



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

2020/21  
Interim Report

## THE FINANCIAL STATEMENTS

### INTERIM RESULTS

The board of directors (the “Board”) of Telecom Digital Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2020 (the “Period”), together with the corresponding comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	517,850	592,776
Cost of inventories sold		(264,905)	(327,865)
Staff costs		(97,558)	(109,655)
Depreciation		(42,972)	(49,452)
Other income and gains	6	27,090	2,948
Other operating expenses		(53,948)	(53,616)
Share of results of associates		3,174	5,754
Finance costs	7	(3,179)	(4,343)
Profit before tax		85,552	56,547
Income tax expense	8	(10,407)	(10,753)
Profit for the period		75,145	45,794

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

For the six months ended 30 September 2020

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Other comprehensive income (expense) Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<b>82</b>	(14)
Other comprehensive income (expense) for the period	<b>82</b>	(14)
Total comprehensive income for the period	<b>75,227</b>	45,780
Profit (loss) for the period attributable to:		
Owners of the Company	<b>75,145</b>	48,109
Non-controlling interests	<b>–</b>	(2,315)
	<b>75,145</b>	45,794

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

For the six months ended 30 September 2020

		<b>Six months ended 30 September</b>	
		<b>2020</b>	2019
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
	<i>Note</i>		
<hr/>			
Total comprehensive income (expense)			
for the period attributable to:			
Owners of the Company		<b>75,227</b>	48,095
Non-controlling interests		–	(2,315)
		<b>75,227</b>	45,780
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Earnings per share (HK\$)	10		
Basic		<b>0.19</b>	0.12
Diluted		<b>0.19</b>	0.12
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>280,099</b>	287,461
Right-of-use assets	12	<b>61,470</b>	55,640
Investment properties	13	<b>66,160</b>	67,389
Club membership		<b>1,560</b>	1,560
Interests in associates		<b>19,032</b>	24,129
Rental deposits	14	<b>11,587</b>	6,636
Prepayments for purchase of property, plant and equipment		<b>4,678</b>	814
		<b>444,586</b>	443,629
<b>Current assets</b>			
Inventories		<b>49,206</b>	60,864
Trade and other receivables	14	<b>58,327</b>	63,008
Amount due from a related company	20(a)	<b>30</b>	–
Loan to an associate	20(b)	<b>640</b>	–
Amount due from an associate	20(c)	<b>25,748</b>	30,428
Tax recoverable		<b>370</b>	3,004
Pledged bank deposits		<b>5,088</b>	5,085
Bank balances and cash		<b>76,070</b>	41,640
		<b>215,479</b>	204,029

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2020

	<i>Notes</i>	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Current liabilities			
Trade and other payables	15	<b>81,014</b>	66,386
Contract liabilities		<b>9,406</b>	10,557
Amounts due to related companies	20(a)	<b>993</b>	615
Lease liabilities		<b>43,511</b>	41,438
Bank overdrafts	16	<b>8,509</b>	671
Bank borrowings	16	<b>118,589</b>	145,733
Tax payables		<b>1,996</b>	698
		<b>264,018</b>	266,098
Net current liabilities		<b>(48,539)</b>	(62,069)
Total assets less current liabilities		<b>396,047</b>	381,560
Non-current liabilities			
Long service payment obligations		<b>2,893</b>	1,352
Lease liabilities		<b>23,344</b>	20,472
Deferred tax liabilities		<b>396</b>	949
		<b>26,633</b>	22,773
Net assets		<b>369,414</b>	358,787

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2020

	<i>Note</i>	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Capital and reserves			
Share capital	17	<b>4,039</b>	4,039
Reserves		<b>365,376</b>	354,749
Equity attributable to owners of the Company		<b>369,415</b>	358,788
Non-controlling interests		<b>(1)</b>	(1)
Total equity		<b>369,414</b>	358,787

