



Telecom Digital Holdings Limited

電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6033

2023/24
Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHEUNG King Shek (*chairman*)
CHEUNG King Shan
CHEUNG King Chuen Bobby, *MH*
CHEUNG King Fung Sunny (*chief executive officer*)
WONG Wai Man
MOK Ngan Chu

Independent Non-executive Directors

LAM Yu Lung
LAU Hing Wah, *MH, JP*
LO Kam Wing

COMPANY SECRETARY

WONG Yu On

BOARD COMMITTEES

Audit Committee

LAM Yu Lung (*chairman*)
LAU Hing Wah, *MH, JP*
LO Kam Wing

Remuneration Committee

LAU Hing Wah, *MH, JP* (*chairman*)
LAM Yu Lung
LO Kam Wing

Nomination Committee

LO Kam Wing (*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
Registered Public Interest Entity Auditor
17/F., Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

REGISTERED OFFICE

Third Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
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

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
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 2024.

RESULTS

Throughout the last financial year, both Hong Kong and the world have been steadily advancing towards recovery from the COVID-19 pandemic. However, the economic recovery has yet to recover fully and has encountered various challenges such as high inflation, tightening of monetary policies, global geopolitical instability and conflicts between Russia and Ukraine. The consumption confidence was also affected by the sluggish property market and the lackluster stock market performance. As a result, the overall business environment remains challenging and difficult. For the year ended 31 March 2024, the Group recorded a revenue of approximately HK\$1,372.77 million (2023: HK\$1,535.45 million) and net profit of approximately HK\$56.38 million (2023: HK\$75.58 million).



BUSINESS OVERVIEW

The Group is one of the leading comprehensive telecommunications service providers in Hong Kong and principally engaged in four business segments, including (i) sales of electronic devices and other consumer goods and related services; (ii) provision of operation services to Sun Mobile Limited ("SUN Mobile"), an associate owned as to 40% by the Group and as to 60% by HKT Limited; (iii) property investments; and (iv) other segment comprising primarily provision of paging and other telecommunication services in Hong Kong.

Product business remained as the primary revenue generator for the Group. For the year ended 31 March 2024, the product business generated revenue of approximately HK\$1,023.36 million, accounting for over 74.5% of the Group's total revenue for the year. As at the date of this report, the Group is operating 73 shops in Hong Kong, offering a diverse range of electronic and consumer products to our customers. The Group will proactively focus on enhancing its product portfolio and strengthening brand awareness to foster the development and expansion of its customer base. This strategic approach aims to drive sustainable growth for the Group's business. In addition, the Group's e-commerce platform, Mango Mall, continues to deliver exceptional online shopping experiences to its customers. The Group will closely monitor and actively adapt to the development of market trends and expand our product portfolio covering a wide variety of product categories, aiming to improve the shopping experience and drive sales.

Due to intense market competition in the telecommunication sector in Hong Kong, the operation services segment experienced a decline in revenue of approximately 5.81% to approximately HK\$306.30 million compared to the previous year. Nonetheless, the Group remains dedicated to the operation of SUN Mobile, and strives to provide the public with high-quality telecommunication services.

The property investments segment continues to deliver a dependable and reliable source of income for the Group. The Group acquired an industrial building in Kwun Tong in May 2022 and completed its renovation and upgrade in 2023. The property investments segment has contributed a steady and stable source of income to the Group.

Chairman's Statement (continued)

PROSPECTS

Looking forward, the Hong Kong economy will gradually recover at a slow pace and the retail sector will continue to face uncertain business conditions. The Group remains dedicated to exploring opportunities for growth, optimizing operations, and further strengthening its position in the market for the coming year. We will closely monitor the market conditions, promptly respond to market challenges and effectively capitalize on opportunities for business development. The Group will take a proactive approach to identify opportunities to enrich its product portfolio to meet the evolving needs of its customers. The Group will also strive to enhance the relationship with its employees and cultivate a sense of belonging that improves overall operational efficiency and service quality.

In the upcoming year, the Group's primary focus will remain on refining its business model and enhancing performance. At the same time, the Group will actively explore potential business opportunities and pursue diversification to create synergies with its core business and to achieve sustainable growth.

APPRECIATION

On behalf of the Board, I would like to express my appreciation to the management team and the entire workforce of the Group for their diligence and commitment to the Group over the past year. I would also like to extend my heartfelt gratitude to the Group's valued customers, business partners, suppliers and shareholders for their support. Going ahead, the Group will continue to direct all of its energies towards ensuring the Group's ongoing growth and delivery of equitable returns to the shareholders of the Company (the "Shareholders").

CHEUNG King Shek

Chairman and Executive Director

Hong Kong, 26 June 2024

Chief Executive Officer's Review

OPERATION OVERVIEW

During the last financial year, the lingering impact of the pandemic crisis gradually diminished, the local economic activities returned to their normal state and there were encouraging signs of recovery. However, the economic activities encountered ongoing challenges, factors such as the tightening of monetary policies, geopolitical circumstances contributed to an unstable business environment. Nevertheless, the Group demonstrated resilience and determination to tackle challenges and advance through the cycle. Leveraged on the Group's strong retail network of 73 shops, the Group has been able to consistently deliver high-quality services and provide a wide range of comprehensive and diversified products to our customers.



Looking ahead to 2024, the global macro-economic conditions are expected to remain comparatively challenging. Interest rates has stayed high for longer than previously expected. Geopolitical tensions continue to bring uncertainty to the global business environment. Notwithstanding the near-term market outlook may appear to be relatively soft, there are also positive factors such as digital lifestyle transformation, the development of 5G infrastructure and technology and the continuous innovation in AI trends which are expected to fuel the growth of the telecommunications and smart electronic device market. The Group will continue leveraging its strengths in sales network and diverse product portfolio to meet evolving consumer needs and preferences. The Group will also continuously improve operational efficiency to drive sustainable growth.

FUTURE PROSPECTS

Looking forward, the short-term prospects remain uncertain. The Group will continue to solidify its business fundamentals and core competitiveness including optimizing its retail network, enhancing the service quality and adjusting its product mix and offerings. We will also strive to drive the growth of our e-commerce business, the Mango Mall, by raising the brand awareness, improving the product mix, and enhancing the platform functions to cater for the evolving needs of the local market and capture the market opportunities from the rebounding momentum. In addition to business development, we firmly believe that the Group's employees are crucial contributors to its business. Therefore, we remain dedicated to talent recruitment and retention, as well as ongoing staff training initiatives. By nurturing a skilled workforce, we can further enhance the service quality and increase the operation efficiency of the Group.

APPRECIATION

Being the Chief Executive Officer of the Group, I would like to express my appreciation to the management team and the valuable staff for their dedication and contributions to the Group over the past year. I would also like to express my heartfelt gratitude to the Group's esteemed customers, business partners, suppliers and shareholders for their profound trust and persistent support, which is crucial to the Group's future development.

CHEUNG King Fung Sunny

Chief Executive Officer and Executive Director

Hong Kong, 26 June 2024

Management Discussion and Analysis

INDUSTRY OVERVIEW

In the past year, the telecommunications industry in Hong Kong continued to be driven by the development and widespread of the 5G network and related devices in the Hong Kong market. As of February 2024, the subscription rate of mobile communication services reached 24.95 million, with the mobile subscriber penetration rate of 323.7%. Additionally, subscriptions for 2.5G/3G/4G/5G mobile broadband services amounted to approximately 24.94 million. In terms of mobile data usage in Hong Kong, it escalated to a record high of approximately 195,792 Terabytes as of December 2023, representing a growth of approximately 24.4% and approximately 70.5% from December 2022 and 2021, respectively (according to statistics reports from the Office of the Communications Authority). All these underscore the continuous expansion of the telecommunication services market.

