future cash flows derived from the debtors.	Our audit procedures were designed to review the management's assessment of the recoverability of trade and other receivables. We have discussed with the management whether an objective evidence of impairment existed, and where it existed, we have assessed the management's impairment testing. We have challenged the assumptions and critical judgement used by the management by assessing the accuracy of the management's past estimates and taking into account the ageing analysis, credit-worthiness of the debtors and cash received after the end of the reporting period.

Independent Auditor's Report (continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tang Kwan Lai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tang Kwan Lai
Practising Certificate Number: P05299

Hong Kong
26 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	*7*	**1,297,573**	1,092,263
Cost of inventories sold		**(745,637)**	(630,220)
Staff costs		**(190,841)**	(169,153)
Depreciation		**(30,253)**	(24,846)
Other income	*9*	**6,034**	6,078
Other operating expenses		**(201,990)**	(193,775)
Share of result of an associate		**20,728**	32,502
Finance costs	*10*	**(3,708)**	(3,448)
Profit before tax		**151,906**	109,401
Income tax expense	*11*	**(24,428)**	(13,659)
Profit for the year	*12*	**127,478**	95,742
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain on long service payment obligations	*25*	**1,134**	294
Other comprehensive income for the year		**1,134**	294
Total comprehensive income for the year		**128,612**	96,036
Profit (loss) for the year attributable to:			
Owners of the Company		**128,168**	95,593
Non-controlling interests		**(690)**	149
		127,478	95,742
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**129,302**	95,887
Non-controlling interests		**(690)**	149
		128,612	96,036
Earnings per share (HK$)	*15*		
Basic		**0.32**	0.24
Diluted		**0.32**	0.24

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000 (Re-presented)
Non-current assets			
Property, plant and equipment	*16*	**238,341**	226,528
Investment properties	*17*	**72,302**	41,537
Club membership	*18*	**1,560**	1,560
Interest in an associate	*19*	**22,610**	24,853
Rental deposits	*21*	**9,026**	7,147
Prepayments for purchase of property, plant and equipment		**3,682**	10,354
		347,521	311,979
Current assets			
Inventories	*20*	**129,034**	45,749
Trade and other receivables	*21*	**55,811**	61,119
Amounts due from related companies	*36(a)*	**132**	1,204
Amount due from an associate	*36(b)*	**26,685**	26,550
Pledged bank deposits	*22*	**5,065**	5,065
Bank balances and cash	*22*	**41,841**	42,907
		258,568	182,594
Current liabilities			
Trade and other payables	*23*	**125,916**	62,231
Amounts due to related companies	*36(a)*	**243**	2,286
Bank overdrafts	*22*	**568**	6,201
Bank borrowings	*24*	**144,446**	150,976
Tax payables		**13,459**	2,194
		284,632	223,888
Net current liabilities		**(26,064)**	(41,294)
Total assets less current liabilities		**321,457**	270,685
Non-current liabilities			
Long service payment obligations	*25*	**1,083**	2,240
Deferred tax liabilities	*26*	**1,662**	3,209
		2,745	5,449
Net assets		**318,712**	265,236

Consolidated Statement of Financial Position (continued)

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000 (Re-presented)
Capital and reserves			
Share capital	27	**4,038**	4,030
Reserves		**315,216**	261,058
Equity attributable to owners of the Company		**319,254**	265,088
Non-controlling interests		**(542)**	148
Total equity		**318,712**	265,236

The consolidated financial statements on pages 59 to 131 were approved and authorised for issue by the board of directors on 26 June 2018 and are signed on its behalf by:

Cheung King Shek
Director

Cheung King Fung Sunny
Director

Consolidated Statement of Changes In Equity

For the year ended 31 March 2018

	Equity attributable to owners of the Company									
	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$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	4,001	87,502	5,404	2,177	(233)	91	136,144	235,086	–	235,086
Profit for the year	–	–	–	–	–	–	95,593	95,593	149	95,742
Other comprehensive income:										
Actuarial gain on long service payment obligations *(note 25)*	–	–	–	–	–	–	294	294	–	294
Total comprehensive income for the year	–	–	–	–	–	–	95,887	95,887	149	96,036
Dividends *(note 14)*	–	–	–	–	–	–	(72,303)	(72,303)	–	(72,303)
Non-controlling interest arising on the acquisition of subsidiary *(note 30)*	–	–	–	–	–	–	–	–	1,399	1,399
Effect of capital reduction *(note (c))*	–	–	–	–	–	–	–	–	(1,400)	(1,400)
Effect of share options										
– shares issue upon exercise *(note 27)*	29	8,044	–	(1,655)	–	–	–	6,418	–	6,418
– lapse	–	–	–	(93)	–	–	93	–	–	–
At 31 March 2017	4,030	95,546	5,404	429	(233)	91	159,821	265,088	148	265,236

Consolidated Statement of Changes In Equity (continued)

For the year ended 31 March 2018

	Equity attributable to owners of the Company									
	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$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	4,030	95,546	5,404	429	(233)	91	159,821	265,088	148	265,236
Profit (loss) for the year	–	–	–	–	–	–	128,168	128,168	(690)	127,478
Other comprehensive income:										
Actuarial gain on long service payment obligations *(note 25)*	–	–	–	–	–	–	1,134	1,134	–	1,134
Total comprehensive income (expense) for the year	–	–	–	–	–	–	129,302	129,302	(690)	128,612
Dividends *(note 14)*	–	–	–	–	–	–	(80,696)	(80,696)	–	(80,696)
Equity-settled share options expense *(note 28)*	–	–	–	3,499	–	–	–	3,499	–	3,499
Effect of share options										
– shares issue upon exercise *(note 27)*	8	2,504	–	(451)	–	–	–	2,061	–	2,061
– lapse	–	–	–	(124)	–	–	124	–	–	–
At 31 March 2018	4,038	98,050	5,404	3,353	(233)	91	208,551	319,254	(542)	318,712