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Equity attributable to owners of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note (a))</i>	Share option reserve HK\$'000	Exchange reserve HK\$'000	Legal reserve HK\$'000 <i>(Note (b))</i>	Retained profits HK\$'000			
At 1 April 2019 (audited)	4,039	98,195	5,404	2,881	(222)	91	244,265	354,653	(3,284)	351,369
Impact on initial application of HKFRS 16	-	-	-	-	-	-	(1,703)	(1,703)	-	(1,703)
At 1 April 2019 (restated)	4,039	98,195	5,404	2,881	(222)	91	242,562	352,950	(3,284)	349,666
Profit (loss) for the period	-	-	-	-	-	-	48,109	48,109	(2,315)	45,794
Other comprehensive expense:										
Exchange differences arising on translation of foreign operations	-	-	-	-	(14)	-	-	(14)	-	(14)
Total comprehensive (expense) income for the period	-	-	-	-	(14)	-	48,109	48,095	(2,315)	45,780
Deregistration of a subsidiary <i>(Note (c))</i>	-	-	-	-	-	-	(4)	(4)	(1)	(5)
Effect of share options										
- lapse	-	-	-	(2,881)	-	-	2,881	-	-	-
Dividends <i>(Note 9)</i>	-	-	-	-	-	-	(48,450)	(48,450)	-	(48,450)
At 30 September 2019 (unaudited)	4,039	98,195	5,404	-	(236)	91	245,098	352,591	(5,600)	346,991
At 1 April 2020 (audited)	4,039	98,195	4,533	-	(278)	91	252,208	358,788	(1)	358,787
Profit for the period	-	-	-	-	-	-	75,145	75,145	-	75,145
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	-	-	-	-	82	-	-	82	-	82
Total comprehensive income for the period	-	-	-	-	82	-	75,145	75,227	-	75,227
Dividends <i>(Note 9)</i>	-	-	-	-	-	-	(64,600)	(64,600)	-	(64,600)
At 30 September 2020 (unaudited)	4,039	98,195	4,533	-	(196)	91	262,753	369,415	(1)	369,414



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

*For the six months ended 30 September 2020*

*Notes:*

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

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

- (c) F1 Global Limited ("F1") has been deregistered on 27 June 2019.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2020*

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>128,129</b>	123,163
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(6,377)</b>	(6,371)
Loan to an associate	<b>(640)</b>	–
Prepayments for purchases of property, plant and equipment	<b>(4,678)</b>	(703)
Placement of pledged bank deposits	<b>(3)</b>	(6)
Dividend received from an associate	<b>8,271</b>	12,292
Proceeds from disposal of property, plant and equipment	<b>500</b>	388
Bank interest received	<b>54</b>	101
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(2,873)</b>	5,701

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)***For the six months ended 30 September 2020*

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>FINANCING ACTIVITIES</b>		
Bank borrowings raised	<b>204,931</b>	285,663
Repayments of bank borrowings	<b>(232,075)</b>	(314,667)
Repayment on capital element of lease liabilities	<b>(28,071)</b>	(33,996)
Interest paid	<b>(3,179)</b>	(4,343)
Dividend paid	<b>(40,375)</b>	(48,450)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(98,769)</b>	(115,793)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26,487</b>	13,071
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>40,969</b>	44,086
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>105</b>	(9)
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by</b>	<b>67,561</b>	57,148
Bank balances and cash	<b>76,070</b>	57,163
Bank overdrafts	<b>(8,509)</b>	(15)
	<b>67,561</b>	57,148

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2020*

### 1. GENERAL

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

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

The Company is principally engaged in investment holding and the principal activities of its principal subsidiaries are engaged in retail business in sales of mobile phones and other consumer goods and related services, distribution business in mobile phones, provision of paging and other telecommunications services and provision of operation services.

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

## 2. BASIS OF PREPARATION

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

The Group had net current liabilities of HK\$48,539,000 as at 30 September 2020. The condensed consolidated financial statements have been prepared by the Directors on a going concern basis since the following:

- (i) the unutilised banking facilities readily available to the Group amounted to HK\$327,218,000 as at 30 September 2020;
- (ii) bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause and shown under current liabilities amounted to HK\$56,186,000. All of them are secured by the Group’s certain leasehold land and buildings and investment properties with carrying amounts of HK\$177,486,000 and HK\$66,160,000 respectively as at 30 September 2020. The Directors are of the view that the chance for the banks to exercise their discretionary rights to demand immediate repayment is low provided that the Group did not breach covenants imposed by the banks; and
- (iii) the Group is expected to generate adequate cash flows to maintain its operations.

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

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2020.

#### **Application of new and amendments to HKFRSs and an interpretation**

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS16	<i>Covid-19-Related Rent Concessions</i>
Conceptual Framework for Financial Reporting 2018	<i>Revised Conceptual Framework for Financial Reporting</i>

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

#### 4. REVENUE

Revenue represents revenue arising from sales of goods and services income recognised for the Period. An analysis of the Group's revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
– Sales of goods		
Retail business	<b>308,677</b>	372,963
Distribution business	<b>16,511</b>	15,468
– Service rendered		
Paging and other telecommunications services	<b>19,797</b>	23,540
Operation services	<b>172,865</b>	180,805
	<b>517,850</b>	592,776
<b>Disaggregation of revenue from contracts with customers by timing of recognition</b>		
Timing of revenue recognition		
– At a point of time	<b>324,414</b>	381,820
– Over time	<b>193,436</b>	210,956
	<b>517,850</b>	592,776