Throughout the previous year, the Group has remained dedicated to strengthening its market position by enhancing the retail network and diversifying product portfolio to meet evolving consumer needs and preferences. As a result, the Group has achieved satisfactory results and maintained its market position despite the fiercely competitive business environment.

BUSINESS REVIEW

The Group is one of the leading comprehensive telecommunications service providers in Hong Kong and principally engaged in four business segments, including (i) sales of electronic devices and other consumer goods and related services; (ii) provision of operation services to Sun Mobile Limited (“SUN Mobile”), an associate owned as to 40% by the Group and as to 60% by HKT Limited; (iii) property investments; and (iv) other segment comprising primarily provision of paging and other telecommunication services in Hong Kong.

Throughout the last financial year, the overall business environment has remained challenging and difficult. The economic recovery from the COVID-19 pandemic has yet to recover fully and has encountered various challenges. For the year ended 31 March 2024, the Group recorded a revenue of approximately HK\$1,372.77 million (2023: HK\$1,535.45 million) and net profit of approximately HK\$56.38 million (2023: HK\$75.58 million).

The Group completed the renovation and upgrade of its 13-storey revitalized industrial building in Kwun Tong in 2023. The whole block of the building has a gross floor area of approximately 97,314 square feet and as at the date of this report, around 64% of the building has been leased out and around 25% has been reserved as the Group's headquarter.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Segment Analysis

	Year ended 31 March			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Product business	1,023,360	74.6	1,169,361	76.2
Operation services	306,297	22.3	325,190	21.2
Property investments	21,981	1.6	14,909	0.9
Other segment	21,129	1.5	25,992	1.7
Total revenue	1,372,767	100.0	1,535,452	100.0

Revenue

The Group's revenue for the year ended 31 March 2024 was approximately HK\$1,372.77 million (2023: HK\$1,535.45 million), representing a decrease of approximately 10.6% over the previous year. The decrease in the Group's revenue was mainly due to decrease in revenue generated from product business.

The Group operates a network of 73 retail shops. During the year ended 31 March 2024, revenue from product business was approximately HK\$1,023.36 million. It remained the major source of revenue of the Group.

Revenue from the operation services segment declined by approximately 5.8% to approximately HK\$306.30 million for the year ended 31 March 2024 as compared to the previous year. The decrease was mainly due to the keen market competition of mobile telecommunications services.

Rental income from investment properties amounted to approximately HK\$21.98 million for the year ended 31 March 2024, a year-on-year increase of approximately 47.4%. The increase was mainly due to the rental income generated from the building acquired in May 2022. As at the date of this report, around 64% of the building has been leased out.

Revenue from the other segment comprises mainly the provision of paging and other telecommunication services of approximately HK\$21.13 million. Revenue decreased approximately 18.7% compared to the corresponding period of the previous year. This was primarily due to the decrease in paging income.

Management Discussion and Analysis (continued)

Other Income and Gains

Other income and gains for the year ended 31 March 2024 were approximately HK\$43.39 million (2023: HK\$17.32 million), representing a substantial increase of approximately 150.5% compared to the previous year. The increase was primarily due to the gain on disposal of a property of approximately HK\$38.10 million (2023: Nil) off-set by a decrease in the receipt of government grants on the Employment Support Scheme and other subsidies from approximately HK\$11.02 in the last year to approximately HK\$1.15 million. Apart from the gain on disposal of property, plant and equipment and government grants, other income and gains of the year mainly comprised dividend income from investment in financial assets, bank interest income, handling income and leasing income.

Other Operating Expenses

The Group's other operating expenses mainly consisted of rental expenses, utilities and running expenses of retail shops and customer service centre, information fees in respect of horse racing, football matches and the stock market, advertising and promotion expenses, operation fees for a paging centre, repair cost for pagers, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the year ended 31 March 2024 were approximately HK\$106.16 million (2023: HK\$113.60 million), representing a decrease of approximately 6.5% over the previous year.

The decrease was mainly brought by the decrease in information fees and rental expenses. The rental expenses decreased in the review year mainly due to the reduction in the number of retail shops. As at the date of this report, the Group is operating 73 retail shops in Hong Kong (2023: 77 retail shops). The decrease in information fees was mainly due to the decrease in financial data charged by HKEx Information Services Limited by reference to the usage of information.

Share of Results of Associates

The share of results of associates for the year was approximately HK\$9.21 million (2023: HK\$11.33 million), representing a decrease of approximately 18.7% as compared to the previous year. The amount mainly represents our share of the net profit of SUN Mobile. The decrease was mainly due to the decrease in revenue of SUN Mobile.

Finance Costs

The finance cost is mainly comprised of interest on bank and other borrowings and interest on lease liabilities. The Group's bank borrowings were substantially increased from the second quarter of 2022. The increased loans were mainly used to acquire a building in May 2022 through the acquisition of a subsidiary. The consideration paid for the acquisition was approximately HK\$735.44 million. Except for the above, there was no significant change in the Group's bank and other borrowings for the year ended 31 March 2024.

Interest on bank and other borrowings for the year ended 31 March 2024 was approximately HK\$39.34 million (2023: HK\$23.06 million). It was mainly consisted of interest expenses on interest-bearing bank and other borrowings to support the Group's daily operation and business expansion. The interest expenses on lease liabilities for the year ended 31 March 2024 was approximately HK\$4.41 million (2023: HK\$2.68 million).

Income Tax Expense

Income tax expense for the year ended 31 March 2024 was approximately HK\$14.99 million (2023: HK\$16.08 million), representing a decrease of approximately 6.8%. The decrease was mainly due to the decrease 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 2024 was approximately HK\$56.38 million (2023: HK\$75.58 million), representing a decrease of approximately 25.4% as compared to the previous year.

The profit decline was mainly attributable to the combined effect of the following factors, (i) decrease in gross profit; (ii) increase in finance costs due to the increase in bank and other borrowings and the impact on interest rate hiked; (iii) increase in loss on change in fair value of financial assets at fair value through profit or loss; (iv) decrease in government grants on Employment Support Scheme and (v) increase in gain on disposal of a property.

Investments in Financial Assets

As at 31 March 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$32.25 million (2023: HK\$58.86 million), representing approximately 2.6% of the total assets of the Group as at 31 March 2024. The Group will continuously monitor the movement of prices in securities and may adjust its investment portfolio as and when appropriate.

Listed Equity Securities Investment

The following table sets out the listed equity securities investment held by the Group as at 31 March 2024.

Stock name	HKEX (Note)	CM BANK (Note)
Number of securities held as at 31 March 2024	87,536	397,549
Approximate percentage held to the total issued share capital in the investment company	0.0069%	0.0087%
Fair value as at 31 March 2023 (HK\$'000)	40,919	17,943
Proceeds from disposal during the year ended 31 March 2024 (HK\$'000)	(11,348)	(2,618)
Fair value loss for the year ended 31 March 2024 (HK\$'000)	(9,630)	(3,021)
Fair value as at 31 March 2024 (HK\$'000)	19,941	12,304
Approximate percentage of total assets of the Group as at 31 March 2024	1.6%	1.0%
Dividend income during the year ended 31 March 2024 (HK\$'000)	775	751

Note:

Stock short name	Stock code	Company name
HKEX	00388.HK	Hong Kong Exchanges and Clearing Limited
CM BANK	03968.HK	China Merchants Bank Company Limited

Management Discussion and Analysis (continued)

The Group's Investment Strategy for These Investments

The Company's investment objective is to generate stable additional interest or dividend income. Our strategy for these investments is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for the shareholders of the Company ("Shareholders"), with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decisions: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

Liquidity and Financial Resources

As at 31 March 2024, the Group had net current liabilities of approximately HK\$503.39 million (2023: HK\$620.08 million) and had cash and cash equivalents of approximately HK\$27.33 million (2023: HK\$30.37 million).