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) On 22 April 2016, a special resolution has been passed by the shareholders of Distribution One Limited ("Distribution One"), a non-wholly owned subsidiary of the Company, for the reduction of share capital of Distribution One by approximately HK$5,000,000. As a result, approximately HK$1,400,000 has been settled with the amount due from the non-controlling shareholder in accordance with section 210 of the Hong Kong Companies Ordinance.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**151,906**	109,401
Adjustments for:			
Bank interest income		**(241)**	(205)
Depreciation of property, plant and equipment		**28,302**	24,068
Depreciation of investment properties		**1,951**	778
Finance costs		**3,708**	3,448
Loss on written off of property, plant and equipment		**1,510**	4,948
Loss on disposal of property, plant and equipment		**–**	76
Equity-settled share options expense		**3,499**	–
Provision for long service payment obligations		**372**	313
Share of result of an associate		**(20,728)**	(32,502)
Operating cash inflows before movements in working capital		**170,279**	110,325
(Increase) decrease in inventories		**(83,285)**	142,083
Decrease in trade and other receivables		**3,429**	1,026
Increase in amount due from an associate		**(135)**	(4,939)
Decrease in amounts due from related companies		**1,094**	–
Increase (decrease) in trade and other payables		**63,685**	(49,821)
Decrease in amounts due to related companies		**(2,043)**	–
(Decrease) increase in long service payment obligations		**(395)**	58
Cash generated from operations		**152,629**	198,732
Hong Kong Profits Tax paid		**(14,710)**	(15,178)
NET CASH FROM OPERATING ACTIVITIES		**137,919**	183,554
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(37,996)**	(15,118)
Purchase of investment properties		**(28,091)**	(42,315)
Prepayments for purchase of property, plant and equipment		**(1,583)**	(8,901)
Dividend received from an associate		**22,971**	32,062
Proceeds from disposal of property, plant and equipment		**1**	72
Net cash outflow from the acquisition of a subsidiary	*30*	**–**	(125)
Repayment from non-controlling shareholder of a subsidiary		**–**	3,600
Bank interest received		**241**	205
Repayment from related companies		**62**	–
Advance to related companies		**(84)**	(1,142)
NET CASH USED IN INVESTING ACTIVITIES		**(44,479)**	(31,662)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Bank borrowings raised	**524,700**	447,735
Proceeds from exercise of share options	**2,061**	6,418
Advance from related companies	**–**	2,226
Interest paid	**(3,708)**	(3,448)
Dividend paid	**(80,696)**	(72,303)
Repayment of bank borrowings	**(531,230)**	(507,813)
NET CASH USED IN FINANCING ACTIVITIES	**(88,873)**	(127,185)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,567**	24,707
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**36,706**	11,999
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by	**41,273**	36,706
Bank balances and cash	**41,841**	42,907
Bank overdrafts	**(568)**	(6,201)
	41,273	36,706

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

Corporate information

The Company was incorporated in the Cayman Islands on 20 November 2002 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. 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.

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 30 May 2014 and have been transferred from the GEM to Main Board of the Stock Exchange on 10 May 2017.

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency. Other than the subsidiary established in Macau which functional currency is Macau Pataca ("MOP"), the functional currency of the Company and other subsidiaries is HK$.

Basis of preparation

As at 31 March 2018, the Group had net current liabilities of approximately HK$26,064,000. The consolidated financial statements have been prepared by the directors of the Company on a going concern basis since the following:

(i) the unutilised banking facilities readily available to the Group amounted to approximately HK$406,912,000 at 31 March 2018;

(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$55,672,000. The directors of the Company are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group does not breach covenants imposed by the banks; and

(iii) the Group is expected to generate adequate cash flows to maintain its operations.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of other 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.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 34. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 34, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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

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

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

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:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be 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 contractual 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 FVTOCI. 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 2018

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 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 (2014) 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 has performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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)

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group 's consolidated financial statements.

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:

(i) Identify the contract(s) with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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* (continued)

The major sources of revenue of the Group are sales of goods and provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 *Revenue*. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 *Leases*

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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)

HKFRS 16 will become 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.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$94,611,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use assets and a corresponding liabilities in respect of all these leases unless they are exempt from the reporting obligations under HKFRS 16. The directors of the Company expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in 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 Stock Exchange (the "Listing Rules") 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.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

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

Business combination

Business combination is accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase. Non-controlling interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in an associate (continued)

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 and leasehold land (classified as finance lease) 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, if any, using the straight-line method. The estimated useful lives, residual values 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.

Investment properties

Investment properties are property held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Club membership

Club membership is carried at cost less accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible assets and club membership below).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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, net of outstanding bank overdrafts. 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.

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 and an associate, 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 2018

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 asset's original effective interest rate.

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 amount is reduced through the use of allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade or other receivables are considered uncollectible, it is written off against the 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

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.

Equity instruments

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

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.

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 is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expired. 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 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or 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 operation services, paging and other telecommunications services, and consultancy services are recognised when services are rendered. Operation services represent provision of sale management services, marketing operation services, customer services, billing payment and debt collection services, and customer data compilation and analysis services.

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 2018

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.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment or investment property, depends on intended use of the related property held by the Group.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to the Mandatory Provident Fund (the "MPF") Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Employment Ordinance long service payments

For defined 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 consolidated statement of financial position with a charge or credit recognised in other comprehensive income in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past 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. Components of defined benefit costs are service cost in profit or loss; net interest on the net defined benefit liability or asset in profit or loss; and remeasurements of net defined benefit liability or asset in other comprehensive income.

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 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.

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 each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, 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 directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 and club membership

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.

Club membership is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets and club membership (continued)

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.

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.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or cancelled 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.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. 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 estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. 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.

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 resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2018, the carrying amount of inventories was approximately HK$129,034,000 (2017: HK$45,749,000). No impairment losses were recognised for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment loss of trade and other receivables

When there is objective evidence of impairment, 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, an impairment loss may arise. As at 31 March 2018, the aggregate carrying amount of trade and other receivables was approximately HK$20,393,000 (2017: HK$20,634,000), net of allowance for doubtful debts recognised of approximately HK$64,000 as at 31 March 2018 (2017: HK$64,000).

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties 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 investment properties 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.

As at 31 March 2018, there are no change on the estimated useful lives after performing annual assessment and the related depreciation of the property, plant and equipment and investment properties with carrying amount of approximately HK$238,341,000 (2017: HK$226,528,000) and HK$72,302,000 (2017: HK$41,537,000) respectively.

Income taxes

At 31 March 2018, the Group had unused tax losses of approximately HK$13,408,000 (2017: HK$7,111,000) available for offset against future profits. No deferred tax asset 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 different from original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the year in which such circumstances are changed.