## 5. SEGMENT INFORMATION

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

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



## 5. SEGMENT INFORMATION (continued)

### Segment revenues and results

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

#### *For the six months ended 30 September 2020*

	Retail business HK\$'000 (unaudited)	Distribution business HK\$'000 (unaudited)	Paging and other tele- communications services HK\$'000 (unaudited)	Operation services HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Revenue</b>						
External sales	308,677	16,511	19,797	172,865	-	517,850
Inter-segment sales	307	170,898	181	-	(171,386)	-
<b>Segment revenue</b>	<b>308,984</b>	<b>187,409</b>	<b>19,978</b>	<b>172,865</b>	<b>(171,386)</b>	<b>517,850</b>
<b>Segment results</b>	<b>43,574</b>	<b>6,756</b>	<b>3,280</b>	<b>42,080</b>		<b>95,690</b>
Bank interest income						54
Finance costs						(3,179)
Share of results of associates						3,174
Corporate expenses, net						(10,187)
Profit before tax						<b>85,552</b>

## 5. SEGMENT INFORMATION (continued)

### Segment revenues and results (continued)

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

#### *For the six months ended 30 September 2019*

	Retail business HK\$'000 (unaudited)	Distribution business HK\$'000 (unaudited)	Paging and other tele- communications services HK\$'000 (unaudited)	Operation services HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Revenue</b>						
External sales	372,963	15,468	23,540	180,805	–	592,776
Inter-segment sales	180	194,561	161	–	(194,902)	–
<b>Segment revenue</b>	373,143	210,029	23,701	180,805	(194,902)	592,776
<b>Segment results</b>	43,025	(4,023)	2,174	17,943		59,119
Bank interest income						101
Finance costs						(4,343)
Gain on deregistration of a subsidiary						5
Share of result of associates						5,754
Corporate expenses						(4,089)
<b>Profit before tax</b>						56,547

## 5. SEGMENT INFORMATION (continued)

### Geographical information

During the Period, the Group's operations were located in Hong Kong and the PRC. More than 99% of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong during the Period and the corresponding period in 2019.

### Information about major customer

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

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Customer I <sup>1</sup>	<b>172,596</b>	180,442

<sup>1</sup>: Revenue from operation services.

## 6. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank interest income	54	101
Government subsidies		
– Employment Support Scheme ("ESS") (Note (i))	20,217	–
– Retail Sector Subsidy Scheme ("RSS") (Note (ii))	3,000	–
– Others	140	–
Consultancy income	300	175
Gain on deregistration of a subsidiary (Note (iii))	–	5
Gain on disposal of property, plant and equipment	500	388
Handling income	41	336
Rental and sub-letting income (Note (iv))	2,353	1,843
Others	485	100
	<b>27,090</b>	<b>2,948</b>

*Notes:*

- (i) The amount represents salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to September 2020.
- (ii) The amount represents government subsidies granted under Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region for subsidising retail stores' operation.

## 6. OTHER INCOME AND GAINS (continued)

Notes: (continued)

- (iii) During the six months ended 30 September 2019, the Group deregistered a subsidiary, F1. A gain in connection with the deregistration of HK\$5,000 was recognised in profit or loss.
- (iv) Included in rental and sub-letting income was HK\$1,414,000 (2019: HK\$1,590,000) arising from the operating leases of investment properties of the Group whose lease payment were fixed. The related direct operating expenses of HK\$186,000 (2019: HK\$268,000) were incurred during the Period.

## 7. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Interest expenses on:		
– bank borrowings and bank overdrafts	<b>1,436</b>	2,939
– lease liabilities	<b>1,743</b>	1,404
	<b>3,179</b>	4,343

## 8. INCOME TAX EXPENSE

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– current period	<b>10,960</b>	11,288
– over-provision in prior periods	–	(201)
	<b>10,960</b>	11,087
PRC Enterprise Income Tax		
– current period	–	26
Deferred tax		
– current period	<b>(553)</b>	(360)
	<b>10,407</b>	10,753

## 8. INCOME TAX EXPENSE (continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Other than the qualifying corporations, Hong Kong Profits Tax was calculated at flat rate of 16.5% of the estimated assessable profits for the Period and corresponding period in 2019.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Period (2019: 25%).

Pursuant to circular issued by Ministry of Finance and National Tax Bureau, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2021. The Group’s PRC subsidiaries were qualified during the Period.