The Group had a current ratio of approximately 0.29 as at 31 March 2024 comparing to that of approximately 0.31 as at 31 March 2023. As at 31 March 2024, the Group's gearing ratio was approximately 121.0% as compared to approximately 173.1% as at 31 March 2023, which was calculated based on the Group's total borrowings (including bank and other borrowings and amounts due to related companies) of approximately HK\$597.39 million (2023: HK\$775.95 million) and the Group's total equity of approximately HK\$493.67 million (2023: HK\$448.29 million). The Group's total cash at banks as at 31 March 2024 amounted to approximately HK\$27.33 million (2023: HK\$30.37 million).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 31 March 2024, the Group had unutilised banking facilities of approximately HK\$280.14 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 31 March 2024, the Group did not have any material contingent liabilities (2023: 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.

Management Discussion and Analysis (continued)

Capital Commitments

Details of the Group's capital commitments are set out in Note 35 to this report.

Dividends

	Year ended 31 March			
	2024		2023	
	HK\$ per share	HK\$'000 (audited)	HK\$ per share	HK\$'000 (audited)
Dividends recognised as distribution during the year:				
2021/22 fourth quarter interim dividend	–	–	0.06	24,225
2022/23 first quarter interim dividend	–	–	0.03	12,113
2023/24 first quarter interim dividend	0.03	12,113	–	–
		12,113		36,338

At a meeting held on 26 June 2024, the Board has resolved to declare the fourth quarter interim dividend of HK\$0.04 per share in respect of the year ended 31 March 2024 (2023: Nil).

Capital Structure

There was no change in the capital structure during the year ended 31 March 2024.

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

Management Discussion and Analysis (continued)

Material Acquisitions and Disposals

Except as disclosed in follow, the Group did not make any material acquisitions or disposals of properties and subsidiaries during the year ended 31 March 2024.

For the year ended 31 March 2024:

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

For the year ended 31 March 2023:

On 16 February 2022, the Group entered into a provisional agreement with Metro Rider Investment Limited (the “Vendor”) and the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell 100% of the issued share capital of Onbo International Limited at the consideration of HK\$733.00 million. All the conditions precedent to the provisional agreement had been fulfilled and completion took place on 16 May 2022. For details, please refer to the announcements of the Company dated 16 February 2022, 8 March 2022, 10 March 2022 and 16 May 2022 and the circular of the Company dated 14 April 2022.

Employees and Remuneration Policies

As at 31 March 2024, the Group employed 554 (2023: 577) full-time employees including management, administration, operation and technical staff. The employees’ remuneration, promotion and salary increments are assessed based on both individual’s and the Group’s performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

OUTLOOK

Due to the persistent inflationary environment in various regions, the implementation of stricter monetary policies and the ongoing global geopolitical risk, the overall global economy is only able to recover at a slower pace. Looking ahead, the global economy is facing downward pressure, and the uncertain business environment presents new challenges for enterprises.

Going forward, the Group will adopt a cautiously optimistic approach, expand its business in a prudent manner while also focus on cost control and cost efficiency. The Group will also continue to enhance the shopping experience and provide the best service quality to its customers. The Group will also actively explore new business opportunities that align with our core business, seeking to establish a high-quality development for the Group to bring long-term and sustainable value to the Shareholders.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHEUNG King Shek, aged 72, 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 also holds directorships in certain subsidiaries of the Company. 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 40 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 65, 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. He also holds directorships in certain subsidiaries of the Company. 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, MH, aged 65, 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. He also holds directorships in certain subsidiaries of the Company. 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 Hongkong & 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.

Directors and Senior Management (continued)

Mr. CHEUNG King Fung Sunny, aged 56, 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. He also holds directorships in certain subsidiaries of the Company. 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.

Mr. WONG Wai Man, aged 58, 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 33 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 two years term 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 68, 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 46 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. LAM Yu Lung, aged 59, 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. He has over 34 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 68, 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 committee member of the Tsing Yi (North East) Area Committee, Kwai Tsing District Office, since 1 April 2024. He is also a chairman and chief executive officer of Asia Pacific Holdings Corp. Limited (formerly known as FG Wilson (Engineering) HK Limited) and Cooltech Global Limited, both are wholly-owned subsidiaries of Asia Pacific Holdings Corp. Limited. Mr. Lau has 47 years of experience in electrical engineering profession. He served as a member of the Community Investment & Inclusion Fund, Home and Youth Affairs Bureau, HKSAR since 2023, a vice-chairman of the Tsing Yi (North East) Area Committee, Kwai Tsing District Office since 2023, a council member (director) of the Hong Kong Repertory Theatre Limited since 2022, a member of The Sixth Term of the Election Committee, HKSAR since 2021, a chairman of the Friends of the Community Chest Kwai Tsing District Committee since 2021, a non-official member of the Correctional Services Department Complaints Appeal Board (CSDCAB) since 2020, the 3rd vice president of Hong Kong Justice of the Peace Association Limited since 2019, a chairman of Kwai Tsing District Junior Police Call Honorary Presidents Council since 2015 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.

Mr. LO Kam Wing, aged 77, was appointed as an independent non-executive Director on 30 December 2020 (with effect from 1 January 2021). Mr. Lo is the chairman of the nomination committee, a member of the audit committee and remuneration committee of the Company. Mr. Lo is currently the consultant of Wing Shing Land Investment Limited. He has more than 51 years of investment and real estate development related experience in the real estate industry, and has been involved in the financial business for over 40 years with outstanding achievements. Mr. Lo completed his secondary school education in the People's Republic of China.

SENIOR MANAGEMENT

Ms. LEE Wing Tsz, aged 55, 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 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: Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny (collectively, the "Cheung Brothers"), each of them is a director of certain subsidiaries of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture, throughout the reporting period from 1 April 2023 and up to the date of this Report (the "Reporting Period"), in which it has adopted the principles and the code provisions of the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Stock Exchange" and the "Listing Rules", respectively), to ensure that business activities and decision-making processes are regulated in a proper and prudent manner. During the Reporting Period, the Company has complied with the CG Code, except the deviation as disclosed below.

According to the Code Provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the chief executive officer and chief financial officer of the Group, based on business needs and condition, have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company from time to time, which is considered with sufficient details to provide the general updates of the Company to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision D.1.2 of CG Code and/or the respective Listing Rules.

BOARD OF DIRECTORS

Board Composition

The board of directors of the Company (the "Board" and the "Directors", respectively) currently comprises six executive Directors and three independent non-executive Directors ("INEDs"). The composition of the Board is as follows:

Executive Directors

Mr. CHEUNG King Shek (*chairman*)
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*
Mr. CHEUNG King Fung Sunny (*chief executive officer*)
Mr. WONG Wai Man
Ms. MOK Ngan Chu

Independent Non-executive Directors

Mr. LAM Yu Lung
Mr. LAU Hing Wah, *MH, JP*
Mr. LO Kam Wing

The Company has complied with the requirement of Code Provision B.1 of the CG Code, Rule 3.10 and 3.10A of the Listing Rules which the board composition and the number of INEDs representing at least one-third of the Board. The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 13 to 15 of this annual report. To the best knowledge of the Company, save as disclosed in the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

Corporate Governance Report (continued)

Functions of the Board

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

Directors' Appointment, Re-election and Removal

In compliance with the Code Provision B.2 of the CG Code, the Company has set-up a formal, considered and transparent procedure for the appointment of new directors, and there should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. In cases of the resignation or removal of any director, the Company must explain the reasons for that case. Under B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of one year 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 of the Company ("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.