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 overdrafts, bank borrowings, 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 2018

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**124,372**	125,447
Financial liabilities		
Amortised cost	**253,422**	198,640

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) related companies and an associate, 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 (2017: bank balances) 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 arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
United States dollars ("USD")	**1,824**	92	**2**	–

No sensitivity analysis was prepared for USD as HK$ is pegged to USD.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances, 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 dollars 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 years ended 31 March 2018 and 2017 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 2018 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$580,000 (2017: HK$631,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

Credit risk

As at 31 March 2018, 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 other receivables, amounts due from related companies and an associate is assessed by taking into account their financial positions, credit history and other factors. The directors of the Company are of the opinion that the risk of default by these counterparties is low.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

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 amounts due from related companies and an associate and 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 all in Hong Kong, as all trade receivables as at 31 March 2018 and 2017 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 management monitors the utilisation of bank borrowings and ensures compliance with the loan covenants.

The Group is exposed to liquidity risk as at 31 March 2018 as the Group had net current liabilities of approximately HK$26,064,000 (2017: HK$41,294,000). 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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

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.

	Total undiscounted cash flows due on demand or within one year HK$'000	Carrying amount HK$'000
As at 31 March 2018		
Trade and other payables	108,165	108,165
Amounts due to related companies	243	243
Bank overdrafts	568	568
Bank borrowings	144,446	144,446
	253,422	253,422

	Total undiscounted cash flows due on demand or within one year HK$'000	Carrying amount HK$'000
As at 31 March 2017		
Trade and other payables	39,177	39,177
Amounts due to related companies	2,286	2,286
Bank overdrafts	6,201	6,201
Bank borrowings	150,976	150,976
	198,640	198,640

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

6. FINANCIAL INSTRUMENTS (continued)

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

Bank borrowings 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 2018, the aggregate principal amounts of these bank borrowings amounted to approximately HK$144,446,000 (2017: HK$150,976,000). 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 respective loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$152,121,000 (2017: HK$160,013,000).

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.

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

	2018 **HK$'000**	2017 HK$'000
Sales of goods	**873,451**	713,181
Service income	**424,122**	379,082
	1,297,573	1,092,263

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

8. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the executive directors of the Company. The information reported to the CODM for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the Group's CODM have been aggregated in arising at the reporting segments of the Group. The Group's operating and reportable segments are as follows:

Retail business	–	Sales of mobile phones and pre-paid SIM cards and related services
Distribution business	–	Distribution of mobile phones and related services
Paging and other telecommunications services	–	Provision of paging services and two-way wireless data services
Operation services	–	Provision of operation services

Segment revenues and results

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

For the year ended 31 March 2018

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

8. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2017

	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	524,628	195,882	81,317	290,436	–	1,092,263
Inter-segment sales	345	445,072	3,111	–	(448,528)	–
Segment revenue	524,973	640,954	84,428	290,436	(448,528)	1,092,263
Segment results	25,678	11,894	1,637	49,647		88,856
Bank interest income						205
Finance costs						(3,448)
Share of result of an associate						32,502
Corporate expenses						(8,714)
Profit before tax						109,401

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

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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:

	2018 HK$'000	2017 HK$'000
Segment assets		
Retail business	239,403	158,860
Distribution business	74,519	40,614
Paging and other telecommunications services	53,490	61,697
Operation services	44,210	39,983
Total segment assets	411,622	301,154
Unallocated corporate assets	194,467	193,419
Total assets	606,089	494,573
Segment liabilities		
Retail business	15,960	14,199
Distribution business	81,827	14,914
Paging and other telecommunications services	25,268	29,785
Operation services	1,015	2,470
Total segment liabilities	124,070	61,368
Unallocated corporate liabilities	163,307	167,969
Total liabilities	287,377	229,337

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

8. SEGMENT INFORMATION (continued)

The segment information is as follows:

For the year ended 31 March 2018

	Retail business HK$'000	Distribution business HK$'000	Paging and other tele-communications services HK$'000	Operation services HK$'000	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	17,268	470	5,829	10	4,725	28,302
Additions to non-current assets	14,345	8	3	–	27,270	41,626
Loss on written off of property, plant and equipment	297	–	1,213	–	–	1,510
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Income tax expense	9,892	1,274	956	11,703	603	24,428

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

8. SEGMENT INFORMATION (continued)

For the year ended 31 March 2017

	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	12,135	632	7,375	10	3,916	24,068
Additions to non-current assets	17,564	289	1,124	–	–	18,977
Loss on disposal of property, plant and equipment	–	–	76	–	–	76
Loss on written off of property, plant and equipment	–	–	4,948	–	–	4,948
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Income tax expense	4,016	1,253	584	7,496	310	13,659

Additions to non-current assets represented the additions of property, plant and equipment but excluded additions of investments properties and the prepayments for the purchase of property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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 the Group's non-current assets is presented based on the geographical location of these assets.

Revenue from external customers

	2018 **HK$'000**	2017 HK$'000
Hong Kong (place of domicile)	**1,296,231**	1,090,739
Macau	**1,342**	1,524
	1,297,573	1,092,263

Non-current assets

	2018 **HK$'000**	2017 HK$'000 (Re-presented)
Hong Kong (place of domicile)	**347,509**	311,962
Macau	**12**	17
	347,521	311,979

Information about major customer

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

	2018 **HK$'000**	2017 HK$'000
Customer A[1]	**348,735**	289,943

[1] Revenue from operation services.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

9. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	**241**	205
Consultancy income	**300**	300
Rental and sub-letting income *(note)*	**4,427**	4,256
Net exchange gains	**–**	435
Others	**1,066**	882
	6,034	6,078

Note: Included in rental and sub-letting income was approximately HK$1,728,000 (2017: HK$680,000) arising from the operating leases of investment properties of the Group in which direct operating expenses of approximately HK$330,000 (2017: HK$139,000) were incurred during the year ended 31 March 2018.

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest expenses on bank borrowings and bank overdrafts	**3,708**	3,448

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax		
– current year	**25,970**	14,800
– under (over)-provision in prior years	**5**	(193)
	25,975	14,607
Deferred tax		
– current year *(note 26)*	**(1,547)**	(948)
	24,428	13,659

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

11. INCOME TAX EXPENSE (continued)

During the years ended 31 March 2018 and 2017, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

During the years ended 31 March 2018 and 2017, no Macau Complementary Income Tax has been provided since the subsidiary of the Company incorporated in Macau is exempted from Macau Complementary Income Tax.

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.