During the Period and corresponding period in 2019, no Macau Complementary Income Tax has been provided since there were no assessable profits generated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

## 9. DIVIDENDS

	2020		2019	
	HK\$ per share	HK\$'000 (unaudited)	HK\$ per share	HK\$'000 (unaudited)
Dividends recognised as distribution during the periods:				
2018/19 fourth interim dividend	–	–	0.06	24,225
2019/20 first interim dividend	–	–	0.06	24,225
2019/20 fourth interim dividend	<b>0.10</b>	<b>40,375</b>	–	–
2020/21 first interim dividend	<b>0.06</b>	<b>24,225</b>	–	–
		<b>64,600</b>		48,450

At a meeting held on 20 November 2020, the Board declared the second interim dividend of HK\$0.06 per share for the Period (2019: HK\$0.03 per share).

## 10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>75,145</b>	48,109



**10. EARNINGS PER SHARE (continued)**

	<b>Six months ended 30 September</b>	
	<b>2020 '000 (unaudited)</b>	2019 '000 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>403,753</b>	403,753

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

The computation of diluted earnings per share for the six months ended 30 September 2019 did not assume the exercise of the Company's remaining share options because the exercise price of those options was higher than the average market price for shares during the period from 1 April 2019 to 5 July 2019.

## 11. PROPERTY, PLANT AND EQUIPMENT

The Group paid HK\$6,377,000 (2019: HK\$6,371,000) on acquisition of property, plant and equipment during the Period. Items of property, plant and equipment with a carrying amount of HK\$28,000 (2020: nil) were written off during the corresponding period in previous year.

During the Period, the Group disposed of certain property, plant and equipment with nil carrying amount (2019: nil) at a consideration of HK\$500,000 (2019: HK\$388,000).

## 12. RIGHT-OF-USE ASSETS

During the Period, the Group entered into a number of new leases of service outlets and renewal of existing leases for the use of shops and therefore recognised the additions to right-of-use assets of HK\$33,180,000 (2019:HK\$16,717,000). Item of a right-of-use asset with a carrying amount of HK\$160,000 (2019: nil) was written off during the Period.

## 13. INVESTMENT PROPERTIES

The Group has no acquisition of an investment property during the Period (2019: nil).

## 14. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables	3,875	4,687
Government subsidy receivables under ESS	13,961	–
Other receivables (Note)	6,043	8,962
Receivable from disposal of an associate, net	4,487	14,507
Rental deposits	26,847	27,070
Utility and other deposits	5,774	5,205
Prepayments to suppliers	5,715	4,025
Other prepayments	3,212	5,188
	<b>69,914</b>	69,644
Less: Rental deposits classified as non-current assets	<b>(11,587)</b>	(6,636)
Current portion included in trade and other receivables	<b>58,327</b>	63,008

*Note:*

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

The Group does not hold any collateral over these balances.

As at 30 September 2020, the gross amount of trade receivables arising from contracts with customers amounted to HK\$3,875,000 (31 March 2020: HK\$4,687,000).

**14. TRADE AND OTHER RECEIVABLES (continued)**

The Group allows an average credit period of 7 to 30 days to its trade customers (31 March 2020: 7 to 30 days). The following is an ageing analysis of trade receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Within 90 days	<b>3,568</b>	3,892
91-180 days	<b>185</b>	231
181-365 days	<b>31</b>	150
Over 365 days	<b>91</b>	414
	<b>3,875</b>	4,687

**15. TRADE AND OTHER PAYABLES**

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Trade payables	<b>25,470</b>	39,588
Accrued payroll	<b>11,539</b>	16,929
Deferred government subsidies under ESS	<b>10,116</b>	–
Dividend payable	<b>24,225</b>	–
Accrued expenses and other payables	<b>9,664</b>	9,869
	<b>81,014</b>	66,386

**15. TRADE AND OTHER PAYABLES (continued)**

The average credit period on trade payables ranging from 10 to 30 days (31 March 2020: 10 to 30 days). The Group has financial risk management policies to ensure that all payables are settled within credit time-frame. The following is an ageing analysis of trade payables presented based on the invoice date as at the end of the reporting period.

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Within 60 days	<b>22,657</b>	36,156
61-90 days	<b>443</b>	259
Over 90 days	<b>2,370</b>	3,173
	<b>25,470</b>	39,588

## 16. BANK OVERDRAFTS/BANK BORROWINGS

### Bank overdrafts

During the Period, bank overdrafts carried interest at 1-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.25% (2019: 1-month HIBOR plus 1.25%) per annum.