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 ("AGM") and shall then be eligible for re-election. Newly appointed Directors will receive induction packages continuing the duties and responsibilities of directors as required under the Listing rules and other applicable rules and regulations.

Every Director should be subject to retirement by rotation at least once every three years. At AGM, 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 under the Listing Rules and the Article of Association.

In compliance with the Code Provision B.2.3 of the CG Code, the re-election of each of those INEDs 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 AGM; and (ii) further information being given to Shareholders together with the notice of meeting and the reasons why the Board believes the relevant Director is still independent and should be re-elected. If all of the INEDs of the Company have served more than nine years on the board, the issuer should make relevant disclosure with the length of tenure of each existing INEDs on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the AGM, and appoint a new INED on the board at the forthcoming AGM.

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.

Corporate Governance Report (continued)

Independent Non-executive Directors

The Company has three out of nine Directors are INEDs, among the three independent non-executive Directors, Mr. LAM Yu Lung has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 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 Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing, to be independent.

Chairman and Chief Executive Officer

According to the Code Provision C.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. 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 C.1.4 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 trainings for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code on the Directors' training. During the Reporting Period, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	Reading materials
Executive Directors	
Mr. CHEUNG King Shek (<i>chairman</i>)	✓
Mr. CHEUNG King Shan	✓
Mr. CHEUNG King Chuen Bobby	✓
Mr. CHEUNG King Fung Sunny (<i>chief executive officer</i>)	✓
Mr. WONG Wai Man	✓
Ms. MOK Ngan Chu	✓
Independent Non-executive Directors	
Mr. LAM Yu Lung	✓
Mr. LAU Hing Wah	✓
Mr. LO Kam Wing	✓

Corporate Governance Report (continued)

Directors' and Officers' Liabilities

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by the Directors which is the code of conduct governing dealings by all Directors in the securities of the Company, as set out in Appendix C3 to the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors, who have confirmed that, during the Reporting 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 Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company ("Continuing Connected Transactions") can be found on pages 59 to 61 of this annual report.

BOARD COMMITTEES

In accordance with the requirements of the Listing Rules, the Company has established three Board Committees including the audit committee, remuneration committee and nomination committee (collectively the "Committees") to oversee specific aspects of the Group's affairs. The Committees have been provided with sufficient resources to discharge their respective duties. Each of the Committees has adopted specific terms of reference covering its duties, powers and functions, which will be reviewed by the Board from time to time.

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 principal 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, Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing. Mr. LAM Yu Lung is the chairman of the Audit Committee.

Corporate Governance Report (continued)

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the Reporting Period:

- (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;
- (h) reviewed the Continuing Connected Transactions and their annual caps;
- (i) reviewed the dividend policy of the Company; and
- (j) reviewed the terms of reference of the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 May 2014 with written terms of reference in compliance with the CG Code. 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.

The Remuneration Committee comprises three independent non-executive Directors, namely, Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing. 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 Reporting Period:

- (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; and
- (d) reviewed the remuneration policy of the Group.

Corporate Governance Report (continued)

Remuneration Policy for Directors and Senior Management

The Directors and senior management of the Company receive compensation in the forms of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The remuneration package of each of the Directors is detailed in Note 12 to the consolidated financial statements.

Nomination Committee

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 INEDs, namely, Messrs. LAM Yu Lung, LAU Hing Wah and LO Kam Wing. Mr. LO Kam Wing is the chairman of the Nomination Committee.

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the Reporting Period:

- (a) reviewed and assessed the independence of all INEDs;
- (b) recommended the list of retiring Directors for re-election at the AGM;
- (c) reviewed the structure, size and composition of the Board and the senior management;
- (d) reviewed the board diversity policy of the Company; and
- (e) reviewed and discussed the nomination policy of the Company.

Nomination Policy for election or re-election of Directors

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the criteria and procedures for selection and nomination of Directors. The Company aims to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Nomination Policy provides the transparency of the election or re-election process and ascertain the selection standards and measures are align with the objective and the needs of the Group. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications, skills and experience. Further details of the selection criteria are set out in the terms of reference of the Nomination Committee which is available on the websites of the Stock Exchange and the Company. The Board shall make the final decision on selection and recommendation of qualified candidates for directorship to the Shareholders.

Corporate Governance Report (continued)

Board Diversity Policy

The Company 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.

Gender Diversity

The Group is committed to achieving gender diversity to eliminate any form of gender discrimination, including but not limited to recruitment, remuneration, training and promotion, and keeps reviewing gender equality within the Group regularly, and taking corrective actions to improve gender balance. As of the Reporting Period, the number of employees of the Group (including senior management) consisted of 299 male or 54% and 255 female or 46%. The Group strives to achieve gender diversity in order to enjoy the benefits of accessing a wider talent pool and boosting creativity and innovation. For details, please refer to the ESG report for the financial year ended 31 March 2024 ("Financial Year") on page 28 to 49.

Board Independence

The Company recognises that board independence is pivotal in good corporate governance and board effectiveness. The participation of INEDs in the Board brings independent and objective judgment on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all Shareholders have been duly considered. To ensure independent views and input are available to the Board, the mechanisms described in this Corporate Governance Report are established by the Board, and Board Committees follow the same processes, where applicable.

BOARD MEETINGS AND BOARD PRACTICES

The Directors can attend meetings in person or through other means of electronic communications in accordance with the Articles of Association, the relevant board minutes were recorded in the sufficient detail of the matters which considered and approved at the Board meeting.

During the Reporting Period, four regular Board meetings at approximate quarterly intervals were held, each of the Directors has actively participated in each meeting in person or via electronic platforms. Decisions were made by majority vote at the Board meetings.

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 Reporting Period are as follows:

	Board Committees			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
No. of meetings held during the year	4	2	2	1
Meetings Attended/Eligible to Attend				
Executive Directors				
Mr. CHEUNG King Shek (<i>chairman</i>)	4/4	N/A	N/A	N/A
Mr. CHEUNG King Shan	4/4	N/A	N/A	N/A
Mr. CHEUNG King Chuen Bobby	4/4	N/A	N/A	N/A
Mr. CHEUNG King Fung Sunny (<i>chief executive officer</i>)	4/4	N/A	N/A	N/A
Mr. WONG Wai Man	4/4	N/A	N/A	N/A
Ms. MOK Ngan Chu	4/4	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. LAM Yu Lung	4/4	2/2	2/2	1/1
Mr. LAU Hing Wah	4/4	2/2	2/2	1/1
Mr. LO Kam Wing	4/4	2/2	2/2	1/1

General Meeting

During the Reporting Year, the Company had one general meeting, the following table shows the attendance of the Directors and the attendance record of each Director was as follow:

	2023
	Annual General Meeting
No. of meetings held during the year	1
Executive Directors	
Mr. CHEUNG King Shek (<i>chairman</i>)	1/1
Mr. CHEUNG King Shan	1/1
Mr. CHEUNG King Chuen Bobby	1/1
Mr. CHEUNG King Fung Sunny (<i>chief executive officer</i>)	1/1
Mr. WONG Wai Man	1/1
Ms. MOK Ngan Chu	1/1
Independent Non-executive Directors	
Mr. LAM Yu Lung	1/1
Mr. LAU Hing Wah	0/1
Mr. LO Kam Wing	1/1

In accordance with the Code Provision F.2.2 of the CG Code, the chairman of the Board (the "Chairman") should attend the AGM, and also invite the chairmen of the Committees to attend. In cases of absence, the Chairman should invite another member of the Committees or failing this their duly appointed delegate, to attend. These persons should be available to answer any questions raised during the AGM. To comply with Code Provision F.2.2 of the CG Code, the management of the Company should ensure the external auditor to attend the AGM 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.