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:

	2018 HK$'000	2017 HK$'000
Profit before tax	**151,906**	109,401
Tax expense at rates applicable to profits in the jurisdictions concerned	**25,035**	18,050
Adjustments in respect of current tax of previous periods	**5**	(193)
Tax effect of share of result of an associate	**(3,420)**	(5,363)
Tax effect of expenses not deductible for tax purpose	**2,086**	841
Tax effect of income not taxable for tax purpose	**(39)**	(37)
Tax effect of tax losses not recognised	**1,136**	601
Utilisation of deductible temporary difference not recognised	**(38)**	(32)
Tax exemption *(note)*	**(240)**	(140)
Utilisation of tax losses previously not recognised	**(97)**	(68)
Income tax expense for the year	**24,428**	13,659

Note: During the year ended 31 March 2018, eight (2017: seven) Hong Kong subsidiaries were entitled to 75% tax deduction on Hong Kong Profits Tax with a cap at HK$30,000 (2017: HK$20,000).

Details of deferred taxation are set out in note 26.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

12. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year is arrived at after charging:		
Directors' emoluments *(note 13)*		
– fees	360	360
– salaries, allowances and other benefits	7,506	7,471
– discretionary bonuses	159	136
– contributions to retirement benefits scheme	232	232
– equity-settled share options expense	36	–
	8,293	8,199
Other staff costs		
– salaries, allowances and other benefits	171,216	154,024
– contributions to retirement benefits scheme	7,497	6,617
– provision for long service payments	372	313
– equity-settled share options expense	3,463	–
	182,548	160,954
Total staff costs	190,841	169,153
Auditor's remuneration	1,010	950
Depreciation of property, plant and equipment	28,302	24,068
Depreciation of investment properties	1,951	778
Loss on written off of property, plant and equipment	1,510	4,948
Loss on disposal of property, plant and equipment	–	76
Share of income tax expense of an associate	4,019	6,379
Operating lease rentals in respect of:		
– rented premises	77,506	68,184
– transmission stations	11,528	13,615
	89,034	81,799

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of nine (2017: nine) directors and chief executive were as follows:

	Mr. Cheung King Shek HK$'000	Mr. Cheung King Shan HK$'000	Mr. Cheung King Chuen Bobby HK$'000	Mr. Cheung King Fung Sunny HK$'000	Mr. Wong Wai Man HK$'000	Ms. Mok Ngan Chu HK$'000	Total HK$'000
Year ended 31 March 2018							
A) EXECUTIVE DIRECTORS:							
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Salaries, allowances and other benefits	1,584	1,584	1,584	1,584	670	500	7,506
Discretionary bonuses *(note (iii))*	–	–	–	–	91	68	159
Equity-settled share options expense	–	–	–	–	18	18	36
Contributions to retirement benefit scheme	49	49	49	49	18	18	232
Sub-total emoluments	1,633	1,633	1,633	1,633	797	604	7,933

	Mr. Hui Ying Bun HK$'000	Mr. Lam Yu Lung HK$'000	Mr. Lau Hing Wah HK$'000 *(note (i))*	Total HK$'000
B) INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings				
Fees	120	120	120	360
Total emoluments				8,293

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

	Mr. Cheung King Shek HK$'000	Mr. Cheung King Shan HK$'000	Mr. Cheung King Chuen Bobby HK$'000 *(note (iii))*	Mr. Cheung King Fung Sunny HK$'000	Mr. Wong Wai Man HK$'000	Ms. Mok Ngan Chu HK$'000	Total HK$'000
Year ended 31 March 2017							
A) EXECUTIVE DIRECTORS:							
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings							
Salaries, allowances and other benefits	1,584	1,584	1,584	1,584	649	486	7,471
Discretionary bonuses *(note (iii))*	–	–	–	–	84	52	136
Contributions to retirement benefit scheme	49	49	49	49	18	18	232
Sub-total emoluments	1,633	1,633	1,633	1,633	751	556	7,839

	Mr. Hui Ying Bun HK$'000	Mr. Lam Yu Lung HK$'000	Mr. Ho Nai Man Paul HK$'000 *(note (ii))*	Total HK$'000
B) INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings				
Fees	120	120	120	360
Total emoluments				8,199

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

Notes:

(i) Appointed on 1 May 2017.

(ii) Passed away on 4 March 2017.

(iii) Discretionary bonuses were determined with reference to the Group's operating results and individual performance.

Mr. Cheung King Fung Sunny is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors or chief executive waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2018 and 2017. 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 2018 and 2017.

(b) Employees' emoluments

The five highest paid individuals of the Group included four directors of the Company during the years ended 31 March 2018 and 2017 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 2018 and 2017 were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and other benefits	**1,082**	1,058
Discretionary bonuses *(note)*	**389**	114
Contributions to retirement benefits scheme	**18**	18
Equity-settled share options expense	**24**	–
	1,513	1,190

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments (continued)

The above emolument is analysed as follows:

	2018 No. of employees	2017 No. of employees
HK$1,000,000 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
	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 2018 and 2017.

Note: Discretionary bonuses were determined with reference to the Group's operating results and individual performance.

14. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends recognised as distribution during the year:		
2015/16 second interim dividend of HK$0.05 per share	**–**	20,010
2016/17 first interim dividend of HK$0.03 per share	**–**	12,008
2016/17 second interim dividend of HK$0.05 per share	**–**	20,139
2016/17 third interim dividend of HK$0.05 per share	**–**	20,146
2016/17 fourth interim dividend of HK$0.05 per share	**20,154**	–
2017/18 first interim dividend of HK$0.05 per share	**20,177**	–
2017/18 second interim dividend of HK$0.05 per share	**20,180**	–
2017/18 third interim dividend of HK$0.05 per share	**20,185**	–
	80,696	72,303

Subsequent to the end of the reporting period, the fourth interim dividend of HK$0.06 per share in respect of the year ended 31 March 2018 has been declared by the directors of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

15. EARNINGS PER SHARE

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

	2018 HK$'000	2017 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**128,168**	95,593

	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**403,395**	401,402
Effect of dilutive potential ordinary shares:		
Share options	**499**	654
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**403,894**	402,056