### Bank borrowings

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Variable rate bank borrowings:		
– Mortgage loans	<b>60,310</b>	62,319
Variable rate trust receipt borrowings	<b>58,279</b>	83,414
	<b>118,589</b>	145,733
Secured	<b>81,719</b>	107,912
Unsecured	<b>36,870</b>	37,821
	<b>118,589</b>	145,733

**16. BANK OVERDRAFTS/BANK BORROWINGS (continued)****Bank borrowings (continued)**

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

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Within one year	<b>62,403</b>	87,288
After one year but within two years	<b>4,192</b>	4,004
After two years but within five years	<b>17,493</b>	17,597
After five years	<b>34,501</b>	36,844
	<b>118,589</b>	145,733
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	<b>62,403</b>	87,288
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)	<b>56,186</b>	58,445
	<b>118,589</b>	145,733

## 16. BANK OVERDRAFTS/BANK BORROWINGS (continued)

### 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:

	<b>30 September 2020 (unaudited)</b>	30 September 2019 (unaudited)
Variable rate bank borrowings	<b>1.48%-3.29%</b>	2.73%-4.48%

- (b) The bank borrowings are all denominated in HK\$.
- (c) As at 30 September 2020, secured bank borrowings of HK\$81,719,000 (31 March 2020: HK\$107,912,000) were secured by leasehold land and buildings included in property, plant and equipment and investment properties with carrying amounts of HK\$177,486,000 (31 March 2020: HK\$183,041,000) and HK\$66,160,000 (31 March 2020: HK\$67,389,000) respectively.



## 17. SHARE CAPITAL

	30 September 2020		31 March 2020	
	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)	Number of shares '000 (audited)	Share capital HK\$'000 (audited)
<b>Ordinary shares of HK\$0.01 each</b>				
<i>Authorised</i> At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000
<i>Issued and fully paid</i> At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	<b>403,753</b>	<b>4,039</b>	403,753	4,039

## 18. OPERATING LEASE COMMITMENTS

### The Group as lessor

Rental and sub-letting income earned during the Period was HK\$2,353,000 (2020: HK\$1,843,000). The office premises, transmission stations, warehouse 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 as at 30 September 2020 (31 March 2020: one to two years).

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

	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
Within one year	<b>2,827</b>	1,698
After one year but within two years	<b>2,025</b>	312
After two years but within five years	<b>1,815</b>	–
	<b>6,667</b>	2,010

## 19. CAPITAL COMMITMENTS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	300	200

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Related companies</b>				
Chief Link Limited	Purchases of good therefrom	(i) & (iii)	-	731
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	(i) & (iii)	92	-
	Rental income received therefrom	(ii) & (iii)	16	-
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	(ii) & (iii)	2,736	2,652

**20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Related companies</b>				
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	420	408
H.K. Magnetronic Company Limited	Rental expenses paid thereto	(ii) & (iii)	-	114
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	630	600
Silicon Creation Limited ("SCL")	Rental expenses paid thereto	(ii) & (iii)	3,390	3,287
	Repair service fee paid thereto	(i) & (ii)	360	360
TD King Securities Limited ("TDKS") (formerly known as Telecom Digital Securities Limited)	Subscription fee income received therefrom	(i) & (ii)	453	558
	IT Support service income received therefrom	(i) & (iii)	300	-
	Rental income received therefrom	(ii) & (iii)	452	-
	Consultancy fee income received therefrom	(i) & (ii)	-	150
	Technical support service income received therefrom	(i) & (iii)	-	60
TD King Capital Limited	Sales of goods thereto	(i) & (iii)	-	175
	IT Support service income received therefrom	(i) & (ii)	300	-
Telecom Properties Investment Limited	Rental expenses paid thereto	(ii) & (iii)	1,118	1,086

## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	Six months ended 30 September	
			2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Related companies</b>				
Telecom Service Limited	Rental expenses paid thereto	(ii) & (iii)	605	586
Telecom Service One Limited ("TSO")	Repairs and maintenance fees paid thereto	(i) & (ii)	780	1,051
	Consignment fees received therefrom	(i) & (iii)	2,493	262
	Logistic fee income received therefrom	(i) & (iii)	265	475
	Grading and refurbishment services income received therefrom	(i) & (ii)	214	–
YoHm Disinfection Tech Limited ("YoHm")	Purchases of good therefrom	(i) & (iv)	2,331	–
<b>An associate</b>				
Sun Mobile Limited	Service fee income received therefrom	(i)	203,087	220,289

## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Details of amount due from a related company are as follows:

		Maximum amount outstanding during the period/year ended			
<i>Notes</i>		30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
TDKS	(iii) & (v)	30	–	30	111

## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Details of amounts due to related companies are as follows:

	<i>Notes</i>	<b>30 September 2020 HK\$'000 (unaudited)</b>	31 March 2020 HK\$'000 (audited)
CKK Central Kitchen	(iii) & (v)	<b>457</b>	–
SCL	(iii) & (v)	<b>44</b>	–
TSO	(iii) & (v)	<b>492</b>	615
		<b>993</b>	615

*Notes:*

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The rental income and rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.
- (iii) Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the “Cheung Brothers”), the directors of the Company, have direct or indirect beneficial interests in, and control over, the relevant parties.
- (iv) Ever Focus International Limited interested in 60% of the issued shares of YoHm. Ever Focus International Limited is wholly owned by Ms. Cheung Lap Yee, Lizamarie, a daughter of Mr. Cheung King Shan, the director of the Company.
- (v) The amounts are unsecured, interest-free and repayable on demand.