Corporate Governance Report (continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and half-year end.

The responsibility of the Directors in relation to the consolidated financial statements is set out below. It should be read in conjunction with, but distinguished from, the independent Auditor's Report on page 63 to 66 which acknowledges the reporting responsibility of the auditor of the Group.

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 Reporting Period, 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

The Company's external auditor is SHINEWING (HK) CPA Limited. There has been no change in the Company's external auditors for the preceding three years. The external auditors have a primary responsibility for auditing and reporting on the financial statements. The Auditors' Report to the Shareholders is set out on pages 63 to 66 of this annual report.

During the Reporting Period, the fees paid/payable to SHINEWING (HK) CPA Limited, the Group's existing independent auditor in respect of audit services for the Reporting Period amounted to approximately HK\$1,000,000, the non-audit services were approximately HK\$229,600 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firms.

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company and delegate the responsibility to the Committees to perform its corporate governance duties. 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.

Corporate Governance Report (continued)

COMPANY SECRETARY

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

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 Reporting Period. Based on the result of the review in respect of the Reporting Period, 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 Reporting Period has been held.

The Group has established a policy for ensuring that inside information (the “Inside Information”) is disclosed to the public in an equal and timely manner in accordance with the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”). The senior management of the Group is to provide timely and accurate information, to allow the Board to make an informed decision to determine whether the information is Inside Information and/or whether the Company has to disclose such information to the public. Senior management of the Group must report to the Board and/or CEO any information they have which they believe to be Inside Information and will trigger the Company to discharge its disclosure duty. The Company Secretary will follow up accordingly.

The Company Secretary is responsible for disclosing Inside Information to the public and/or is authorised to collect any information from any department and/or employee of the Group in order to help determining whether the alleged information is Inside Information and/or whether disclosure is required.

Measures to further enhance Internal Control Systems and Corporate Governance practices

In compliance with the requirements of the Listing Rules and for the purpose of reinforcing the Group’s internal control system, the Company has established some policies which included anti-corruption policy, policy in bribery prevention as well as whistleblowing policy and system for employees to raise concerns, in a confidential manner, with the Audit Committee about possible irregularities in financial reporting, internal control or other matters related to the Company.

During the Reporting Period, the internal audit of the Company (“Internal Audit”) has carried out internal control audits in respect of the risk areas, such as business operation, financial system, company internal management, corporate governance, etc., and also head offices, business sectors and certain subsidiaries of the Group. The Internal Audit has reported to the Directors in respect of the effectiveness of the risk management and internal control system and significant risks. The Board reviewed and evaluated the effectiveness of risk management and internal control systems of the Company and its subsidiaries by considering reviews performed by the Audit Committee with the assistance of the management team, the Internal Audit and the external auditors.

Corporate Governance Report (continued)

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company values communication with its Shareholders and investors. The Company has established a shareholder communication policy with the objective to ensure the Shareholders and investors are provided equal and timely access to balanced and/or understandable information of the Company, so as to enable the Shareholders to exercise their rights in an informed manner. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders or investors may be sent to the Board by mail to the Company's principal place of business at 19/F, YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company also 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 AGM 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 AGM 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.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year and conclude that it is effective because some minority shareholders have personally approached the company and ask for relevant news.

SHAREHOLDERS' RIGHTS

The Board and the management of the Company endeavour to maintain a continuing communication with the Shareholders and investors through various channels, including the Company's general meetings. Set out below is a summary of how the Shareholders can convene a general meeting and put forward proposals at such meetings.

Convening a general meeting

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.

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.

Corporate Governance Report (continued)

Shareholders' right to propose a person for election as a director

Shareholders shall have the right to propose a person (the "Candidate") for election as a director at the Company's general meeting. Please refer to the detailed procedures for such right and lodgement of a written notice (the "Written Notice") on the Company's website www.tdhl.cc. 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.

Enquiries from Shareholders

Shareholders shall have the right to examine the relevant information of the Company according to the Bye-laws. Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Union Registrar Limited. Shareholders may also direct questions or requests for information through the Company's website at www.tdhl.cc.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company amended the Memorandum and Articles of Association of the Company by, among others, bringing the existing one in line with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules which took effect on 1 January 2022. The amended and restated Memorandum and Articles of Association became effective on 18 August 2022. The amended and restated Memorandum and Articles of Association is available on the Company's website at www.tdhl.cc and on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

The Group is pleased to publish the Environmental, Social and Governance (“ESG”) Report for the reporting period from 1 April 2023 to 31 March 2024 (“Year”). 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 business activities in Hong Kong during the Year, namely (i) product business: sales of electronic devices, other consumer goods and related services; (ii) operation services: provision of operation services to SUN Mobile; (iii) property investments; and (iv) other segment: comprises mainly provision of paging and other telecommunication services. During the Year, the disclosure of key performance indicators (“KPIs”) continues to cover the Group’s head office and retail stores in Hong Kong and an office in Shenzhen of the People’s Republic of China (the “PRC”). The abovementioned reporting scope covers all the business activities of the Group.

1.2 Reporting Framework

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and complies with the “Comply or Explain” requirement therein. The ESG Report follows the reporting principles set out in the Environmental, Social and Governance Reporting Guide.

Materiality: The content of the ESG Report is based on stakeholder engagement and materiality assessment, which includes identifying ESG-related issues, gathering and reviewing views from internal management and various stakeholders, assessing the relevance and materiality of the issues, and compiling and verifying the reported information. The ESG Report has covered a comprehensive range of key ESG issues concerned by stakeholders.

Quantitative: The Group has disclosed quantitative environmental and social KPIs in the ESG Report. The criteria, methodologies, references and conversion factors used to calculate the KPIs are disclosed in the ESG Report. This provides stakeholders with a comprehensive understanding of the Group’s ESG performance.

Balance: The Group’s performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation format that may unduly influence readers’ decisions or judgements. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.

Consistency: The Group uses a consistent reporting format and calculation methodology as far as reasonably practicable. Significant changes in information or methodology are explained in details in the relevant sections to facilitate a comparison of ESG performance between years.

1.3 Information and Feedback

The Group highly values your opinions and feedback on the ESG Report. Should you have any advice or suggestions, please share with us via email at ESG_enquiry@TDHL.cc.

Environmental, Social and Governance Report (continued)

2. BOARD STATEMENT

The Group believes good ESG governance strategies and practices are inseparable from corporate success. The Board of Directors (the “Board”) aims to establish an effective ESG risk management mechanism and shoulders the responsibility of supervising the Group’s ESG governance by determining the Group’s ESG strategies and reviewing the content and quality of the ESG report annually. To maintain excellent ESG governance, the Board delegates authority to the management for the formulation and execution of ESG policies and measures.