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Radio and transmitting equipment HK$'000	Tele-communication devices HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Total HK$'000
COST							
As at 1 April 2016	196,934	74,058	22,961	13,284	25,094	46,336	378,667
Additions	–	1,042	–	–	6,818	11,117	18,977
Disposal	–	–	(199)	–	–	(1)	(200)
Written off	–	–	(7,808)	–	–	–	(7,808)
As at 31 March 2017 and 1 April 2017	196,934	75,100	14,954	13,284	31,912	57,452	389,636
Additions	27,270	–	–	–	6,894	7,462	41,626
Disposal	–	–	(2)	–	–	–	(2)
Written off	–	–	(3,021)	–	(3,599)	–	(6,620)
As at 31 March 2018	224,204	75,100	11,931	13,284	35,207	64,914	424,640
ACCUMULATED DEPRECIATION							
As at 1 April 2016	9,299	70,464	7,675	10,224	9,724	34,566	141,952
Provided for the year	6,004	2,035	3,527	1,374	5,615	5,513	24,068
Eliminated in disposal	–	–	(52)	–	–	–	(52)
Eliminated in written off	–	–	(2,860)	–	–	–	(2,860)
As at 31 March 2017 and 1 April 2017	15,303	72,499	8,290	11,598	15,339	40,079	163,108
Provided for the year	10,772	1,638	2,494	1,008	6,133	6,257	28,302
Eliminated in disposal	–	–	(1)	–	–	–	(1)
Eliminated in written off	–	–	(1,809)	–	(3,301)	–	(5,110)
As at 31 March 2018	26,075	74,137	8,974	12,606	18,171	46,336	186,299
CARRYING AMOUNTS							
As at 31 March 2018	198,129	963	2,957	678	17,036	18,578	238,341
As at 31 March 2017	181,631	2,601	6,664	1,686	16,573	17,373	226,528

The above property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold land and buildings	Over the shorter of term of the leases or 50 years
Radio and transmitting equipment	5 years
Tele-communication devices	5 years
Motor vehicles	5 years
Leasehold improvements	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 2018

16. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 March 2018, the Group's leasehold land and buildings with carrying amounts of approximately HK$155,563,000 (2017: HK$181,631,000) have been pledged to secure banking facilities granted to the Group.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
As of 1 April 2016	–
Additions	42,315
As at 31 March 2017 and 1 April 2017	42,315
Additions	32,716
As at 31 March 2018	75,031
ACCUMULATED DEPRECIATION	
As at 1 April 2016	–
Provided for the year	778
As at 31 March 2017 and 1 April 2017	778
Provided for the year	1,951
As at 31 March 2018	2,729
CARRYING AMOUNTS	
As at 31 March 2018	72,302
As at 31 March 2017	41,537

The fair value of the Group's investment properties as at 31 March 2018 was approximately HK$77,500,000 (2017: HK$42,500,000). The fair value has been arrived at based on a valuation carried out by Prudential Surveyors (Hong Kong) Limited, a member of Hong Kong Institution of Surveyors, by market comparison approach with reference to the prices of similar properties in the similar locations and conditions. The valuation of the fair value of the investment properties is grouped into fair value hierarchy Level 3. In estimating the fair value of the investment properties, the highest and best use of fair value hierarchy is its current use.

There were no transfers between levels of fair value hierarchy during the year ended 31 March 2018 (2017: nil).

The above investment properties are depreciated on a straight-line basis over the term of the leases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

17. INVESTMENT PROPERTIES (continued)

At 31 March 2018, the Group's investment properties with carrying amounts of approximately HK$72,302,000 (2017: HK$41,537,000) have been pledged to secure banking facilities granted to the Group.

18. CLUB MEMBERSHIP

	2018 HK$'000	2017 HK$'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 (2017: nil).

19. INTEREST IN AN ASSOCIATE

	2018 HK$'000	2017 HK$'000
Cost of interest in an associate	16,640	16,640
Share of post-acquisition results, net of dividends received	5,970	8,213
	22,610	24,853

As at 31 March 2018 and 2017, the Company had interest in the following associate:

Name of company	Form of entity	Place of incorporation and operation	Class of shares held/ share capital	Proportion of ownership interest and voting rights held by the Group	Principal activity
Sun Mobile Limited ("SUN Mobile")	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 the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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.

	2018 HK$'000	2017 HK$'000
Non-current assets	72	176
Current assets	248,276	248,666
Current liabilities	(191,823)	(186,709)
Net assets	56,525	62,133
Revenue	1,120,368	1,021,199
Profit and total comprehensive income for the year	51,820	81,255
Dividends received from the associate during the year	22,971	32,062

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

	2018 HK$'000	2017 HK$'000
Net assets of an associate	56,525	62,133
Group's effective interest	40%	40%
Proportion of the Group's ownership interest in an associate and carrying amount of the Group's interest in an associate	22,610	24,853

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

20. INVENTORIES

	2018 HK$'000	2017 HK$'000
Merchandises	**129,034**	45,749

21. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000 (Re-presented)
Trade receivables	**6,398**	8,871
Less: Allowance for doubtful debts recognised in respect of trade receivables	**(64)**	(64)
	6,334	8,807
Other receivables *(note)*	**14,059**	11,827
Rental deposits	**26,320**	23,989
Utility and other deposits	**3,936**	5,098
Prepayments to suppliers	**11,004**	11,731
Other prepayments	**3,184**	6,814
	64,837	68,266
Less: Rental deposits classified as non-current assets	**(9,026)**	(7,147)
Current portion included in trade and other receivables	**55,811**	61,119

Note: The amounts are expected to be recovered within one year from the end of the reporting period.

Certain comparative figures have been re-presented to conform with changes in presentation in the current year. The changes included the reclassification of rental deposits of approximately HK$7,147,000 previously classified under "Trade and other receivables" in current assets to "Rental deposits" in non-current assets.

The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

21. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period of ranged from 7 to 30 days (2017: 7 to 30 days) to its trade customers. The following is an ageing analysis of trade receivables, net of accumulated impairment loss, presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	2018 HK$'000	2017 HK$'000
Within 90 days	5,512	8,435
91-180 days	625	301
181-365 days	75	51
Over 365 days	122	20
	6,334	8,807

As at 31 March 2018 and 2017, 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 2018	1,713	1,293	445	75	122	3,648
As at 31 March 2017	1,865	295	351	1	20	2,532

The Group's trade receivables neither past due nor impaired of approximately HK$2,686,000 (2017: HK$6,275,000) mainly represent sales made to recognised and creditworthy customers with good repayment history. The Group regularly monitored the credit quality of these customers who trade on credit terms.

Trade receivables which are past due as at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in the credit quality of customers and the amounts are still considered as recoverable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

21. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance for doubtful debts of trade receivables was as follows:

	2018 HK$'000	2017 HK$'000
At the beginning and the end of the year	**64**	64

Included in the allowance for doubtful debts of trade receivables at 31 March 2018 was individually impaired trade receivables with an aggregate balance of approximately HK$64,000 (2017: HK$64,000) which have been placed in severe financial difficulties.