**20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

- (b) The loan to an associate is unsecured, interest-free and has no fixed term of repayment. As at 30 September 2020, the carrying amount of loan to an associate is HK\$640,000 (31 March 2020: nil), net of accumulated impairment loss of HK\$3,040,000 (31 March 2020: HK\$3,040,000).
- (c) The amount due from an associate is trade in nature, unsecured, interest-free with 7 days (31 March 2020: 7 days) credit term and aged within 30 days (31 March 2020: 30 days). The amount is neither past due nor impaired as at 30 September 2020 and 31 March 2020.
- (d) **Compensation of key management personnel**

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

	<b>Six months ended 30 September</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Short-term benefits	<b>7,095</b>	6,462
Post-employment benefits	<b>211</b>	152
	<b>7,306</b>	6,614

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



## 21. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 20 May 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 May 2024. Under the Scheme, the Board 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 Board, 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 3rd anniversary of the date of grant.

During the six month ended 30 September 2019, a total of 4,820,000 share options granted on 6 July 2017 have been lapsed on 6 July 2019 upon the expiry of option period.

## 21. SHARE OPTION SCHEME (continued)

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

### *For the six months ended 30 September 2019*

	Date of grant	Exercisable period	Exercise price	Number of share options			
				Outstanding at 1 April 2019	Exercised during the Period	Lapsed during the Period	Outstanding at 30 September 2019
Directors	6 July 2017	6 July 2017 – 5 July 2019	HK\$3.05	60,000	–	(60,000)	–
Employees	6 July 2017	6 July 2017 – 5 July 2019	HK\$3.05	4,790,000	–	(4,790,000)	–
Total				4,850,000	–	(4,850,000)	–
Exercisable at the end of the period							N/A
Weighted average exercise price				HK\$3.05	N/A	HK\$3.05	N/A

No share option was granted during the six months ended 30 September 2020 and 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is primarily involved in four business activities: retail sales of mobile phones and other consumer goods and related services; distribution of mobile phones and related services; and the provision of paging and other telecommunications services. In addition, the Group provides operation services to its associate, Sun Mobile Limited (“SUN Mobile”), which it holds 40% interest in, the balance of which is held by HKT Limited.

During the six months ended 30 September 2020, the Group recorded revenue of approximately HK\$517.85million (2019: HK\$592.78 million) and net profit of approximately HK\$75.15 million (2019: HK\$48.11 million).

During the review period, the Hong Kong economy was inevitably affected by COVID-19 (“the pandemic”). Despite the resultant market uncertainty, the anti-pandemic policies that were subsequently introduced to encourage the public to stay at home have helped to expedite the e-commerce trend as well as distance learning and work-from-home practices. In addition, such developments have encouraged the use of various electronic devices and the need to devise new telecommunication plans.

With reference to the Group’s retail business, a total of 83 retail shops were in operation during the period under review. Revenue from the retail operation decreased by approximately 17.2% owing to the poor economic conditions in Hong Kong. In the wake of the pandemic, the Group has allocated a variety of products to the e-commerce platform that align with its core business as well as market trends. The Group’s endeavour to serve valuable customer by thoughtfully attending to their needs has resulted in an upsurge in Mango Mall members, which in turn has benefited the retail business greatly.

In respect of the distribution segment, revenue increased by approximately 6.7% to approximately HK\$16.51 million (2019: HK\$15.47 million) owing to the Group's cautious approach towards product procurement. With regard to the operation services business, the segment contributed approximately HK\$172.87 million (2019: HK\$180.81 million) in revenue to the Group during the Period under review and accounted for approximately 33.4% (2019: 30.5%) of the Group's total revenue. The modest decline in revenue was mainly attributable to keen competition of telecommunication market.

Due to the ongoing technology revolution, revenue from the provision of paging and other telecommunications services has steadily receded, declining by approximately 15.9% during the period under review. Despite tapering market demand, the Group has continued to provide paging services since certain industries and institutions, such as hospitals and some government departments, continue to use paging services. While the Group will uphold the quality of its paging services to fulfil the needs of existing customers, it will at the same time proactively guide paging customers towards mobile phones services which carry comparable applications that address their needs.