Recognising the importance of stakeholders’ opinions on the Group’s sustainable development, the Group has commissioned an independent third-party ESG consultant during the year to help identify key ESG issues and advise on its ESG performance. The consulting firm assisted in gathering and analysing the views of the Group’s internal stakeholders on ESG issues and conducted materiality assessments. The Board then reviewed the results of the assessment and identified the Group’s key ESG issues. The Board regularly reviews the communication channels for stakeholder engagement to ensure that the Group maintains effective communication with its stakeholders and monitors the formulation of the annual ESG report.

To effectively drive the Group’s ESG progress, the Board will continue to oversee the ESG-related work and the latest ESG-related market and international trends through various communication channels to ensure the Group’s operation closely follows the latest regulations and trends regarding ESG-related issues. During the Year, the Group sets environmental targets, details of which are in the “Environmental Goals and Progress” of the ESG Report. The Board will review the progress of achieving the targets on a regular basis to continuously improve the Group’s environmental performance.

2.1 Stakeholder Engagement

The preparation of the ESG Report was supported by employees across various departments, enabling us to have a clearer understanding of our current environmental and social development. The information that the Group gathered is a summary of the environmental and social initiatives the Group had done during the Year and acts as a basis for mapping out the Group’s short-term and long-term sustainable development strategies.

Environmental, Social and Governance Report (continued)

In the meantime, the Group spares no effort to maintain supporting and trusting relationships with stakeholders. The valuable opinions collected are useful for improving the quality of the ESG Report and reinforcing the Group's internal management. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and regulators	<ul style="list-style-type: none"> • Strict compliance with national policies, laws and regulations • Support for local economic growth • Contribution to local employment • Tax payment in full and on time • Ensuring product safety 	<ul style="list-style-type: none"> • Regular information reporting
Shareholders	<ul style="list-style-type: none"> • Returns • Compliant operation • Raise in company value • Transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Announcements and circulars • Email, telephone communication and company website • Dedicated reports
Business partners	<ul style="list-style-type: none"> • Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefits and win-win situations 	<ul style="list-style-type: none"> • Review and appraisal meetings • Business communication • Discussions and exchanges of opinions • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • Outstanding products and services • Health and safety • Performance of contracts • Operational integrity 	<ul style="list-style-type: none"> • Customer service centre and hotline • Customer feedback survey • Social media platforms
Environment	<ul style="list-style-type: none"> • Compliance with emission regulations • Energy saving and emission reduction • Environmental protection 	<ul style="list-style-type: none"> • Reporting • Communicate with the locals
Industry	<ul style="list-style-type: none"> • Establishment of industry standards 	<ul style="list-style-type: none"> • Participation in industry forums
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development 	<ul style="list-style-type: none"> • Meetings with employees • Employee mailbox • Training and workshop
Community and the public	<ul style="list-style-type: none"> • Enhancement of community environment • Participation in charity 	<ul style="list-style-type: none"> • Company website • Announcements

In the future, the Group will continue to increase the involvement of stakeholders to collect more constructive opinions and improve its governance.

Environmental, Social and Governance Report (continued)

2.2 Materiality Assessment

To develop a clear and effective ESG management approach, the Group has conducted a materiality assessment during the Year to identify ESG issues of importance to its business and stakeholders. This materiality assessment is based on stakeholder questionnaires, analysis of the stakeholders' views by the third-party ESG consultancy and materiality mapping provided by reputable external organisations¹. During the Year, the key ESG issues identified by the Group were as follows:

Aspects	Material issues
Environmental	<ul style="list-style-type: none">• Energy management• Waste Management
Employment and labour practices	<ul style="list-style-type: none">• Labour management• Diversity and equal opportunity
Operating practices	<ul style="list-style-type: none">• Customer Privacy Protection• Anti-corruption• Information security• Supply chain management

3. ENVIRONMENTAL PROTECTION

The Group recognises the importance of maintaining environmental sustainability in its daily operations and considers environmental protection as the core part of its operational objectives. The Group strictly complies with environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Water Pollution Control Ordinance, Air Pollution Control Ordinance and Waste Disposal Ordinance of Hong Kong.

During the Year, no violation of relevant environmental laws and regulations was informed or discovered by the Group.

¹ The materiality maps referenced in the materiality assessment included the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

Environmental, Social and Governance Report (continued)

3.1 Environmental Goals and Progress

The Group is committed to maintaining transparency and tracking the progress of the efforts that address its goals outlined in the Year. The table below highlights our environmental-related goals in various aspects. The Group also ensures that its environmental consequences are limited through continual improvement and promises to constantly monitor the progress of its goals.

Aspects	Goals	Section with Corresponding Measures
Emission	<ul style="list-style-type: none"> Reducing the intensity of greenhouse gas emissions Meeting the level 1¹ energy consumption requirements will be ensured for newly purchased electronic office equipment 	ENVIRONMENTAL PROTECTION – Energy Conservation
Waste	<ul style="list-style-type: none"> Optimising resource efficiency and recycling renewable resources where feasible to avoid waste Promoting proper recycling of lead-acid batteries with relevant regulations and guidelines 	ENVIRONMENTAL PROTECTION – Emission
Energy	<ul style="list-style-type: none"> Minimising the impact on the environment and natural resources Continuing to promote energy conservation Promoting the use of energy-efficient appliances 	ENVIRONMENTAL PROTECTION – Energy Conservation
Water	<ul style="list-style-type: none"> Keeping abreast of the latest developments in Hong Kong's water resources policy Continuing to promote water conservation 	ENVIRONMENTAL PROTECTION – Green Operation

Note:

- The level 1 refers to the energy label in the voluntary Energy Efficiency Labelling Scheme operated by Electrical and Mechanical Service Department (EMSD), it grades that energy efficiency on a scale of one to five, with one being the most efficient and five the least efficient.

Environmental, Social and Governance Report (continued)

3.2 Emission

Exhaust Emissions

The Group's exhaust emissions are mainly from vehicles used in Hong Kong. The Group pays considerable attention to managing its fleet's exhaust emissions, such as providing regular maintenance for the vehicles and requiring the drivers to switch off idling engines. We also emphasise on regular vehicle inspections and maintenance to ensure optimal performance and efficiency and reduce emissions.

GHG Emissions

Our Group's greenhouse gas emissions are primarily classified into three scopes: (i) scope 1 includes direct emissions from combustion of fuels in mobile sources; (ii) scope 2 includes indirect emissions from electricity purchased; and (iii) scope 3 includes indirect emissions from methane gas generation at landfill due to disposal of paper waste.

Through promoting a low-carbon lifestyle, the Group aims to reduce greenhouse gas emissions. Employees are encouraged to use public transit, participate in ride-sharing, and minimize unnecessary business air travel through video conference meetings. In cases where business travel is unavoidable, the Group prioritises direct flights to reduce additional greenhouse gas emissions associated with transit flights. Additionally, employees are encouraged to plant green plants in the office area to further offset the carbon footprints.

The KPI data of exhaust emissions and GHG emissions have been put in the "7. KEY PERFORMANCE INDICATORS".

3.3 Waste Management

The Group generates waste including non-hazardous waste and hazardous waste. The non-hazardous waste generated by the Group comprises general waste and food waste produced during day-to-day office operations. To enhance waste management, the Group places recycling bins in both the Hong Kong head office and the Shenzhen office to collect recyclable waste. The recyclable waste is then transferred to qualified recycling companies for further treatment, while other general waste is collected and processed by the property management office. The hazardous waste, such as toner cartridges, discarded electronic products and related accessories, is collected and transferred by corresponding suppliers and qualified companies for further handling. In the Shenzhen office, employees are encouraged to reuse envelopes, folders, file cards and other stationery to reduce the use of disposable and non-recyclable products and minimise the production of waste.