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 the deposits have been pledged to secure bank overdrafts as at 31 March 2018 and 2017. The pledged deposits carried interest at prevailing market rates ranging from 0.01% to 0.02% per annum during the year ended 31 March 2018 (2017: 0.01% to 0.06%).

During the year ended 31 March 2018, bank balances carried interest at prevailing market rates ranging from 0.01% to 5.48% (2017: 0.01% to 3.87%) per annum.

During the year ended 31 March 2018, bank overdrafts carried interest at 1-month HIBOR plus 1.25% (2017: 1-month HIBOR plus 1.25%) per annum.

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

	2018 HK$'000	2017 HK$'000
USD	**1,824**	92

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

23. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**87,309**	17,968
Receipts in advance	**17,751**	23,054
Accrued expenses and other payables	**20,856**	21,209
	125,916	62,231

The average credit period on trade payables is 30 days (2017: 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:

	2018 HK$'000	2017 HK$'000
Within 60 days	**84,195**	15,299
61 – 90 days	**38**	38
Over 90 days	**3,076**	2,631
	87,309	17,968

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

	2018 HK$'000	2017 HK$'000
USD	**2**	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

24. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Variable rate bank borrowings:		
– Mortgage loans	60,926	70,209
– Others	–	28,043
Variable rate trust receipt borrowings	83,520	52,724
	144,446	150,976
Secured	80,138	101,369
Unsecured	64,308	49,607
	144,446	150,976

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

	2018 HK$'000	2017 HK$'000
Within one year	88,774	86,981
After one year but within two years	5,302	6,267
After two years but within five years	16,214	19,142
After five years	34,156	38,586
	144,446	150,976
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	88,774	86,981
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)	55,672	63,995
	144,446	150,976

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

24. BANK BORROWINGS (continued)

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

	2018	2017
Variable rate bank borrowings	**1.67%-2.94%**	1.71%-2.24%

(b) The bank borrowings are all denominated in HK$.

(c) As at 31 March 2018, secured bank borrowings of approximately HK$80,138,000 (2017: HK$101,369,000) were secured by leasehold land and buildings included in property, plant and equipment and investment properties with carrying amounts of approximately HK$155,563,000 (2017: HK$181,631,000) and HK$72,302,000 (2017: HK$41,537,000) respectively.

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 during 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 2018 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 2018

25. LONG SERVICE PAYMENT OBLIGATIONS (continued)

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

	2018 HK$'000	2017 HK$'000
At the beginning of the year	2,240	2,163
Charged to profit or loss	372	313
Actuarial gain recognised in other comprehensive income	(1,134)	(294)
Benefits (paid) refunded during the year	(395)	58
At the end of the year	1,083	2,240

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

	2018 HK$'000	2017 HK$'000
At the beginning of the year	2,240	2,163
Current service cost	346	300
Interest cost	26	13
Remeasurement gain:		
Actuarial gain recognised in other comprehensive income	(1,134)	(294)
Less: benefits (paid) refunded during the year	(395)	58
At the end of the year	1,083	2,240

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

	2018 HK$'000	2017 HK$'000
Current service cost	346	300
Net interest expense	26	13
Components of defined benefit costs recognised in profit or loss (included in staff costs)	372	313

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

25. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Remeasurement on the net defined benefit liability:

	2018 HK$'000	2017 HK$'000
Actuarial gain arising from changes in financial assumptions	(1,134)	(294)
Components of defined benefit costs recognised in other comprehensive income	(1,134)	(294)

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

	2018 HK$'000	2017 HK$'000
Cumulative amount of actuarial losses at the beginning of the year	87	381
Net actuarial gain during the year	(1,134)	(294)
Cumulative amount of actuarial (gains) losses at the end of the year	(1,047)	87

As at 31 March 2018 and 2017, the amounts are calculated based on the principal assumptions stated as below:

	2018	2017
Annual salary increment	3.97%	3.99%
Turnover rate	1.67%-46.06%	3.33%-42.59%
MPF return rate	4.80%	3.50%
Discount rate	1.176%-1.951%	0.608%-1.68%

Significant actuarial assumptions for the determination of the long service payment obligations are discount rate and annual salary increment. The sensitivity analysis 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$28,000 (increase by approximately HK$31,000) (2017: decrease by approximately HK$237,000 (increase by approximately HK$280,000)).

If the annual salary increment increases (decreases) by 100 basis points, the long service payment obligations would increase by approximately HK$224,000 (decrease by approximately HK$117,000) (2017: increase by approximately HK$1,002,000 (decrease by approximately HK$700,000)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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 were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

The weighted average duration of the long service payment obligations is 27 (2017: 27) years.

26. DEFERRED TAXATION

	2018 HK$'000	2017 HK$'000
Deferred tax liabilities	**1,662**	3,209

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

	Accelerated tax depreciation HK$'000	**Deferred employee benefits HK$'000**	**Total HK$'000**
As at 1 April 2016	3,498	659	4,157
Credited to the profit or loss *(note 11)*	(945)	(3)	(948)
As at 31 March 2017 and 1 April 2017	2,553	656	3,209
Credited to the profit or loss *(note 11)*	(891)	(656)	(1,547)
As at 31 March 2018	1,662	–	1,662

At 31 March 2018, the Group had unused tax losses of approximately HK$13,408,000 (2017: HK$7,111,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward definitely.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

26. DEFERRED TAXATION (continued)

At 31 March 2018, the Group had deductible temporary differences of approximately HK$265,000 (2017: HK$495,000). At 31 March 2018, no deferred asset has been recognised in relation to such deductible temporary difference as it is considered not probable that taxable profits will be available against which such deductible temporary differences can be utilised.

27. SHARE CAPITAL

	Notes	**Number of shares**	**Share capital HK$'000**
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2016		400,050,000	4,001
Issue of shares upon:			
Exercise of share options	*(a)*	2,891,000	29
At 31 March 2017 and 1 April 2017		402,941,000	4,030
Issue of shares upon:			
Exercise of share options	*(b)*	760,000	8
At 31 March 2018		403,701,000	4,038

Notes:

(a) 2,891,000 share options were exercised during the year and resulted in the issue of 2,891,000 ordinary shares of the Company and increase in share capital of approximately HK$29,000, as further detailed in note 28.

(b) 760,000 share options were exercised during the year and resulted in the issue of 760,000 ordinary shares of the Company and increase in share capital of approximately HK$8,000, as further detailed in note 28.