## FINANCIAL REVIEW

### Segment Analysis

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Retail business	308,677	372,963
Distribution business	16,511	15,468
Paging and other telecommunications services	19,797	23,540
Operating services	172,865	180,805
Total revenue	517,850	592,776

## Revenue

The Group's revenue for the Period was approximately HK\$517.85 million (2019: HK\$592.78 million), representing a decrease of approximately 12.6% over the corresponding period of the previous year.

During the Period, revenue from retail sales of mobile phones and other consumer goods and related services decreased approximately 17.2% as compared to the corresponding period of the previous year to approximately HK\$308.68 million (2019: HK\$372.96 million). This is the major source of revenue of the Group.

The business of mobile phone distribution and provision of related services for the Period increased approximately 6.7% as compared to the corresponding period of the previous year. It was mainly due to the Group take a more cautious approach towards product procurement.

Revenue from provision of paging and other telecommunication services for the Period dropped approximately 15.9% 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 services subscribers has continued to decrease during the Period.

Revenue from provision of operation services was approximately HK\$172.87 million for the Period, representing a decrease of approximately 4.4% as compared to the corresponding period of the previous year. The decrease was mainly due to keen competition of mobile service operators.

## Other Income and Gains

Other income and gains is mainly contributed by government subsidies, rental and sub-letting income, bank interest income, handling income and consultancy income. During the Period, the significant increase is due to one-off government subsidies amounted to approximately HK\$20.22 million received from the Employment Support Scheme. Other income and gains was approximately HK\$27.09 million for the Period (2019: HK\$2.95 million).

### **Other Operating Expenses**

The Group's other operating expenses are mainly consisted of building management fees, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre and customer service centre, repair costs for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the Period were approximately HK\$53.95 million (2019: HK\$53.62 million), representing a slight increase of approximately 0.6% over the corresponding period of previous year.

### **Share of Results of Associates**

Share of results of associates was approximately HK\$3.17 million for the Period (2019: HK\$5.75 million), representing a decrease of approximately 44.8% as compared to the corresponding period of the previous year. The amount represents the Group's share of net profit of SUN Mobile. The decrease was mainly due to the decrease in revenue of SUN Mobile.

### **Finance Costs**

There is no significant change in the Group's bank borrowings throughout the Period. The finance costs for the Period were approximately HK\$3.18 million (2019: HK\$4.34 million). It mainly consisted of interest expense on interest-bearing bank borrowings for supporting for the Group's daily operation and business expansion and interest expense on lease liabilities.

### **Income Tax Expense**

Income tax expense during the Period was approximately HK\$10.41 million (2019: HK\$10.75 million), representing a decrease of approximately 3.2%.

### **Profit for the Period Attributable to the Owners of the Company**

Profit attributable to the owners of the Company for the period ended 30 September 2020 was approximately HK\$75.15 million (2019: HK\$48.11 million), representing an increase of approximately 56.2% as compared to the corresponding period of the previous year.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had net current liabilities of approximately HK\$48.54 million (31 March 2020: HK\$62.07 million) and had cash and cash equivalents of approximately HK\$67.56 million (31 March 2020: HK\$40.97 million).

The Group has a current ratio of approximately 0.82 as at 30 September 2020 comparing to that of approximately 0.77 as at 31 March 2020. As at 30 September 2020, the Group's gearing ratio was approximately 34.7% as compared to approximately 41.0% as at 31 March 2020, which is calculated based on the Group's total borrowings (bank overdrafts, bank borrowings and amounts due to related companies) of approximately HK\$128.09 million (31 March 2020: HK\$147.02 million) and the Group's total equity of approximately HK\$369.41 million (31 March 2020: HK\$358.79 million). The Group's total cash at banks as at 30 September 2020 amounted to approximately HK\$81.16 million (31 March 2020: HK\$46.73 million) including of pledged bank deposits of approximately HK\$5.09 million (31 March 2020: HK\$5.09 million).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 30 September 2020, the Group has the unutilised banking facilities of approximately HK\$327.22 million available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

## CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities (31 March 2020: nil).

## FOREIGN CURRENCY RISK

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

## CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in note 19 to the condensed consolidated financial statements.

## SECOND INTERIM DIVIDEND

The second interim dividend of HK\$0.06 per share (2019: HK\$0.03 per share) will be paid on or about 21 December 2020 to shareholders whose names appear on the register of members of the Company on 11 December 2020.

## CAPITAL STRUCTURE

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

The capital structure of the Group consists of amounts due to related companies, 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 management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares as well as the issue of new debt or the redemption of existing debt.

## MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any material acquisition or disposal of subsidiaries or significant investments during the six months ended 30 September 2020 (31 March 2020: nil).