The KPI data of hazardous and non-hazardous waste have been put in the "7. KEY PERFORMANCE INDICATORS".

Environmental, Social and Governance Report (continued)

3.4 Use of Resources

Energy Management

The Group has adopted energy-saving plans to improve the efficiency of its equipment and infrastructure and to reduce energy consumption. The Group fully utilises natural light and cleans the light fixtures regularly to reduce energy consumption of the lighting system. In addition, the Group encourages employees to set the computers on automatic standby or sleep mode when they are not in use and turn off electrical devices or lights before leaving the offices.

To reduce the use of air-conditioning, minimise heat adsorption and maximise cooling efficiency, the Group installed anti-ultraviolet films on the windows, set the temperature of the air conditioner on an energy-efficient level and adopted a specific office layout design. The Air-conditioning system is set to a minimum temperature of 25.5 degrees Celsius, helping to reduce unnecessary energy consumption. Additionally, weather strips have been installed on doors and windows to prevent the leakage of conditioned air, ensuring optimal energy utilization within our facilities. Also, the Group allows the employees in the Shenzhen office to wear casual clothes if there are no meetings with clients.

The retail store has implemented a series of energy management measures as part of its commitment to efficient operations and environmental stewardship. Energy-efficient lighting systems, such as LED bulbs and motion sensors, have been installed throughout the stores to minimise electricity consumption. The store has effectively reduced energy waste and optimized energy usage by upgrading to energy-efficient appliances and implementing smart controls. Through these comprehensive energy management measures, the retail store strives to minimize its environmental footprint and operate in a sustainable manner.

Water Management

As a service-oriented enterprise, the Group has not engaged in activities that would generate industrial wastewater or raise significant environmental issues. The major kind of wastewater generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system. We understand the importance of water conservation as water is a precious resource. Therefore, we have implemented various water conservation measures. For instance, putting up water saving reminder labels in washrooms and pantries to raise the employee's awareness of water saving, turning off the taps if not in use and arranging repair immediately when any dripping and leaking of taps are found.

Packing Materials

Due to its business nature, the Group is not involved in any production process or the use of packaging materials. The Group has recognized the importance of promoting environmentally friendly practices and is committed to monitoring its suppliers to ensure the use of greener packaging resources. The Group aims to drive positive change and minimize its environmental footprint by actively monitoring its suppliers' adherence to green practices,

Environmental, Social and Governance Report (continued)

3.5 Green Operation

The Group aims to reduce resource consumption in its operation. In offices, we reduce paper consumption by printing documents on both sides, recycling paper, disseminating information via electronic means, using smaller fonts and adjusting line spacing for documents, and further minimising greenhouse gas emissions caused by the disposal of paper waste at landfills. The Group also regularly carries out paper volume statistics to monitor paper consumption and make appropriate adjustments. The Group understands the importance of employees' support and participation in environmental protection. Notices are put up in the offices to remind employees to save energy and resources, raise their awareness towards environmental protection and encourage their active participation.

Meanwhile, the Group has put effort in reducing water consumption by setting water pressure to the lowest practical level. The Group also uses dual flush toilets to reduce water consumption and conducts regular checking to prevent water leakage in the Shenzhen office. During the Year, there was no issue in sourcing water that has fit for purpose.

For the retail stores in Hong Kong, the Group reduces paper consumption by reusing packaging materials. The Group has also introduced an e-signature system and encourages customers to use e-procurement and e-payment systems. The systems adopted promote paperless transactions, eliminate the use of paper, minimise greenhouse gas emissions caused by paper waste disposal at landfills and reduce the amount of hazardous wastes generated from the use of ink and toner cartridges.

3.6 Responding to Climate Change

Climate change has emerged as a significant global concern in recent years. As a responsible organization, the Group actively engages with stakeholders to assess and understand emerging climate-related risks. We acknowledge the increasing frequency of extreme weather events like typhoons and rainstorms, which have the potential to impact economic activities adversely. Consequently, the Group is deeply committed to addressing climate change and its associated events by taking concrete actions to reduce greenhouse gas emissions. Our dedication to sustainability drives us to mitigate risks, contribute to a low-carbon future, and safeguard the well-being of our stakeholders and the environment.

To protect the employees' safety and ensure the Group's smooth operation, the Group has established an internal guideline on working arrangements during typhoons, rainstorms and extreme conditions after super typhoons. The Group will stay alert to any announcements by the local governments on weather conditions and prepare for emergency actions.

Environmental, Social and Governance Report (continued)

4. EMPLOYMENT AND LABOUR PRACTICES

Employees are our most valuable assets. The Group places great importance on the rights and interests of employees and abides by labour-related laws and regulations, including but not limited to the Labour Law of the PRC, Labour Contract Law of the PRC, Employment Ordinance, Minimum Wage Ordinance, and Employment of Children Regulations of Hong Kong. We also provide employees with training and career opportunities to strengthen our business.

4.1 Employment Guidelines

The Group respects every employee and treats them equally. The Group prohibits any discrimination in terms of disability, sex, age, social status, appearance, language, religion or race. The non-discriminatory approach applies to all employment activities and human resources-related matters, including recruitment, promotion, transfer, reward provisions and training. The Group is dedicated to promote fairness and equity in the workplace and provide equal opportunities to employees. The Group has also invested substantial effort in meeting the needs of its employees and protecting their legitimate rights and interests.

The Group recruits new employees according to the needs of different departments. All candidates are assessed quantitatively, fairly and equally based on the selection criteria for entry requirements during the recruitment process. At the same time, candidates are required to provide identification documents for age verification to avoid child labour. The Group signs the employment contract, which specifies working hours, job duties, location of work and other details, with new employees to prevent forced labour. If child labour or forced labour is discovered, the Group will immediately stop his/her work and investigate the incident to prevent the recurrence of similar situation. Furthermore, an exit interview is arranged for employees applying for resignation to understand the employees' reasons for leaving and to improve the Group's operation. The Group provides employees with competitive remuneration packages based on both external market and internal salary standards. Any outstanding salaries owed will be paid in a timely manner. The Group also closely monitors staff turnover to identify and manage problems concerning the management of the Group.

During the Year, the Group did not discover or be involved in any violation of laws and regulations relating to employment and labour standards, including employment of child labour and forced labour.

4.2 Care for Employees

The salary structure is reviewed regularly for full-time employees in terms of the overall economy, employees' performance, achievements and results of the Group and decisions, so as to ensure that the Group offers a competitive remuneration package to its employees. The Group strictly abides by the Labour Law of the PRC, Social Insurance Law of the PRC and Mandatory Provident Fund Schemes Ordinance of Hong Kong by making contributions to the five components of social insurance and the housing provident fund and Mandatory Provident Fund Schemes for eligible employees in Shenzhen office and Hong Kong office and retail stores respectively. In addition to statutory holidays, the Group offers its employees annual leave, sick leave, marriage leave, compassionate leave and maternity leave. The Group also provides supplementary leave for overlapping or cancelled holidays. Employees are also entitled to discretionary bonuses, medical care and insurance with outpatient, hospitalisation and surgical benefits.

In order to avoid congestion during lunch breaks, the Group has adopted flexible lunch hours for the employees working in frequently congested areas. The Group introduced a birthday leave policy to enable employees to celebrate their birthdays with family and friends. In addition, employees can get a discount when they dining in the designated restaurants.

Environmental, Social and Governance Report (continued)

4.3 Health and Safety

The Group maintains occupational health and safety and strictly complies with the relevant laws and regulations, including but not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases, Regulation on Work-Related Injury Insurance of the PRC and Occupational Safety and Health Ordinance of Hong Kong. In order to create a safe and healthy workplace for employees, the Group has organised safety training.