All shares issued during the years ended 31 March 2018 and 2017 rank pari passu with existing shares in all respects.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

28. SHARE OPTION SCHEME

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

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

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

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

At 31 March 2018, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 5,662,000 (2017: 741,000), representing approximately 1.40% (2017: 0.18%) of the ordinary shares of the Company in issue at that date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

28. SHARE OPTION SCHEME (continued)

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

For the year ended 31 March 2018

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

For the year ended 31 March 2017

	Date of grant	Exercisable period	Exercise price	Number of share options: Outstanding at 1 April 2016	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2017
Directors	7 July 2015	7 July 2015 – 6 July 2018	HK$2.22	60,000	–	(30,000)	–	30,000
Employees	7 July 2015	7 July 2015 – 6 July 2018	HK$2.22	3,736,000	–	(2,861,000)	(164,000)	711,000
Total				3,796,000	–	(2,891,000)	(164,000)	741,000
Exercisable at the end of the year								741,000
Weighted average exercise price				HK$2.22	HK$2.22	HK$2.22	HK$2.22	HK$2.22

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

28. SHARE OPTION SCHEME (continued)

In respect of the share options exercised during the year ended 31 March 2018, the weighted average share price at the dates of exercise is HK$3.44 (2017: HK$3.56).

The Group recognised the total expense of approximately HK$3,499,000 for the year ended 31 March 2018 in relation to share options granted by the Company. No share option was granted during the year ended 31 March 2017.

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

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

Expected volatility was determined by using the historical volatility of the historical share prices of the Company 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 behavioral considerations.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2018 HK$'000**	2017 HK$'000
Non-current asset			
Investment in a subsidiary		**37,714**	34,215
Current assets			
Amounts due from subsidiaries	*(i)*	**431,236**	358,856
Bank balance		**105**	35
		431,341	358,891
Current liabilities			
Other payables		**380**	102
Amounts due to subsidiaries	*(i)*	**293,289**	210,869
		293,669	210,971
Net current assets		**137,672**	147,920
Total assets less current liabilities		**175,386**	182,135
Capital and reserves			
Share capital	*27*	**4,038**	4,030
Reserves	*(ii)*	**171,348**	178,105
Total equity		**175,386**	182,135

Notes:

(i) The amounts are unsecured, non-interest bearing and expected to be recovered within one year from the end of reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

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

Notes: (continued)

(ii) Reserves

	Share premium HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2016	87,502	31,956	2,177	84,230	205,865
Profit and total comprehensive income for the year	–	–	–	38,154	38,154
Dividends *(note 14)*	–	–	–	(72,303)	(72,303)
Effect of share options					
– Shares issue upon exercise *(note 27)*	8,044	–	(1,655)	–	6,389
– Lapse	–	–	(93)	93	–
At 31 March 2017 and 1 April 2017	95,546	31,956	429	50,174	178,105
Profit and total comprehensive income for the year	–	–	–	68,387	68,387
Dividends *(note 14)*	–	–	–	(80,696)	(80,696)
Equity-settled share options expense *(note 28)*	–	–	3,499	–	3,499
Effect of share options					
– Shares issue upon exercise *(note 27)*	2,504	–	(451)	–	2,053
– Lapse	–	–	(124)	124	–
At 31 March 2018	98,050	31,956	3,353	37,989	171,348

30. ACQUISITION OF A SUBSIDIARY

On 15 April 2016, Telecom Service Network Limited ("TSN"), a wholly-owned subsidiary of the Company, completed the acquisition of 72% equity interest in Distribution One, from an independent third party, at a cash consideration of HK$3,600,000. This acquisition had been accounted for using the acquisition method. Distribution One is engaged in the provision of distribution services and the purpose of the acquisition is to expand the Group's distribution business.

No acquisition-related cost had been incurred from the above acquisition.

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	15 April 2016 HK$'000
Inventories	247
Prepayments	439
Amount due from non-controlling shareholder	5,000
Bank balances	3,475
Trade payables	(8)
Other payables	(2,252)
Receipts in advance	(1,902)
Net assets at the date of the acquisition	4,999

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

30. ACQUISITION OF A SUBSIDIARY (continued)

	15 April 2016
	HK$'000
Consideration transferred	3,600
Add: non-controlling interest (28% equity interest in Distribution One)	1,399
Less: net assets acquired	(4,999)
Goodwill arising on acquisition	–

The non-controlling interest in Distribution One was measured by proportionate share of the net assets of Distribution One.

Net cash outflow on acquisition of Distribution One was as follows:

	15 April 2016
	HK$'000
Cash consideration paid	3,600
Less: bank balances acquired	(3,475)
	125

Included in the profit for the year ended 31 March 2017 was approximately HK$652,000 attributable to the business generated by Distribution One. Revenue for the year ended 31 March 2017 included approximately HK$80,610,000 generated from Distribution One.

Had the acquisition been completed on 1 April 2016, total revenue of the Group for the year would have approximately HK$1,092,633,000, and profit for the year would have been approximately HK$95,749,000. The pro forma information was for illustrative purposes only and was not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

31. 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:

	2018 HK$'000	2017 HK$'000
Within one year	**54,972**	52,557
In the second to fifth year, inclusive	**39,359**	27,940
Over five years	**280**	–
	94,611	80,497

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 six years (2017: one to three years) with fixed rentals as at 31 March 2018.

The Group as lessor

Rental and sub-letting income earned during the year ended 31 March 2018 was approximately HK$4,427,000 (2017: HK$4,256,000). The investment properties, transmission stations and service outlets are rented and sub-let to third parties under operating leases with leases negotiated for a term of one to three years (2017: one to two years) as at 31 March 2018.

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

	2018 HK$'000	2017 HK$'000
Within one year	**1,498**	499
In the second to fifth year, inclusive	**580**	–
	2,078	499

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

32. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**188**	22,181

33. 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 (2017: 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 2018, the total expenses charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$7,729,000 (2017: HK$6,849,000) represented contributions payable to the scheme by the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK$'000	Financing cash flows HK$'000	31 March 2018 HK$'000
Liabilities			
Bank borrowings *(note 24)*	150,976	(6,530)	144,446

35. EVENT AFTER THE REPORTING PERIOD

On 27 April 2018, a wholly-owned subsidiary of the Company entered into the agreement for sale and purchase to acquire a property with an independent third party at a consideration of HK$29,000,000 (the "Acquisition"). On 15 June 2018, all of the conditions of the agreement for sale and purchase were fulfilled and the Acquisition was completed.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