As at 30 September 2020, the Group's properties in Hong Kong with carrying values of approximately HK\$311.58 million (31 March 2020: HK\$319.63 million).



## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 681 (31 March 2020: 641) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

## OUTLOOK

Going forward, the Group will continue to closely monitor market conditions and take a cautious approach towards business development. Given the "new normal", the Group will further expand its e-commerce business, specifically its Mango Mall, by adopting strategies for attracting customers to become members of the online platform to induce purchases. Reflecting such strategies is the "Mango Dollar" scheme, the objective of which is to help draw greater public attention to Mango Mall to bolster its performance.

While the rise of e-commerce is certain, the Group will not refrain from developing its retail network. The Group will continue to open new stores, while at the same time renovate and relocate existing stores to create better shopping experiences that address customers' needs. In line with this customer focus, the Group has been gradually updating its retail store displays from conventional paper posters to digital displays like LED screens. The Group will continue with such efforts as this will allow it to better showcase its various products to customers, as well as promote a more environmentally friendly business culture.

In addition, the Group will explore business opportunities that capitalise on current market conditions. It will particularly examine investments that possess the potential for strengthening its business performance and which ultimately lead to the Group's sustainable business development.

## **OTHER INFORMATION**

### **SECOND INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board declares the payment of the second interim dividend of HK\$0.06 per share for the Period. The second interim dividend will be payable in cash to shareholders whose names appear on the register of members of the Company on Friday, 11 December 2020.

The register of members of the Company will be closed from Thursday, 10 December 2020 to Friday, 11 December 2020 (both days inclusive), for the purpose of determining shareholders' entitlement to the second interim dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the second interim dividend, all transfers of shares of the Company 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, 9 December 2020.

The second interim dividend is expected to be paid on or about Monday, 21 December 2020.

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

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

## SHARE OPTION SCHEME

The Share Option Scheme was adopted by the shareholders of the Company on 20 May 2014 which will remain in force for a period of 10 years from the effective date 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. The principal terms of the Share Option Scheme are summarised in the section headed “D. Share Option Scheme” in Appendix V to the prospectus of the Company.

During the Period, the Company has no share option under the Share Option Scheme lapsed or was granted, exercised or cancelled and there were no outstanding share options under the Share Option Scheme as at 30 September 2020.

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

As at 30 September 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

### (a) Long position in the shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue <sup>Note A</sup>
Mr. Cheung King Shek	Beneficial owner	20,717,000	5.13%
	Beneficiary of a trust <sup>Note B</sup>	220,000,000	54.49%
Mr. Cheung King Shan	Beneficial owner	20,506,000	5.08%
	Beneficiary of a trust <sup>Note B</sup>	220,000,000	54.49%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,568,000	5.09%
	Beneficiary of a trust <sup>Note B</sup>	220,000,000	54.49%
Mr. Cheung King Fung Sunny	Beneficial owner	20,638,000	5.11%
	Beneficiary of a trust <sup>Note B</sup>	220,000,000	54.49%
Mr. Wong Wai Man	Beneficial owner	30,000	0.0074%
Ms. Mok Ngan Chu	Beneficial owner	30,000	0.0074%

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

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

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

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

*Note A:* The calculation is based on 403,753,000 shares of the Company in issue as at 30 September 2020.

*Note B:* The 220,000,000 shares representing approximately 54.49% of the Company's shares in issue are held by CKK Investment. CKK Investment is wholly-owned by Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Family Trust is a discretionary trust, the discretionary objects of which include the Cheung Brothers. Each of the Cheung Brothers is deemed to be interested in the shares in the Company and the associated corporations held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

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

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

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

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

As at 30 September 2020, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

### Long Position

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

*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 240,506,000 shares and 240,638,000 shares of the Company respectively in which their respective husbands are interested.

Save as disclosed above, as at 30 September 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE PRACTICES

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

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

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

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

- On 31 July 2020, discretionary bonuses were paid to the following Directors:

Name of Director	Discretionary bonus
Mr. Wong Wai Man	HK\$29,900
Ms. Mok Ngan Chu	HK\$45,000

- Mr. Chan Yuk Ming resigned as an independent non-executive director, chairman of nomination committee, member of each of audit committee and remuneration committee of the Company with effect from 19 October 2020.

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



## REVIEW OF RESULTS

The audit committee of the Company (the “Audit Committee”) was established on 20 May 2014 with written terms of reference in compliance with the CG Code. The terms of reference of 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 two independent non-executive Directors, namely, Mr. Lam Yu Lung and Mr. Lau Hing Wah. Mr. Lam Yu Lung is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited interim results for the Period.

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

Hong Kong, 20 November 2020

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