36. 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	2018 HK$'000	2017 HK$'000
Related companies				
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	*(ii), (iii) & (v)*	**4,623**	4,779
Glossy Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**723**	824
H.K.Magnetronic Company Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**110**	102
Silicon Creation Limited ("SCL")	Rental expenses paid thereto	*(ii), (iii) & (v)*	**5,697**	5,291
	Repair service fee paid thereto	*(i) & (iii)*	**720**	720
Telecom Digital Securities Limited ("TD Securities")	Subscription fee income received therefrom	*(i) & (iii)*	**1,245**	1,226
	Consultancy fee income received therefrom	*(i) & (iii)*	**300**	300
	Technical support service income received therefrom	*(i) & (iii)*	**120**	120
	Sub-letting income received therefrom	*(ii) & (iii)*	**–**	79
Telecom Properties Investment Limited	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,914**	1,859
Telecom Service Limited ("TSL")	Rental expenses paid thereto	*(ii), (iii) & (v)*	**1,096**	915
Telecom Service One Limited ("TSO")	Repairs and maintenance fees paid thereto	*(i), (iii) & (v)*	**3,576**	5,846
	Consignment fees received therefrom	*(i), (iii) & (v)*	**734**	961
	Logistic fee income received therefrom	*(i) & (iii)*	**676**	741
	Sub-letting income received therefrom	*(ii) & (iii)*	**502**	502
	Sales of goods thereto	*(i) & (iii)*	**57**	30
An associate				
SUN Mobile	Service fee income received therefrom	*(i) & (iii)*	**433,601**	360,605
	Promotion income received therefrom	*(i) & (iii)*	**–**	2,662

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

36. 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 from related companies are as follows:

		As at 31 March		Maximum amount During the year ended 31 March	
	Notes	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Chief Link Limited	*(iii) & (iv)*	**20**	–	**82**	–
SCL	*(iii) & (iv)*	**–**	9	**9**	9
TD Securities	*(iii) & (iv)*	**110**	59	**179**	227
Telecom Paging Limited	*(iii) & (iv)*	**2**	–	**2**	–
TSL	*(iii) & (iv)*	**–**	1,136	**1,136**	1,136
		132	1,204		

Details of amounts due to related companies are as follows:

	Notes	**2018 HK$'000**	2017 HK$'000
GEL	*(iii) & (iv)*	**–**	12
TSO	*(iii) & (iv)*	**243**	2,274
		243	2,286

Notes:

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) The 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, and control over, the relevant parties.

(iv) The amounts are unsecured, interest-free and repayable on demand.

(v) The transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the "Report of the Directors" section to the annual report.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (2017: 7 days) credit term and aged within 30 days (2017: 30 days). The amount was neither past due nor impaired.

(c) Compensation of key management personnel

The remuneration of key management during the years ended 31 March 2018 and 2017 was as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	12,697	9,139
Post-employment benefits	305	250
	13,002	9,389

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

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2018	2017	2018	2017	
Anton Sunrise Limited	Hong Kong 18 November 2016	Ordinary	HK$1	–	–	100%	100%	Property investment
Carries Technology Limited	Hong Kong 30 June 1987	Ordinary	HK$300,000	–	–	100%	100%	Installation, provision of maintenance and management services for paging transmission stations
CKK Properties Limited	Hong Kong 19 January 1990	Ordinary	HK$1,000	–	–	100%	100%	Property investment
Distribution One	Hong Kong 16 February 2016	Ordinary	HK$100	–	–	72%	72%	Provision of distribution services
F1 Global Limited	Hong Kong 20 February 2017	Ordinary	HK$10	–	–	80%	80%	Inactive company
Fully Sky Corporation Limited	Hong Kong 19 May 2017	Ordinary	HK$1	–	–	100%	–	Property investment

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2018

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2018	2017	2018	2017	
Gold Hill Limited	Hong Kong 1 June 2016	Ordinary	HK$1	–	–	100%	100%	Property investment
Mango Limited	Hong Kong 5 August 2002	Ordinary	HK$1,000	–	–	100%	100%	Provision of technical support activities
TD Mall Limited	Hong Kong 26 July 2017	Ordinary	HK$1	–	–	100%	–	Inactive company
Telecom Digital 2 Limited	Hong Kong 7 August 2002	Ordinary	HK$1,000	–	–	100%	100%	Provision of telecommunications services
Telecom Digital Data Limited	Hong Kong 3 September 1999	Ordinary	HK$5,000,000	–	–	100%	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%	100%	–	–	Investment holding
Telecom Digital Mobile Limited	Hong Kong 27 August 2001	Ordinary	HK$1,000	–	–	100%	100%	Provision of operation services
Telecom Digital Services Limited	Hong Kong 17 September 2001	Ordinary	HK$1,000	–	–	100%	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%	100%	Trading of telecommunications products and provision of paging services
TSN	Hong Kong 3 September 1999	Ordinary	HK$1,000	–	–	100%	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				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	**1,297,573**	1,092,263	1,428,914	1,358,304	1,198,346
Cost of inventories sold	**(745,637)**	(630,220)	(1,002,971)	(980,125)	(832,569)
Staff costs	**(190,841)**	(169,153)	(141,632)	(121,003)	(109,882)
Depreciation	**(30,253)**	(24,846)	(22,958)	(20,865)	(17,707)
Other income	**6,034**	6,078	6,241	8,491	12,261
Other operating expenses	**(201,990)**	(193,775)	(190,425)	(172,045)	(182,454)
Share of result of an associate	**20,728**	32,502	31,971	28,428	23,295
Finance costs	**(3,708)**	(3,448)	(5,437)	(3,938)	(4,123)
Profit before tax	**151,906**	109,401	103,703	97,247	87,167
Income tax expense	**(24,428)**	(13,659)	(13,934)	(10,430)	(6,429)
Profit for the year	**127,478**	95,742	89,769	86,817	80,738
Profit (loss) for the year attributable to:					
Owners of the Company	**128,168**	95,593	89,769	86,817	80,738
Non-controlling Interests	**(690)**	149	–	–	–
	127,478	95,742	89,769	86,817	80,738
Earnings per share (HK$)					
Basic	**0.32**	0.24	0.22	0.23	0.27
Diluted	**0.32**	0.24	0.22	0.23	0.27
ASSETS AND LIABILITIES					
Total assets	**606,089**	494,573	566,995	595,265	408,902
Total liabilities	**(287,377)**	(229,337)	(331,909)	(423,976)	(270,368)
	318,712	265,236	235,086	171,289	138,534
Equity attributable to owners of the Company	**319,254**	265,088	235,086	171,289	138,534
Non-controlling interests	**(542)**	148	–	–	–
	318,712	265,236	235,086	171,289	138,534