In addition, the Group has prohibited smoking at the workplace, placed green plants in indoor areas and regularly cleaned the offices to maintain good indoor air quality in offices and retail stores. During severe weather conditions such as typhoons and heavy rain, employees are required to take precautionary measures to ensure the safety of company property and personal well-being. Employees shall abide by the policies and procedures as required in all safety training, such as attending the regular fire drills organised by the property management office.

During the Year, the Group recorded 400 working days lost due to work-related injury and there was no work-related fatality for the past 3 years.

4.4 Development and Training

In order to encourage the employees to improve, the Group conducts performance appraisals on a regular basis. The appraisal is based on employees' working performance, organisation and management skills, interpersonal skills, presentation of employees and other criteria. In the course of performance appraisal, employees gain a better understanding of their work while supervisors are provided opportunities to deliver feedback on colleagues' work performance. The appraisal results serve as a standard for employees' promotion and salary adjustment, as well as providing us insights into future training needs.

To establish and maintain a professional team with strong technical expertise and essential business soft skills, we offer comprehensive training on all fronts, such as training on code of conduct, industrial laws and regulations and product information for product launch. Customer service skills and sales training are also organised to strengthen employees' soft skills. In addition, employees are encouraged to attend external forums and seminars to enrich their knowledge of their duties. Recognizing the importance of fostering strong communication and positive relationships among our employees, we have invited experienced experiential training instructors and NLP (Neuro-Linguistic Programming) certified trainers to conduct a training course for our employees this Year.

Our commitment to continuous learning ensures that our employees are equipped to meet the evolving demands of their roles. We believe the skilled and motivated workforce has always been the driving force behind our success.

Environmental, Social and Governance Report (continued)

5. OPERATING PRACTICES

The Group's success highly hinges on market reputation and customers' satisfaction. The Group adheres to a high standard of supply chain management, business ethics and anti-corruption, which supports the sustainable growth of the business.

5.1 Supply Chain Management

Effective supply chain management is crucial to the stability and health of a business's operation. The Group has developed a supply chain management mechanism in which suppliers are assessed based on criteria such as product quality. Only eligible suppliers can be added to our list of approved suppliers, which is updated regularly and distributed to the relevant departments. The Group sources products only from the approved list of suppliers to provide a wide range of quality goods at a reasonable market price to the customers. Procurement decisions are based on inventory levels and movement, expected sales and lead times of the products.

To integrate the Group's environmental vision into the procurement of office supplies, priority is given to products with less impacts on the environment, such as products with energy or water efficiency labels. The Group also gives preference to suppliers that are geographically closer to the Group during the procurement process to reduce the carbon footprint in transportation.

To ensure the quality of purchased goods, the responsible departments will conduct inspections in accordance with the product specifications, contract terms, invoices, and other relevant documents. If any defects are found, the responsible staff will withhold acceptance and negotiate with the supplier to determine appropriate remedial actions.

5.2 Business Ethics

The Group commits to providing reliable services and products, places great emphasis on personal data protection and acts in strict compliance with relevant laws and regulations, including but not limited to the Criminal Law of the PRC, Cyber Security Law of the PRC and Personal Data (Privacy) Ordinance of Hong Kong. Each employee in Hong Kong is required to sign a confidentiality agreement prohibiting him/her from disclosing confidential or proprietary information outside the Group during or after employment without the Group's authorisation. In addition, a confidentiality clause is listed in the employee handbook for employees in the Shenzhen office. To enhance information technology ("IT") security, each employee's computer is installed with anti-virus software and firewall, and the IT systems are regularly checked to prevent computer virus infection and leakage of clients' information.

The Group strictly complies with the laws and regulations relating to intellectual property rights, including but not limited to the Patent Law of the PRC, Trademark Law of the PRC, and Copyright Ordinance and Trade Marks Ordinance of Hong Kong. Only approved and authorised software can be installed on the Group's computers. When using any trademarks of other brands, including title and emblem, in the course of business operation, the Group will only use them according to the agreements and guidelines provided by the brands.

During the Year, no violation of laws and regulations relating to personal data protection and intellectual property was involved or discovered by the Group.

Environmental, Social and Governance Report (continued)

5.3 Respect towards Customers

The Group's products are advertised through various means, including newspapers and television programmes. The Group conducts its advertising and promotional activities in full compliance with relevant laws and regulations, including but not limited to the Advertising Law of the PRC, the Telecommunications Ordinance and the Trade Descriptions Ordinance of Hong Kong. Designated employees have been assigned to monitor the content of the advertisements to ensure that all advertising contents are clear, genuine and free from any false and misleading product descriptions.

The Group has implemented a product return and exchange procedure, enabling customers to initiate return or exchange requests within 7 days of receiving their signed items. To ensure effective communication, multiple channels such as customer centers and dedicated customer service hotlines have been established to facilitate customer feedback collection. Through these channels, the Group strives to provide satisfactory customer service by promptly addressing and investigating any potential quality or safety concerns raised by customers. The Group remains committed to resolving customer complaints and ensuring the overall satisfaction of our valued customers.

In order to safeguard the health and safety of the customers, the Group has enhanced the anti-epidemic measures in its retail stores, including increasing the frequency of cleaning and providing front-line employees with cleaning equipment such as towels, bleach and disinfectant sprays.

During the Year, no product sold or shipped subject was recalled for safety and health reasons and no major customer complaints were received.

5.4 Anti-corruption

The Group is determined to maintain a fair and competitive market and promote sustainable development of the industry. The Group strictly complies with laws and regulations regarding bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the PRC and the Prevention of Bribery Ordinance of Hong Kong. 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. To handle conflict of interest, the Group's "Code of Conduct" states that potential conflicts of interest must be reported and there are different treatment for employees and directors.

Employees can also report any irregularities to the designated personnel. We have established a whistleblowing policy that encourages employees and relevant parties to report any internal violations of discipline or law, fraud and behaviours that damage the group's interests and image in an orderly manner. The Group will evaluate each report received to determine if a full investigation is necessary and the investigation report will be reviewed by a committee comprised of senior management team. To enhance employees' awareness of anti-money laundering, relevant training is provided.

During the Year, the Group was not aware of any legal action against the Group and its employees regarding corruption.

Environmental, Social and Governance Report (continued)

6. COMMUNITY INVESTMENT

The Group has focused on community activities and strongly encouraged its employees to participate in various volunteering works and charitable events. Moreover, the Group strives to establish and maintain a close relationship with society amid its business development.

The Group actively participates in volunteering works in different ways. During the Year, the Group sponsor HK\$40,000 and entitled as “silver sponsor” to the charity premiere of the film “Endless Battle” held by the Rotary Club of Channel Islands Community Service Fund Limited and this anticipated charity event raised a substantial amount of fund which provided assistance to those in need in the community.

In addition, the Group is concerned about family relationships in society and the education development of marginalized communities. Therefore, the Group has donated HK\$100,000 to Good Habits International Research Institute Limited, a charity that advocates the belief that behavioural habits influence outcomes. The charity promotes the culture of good cultures and enhances the educational development through providing parental, teacher and children’s courses.

7. KEY PERFORMANCE INDICATORS

The data of KPIs for offices, cell sites and retail stores of the Group are as follows:

Environmental Indicators	2023/24	2022/23
Exhaust Emissions from Vehicles¹		
Nitrogen oxides (kg)	339	428
Sulphur dioxides (kg)	1	1
Particulates (kg)	32	38
Greenhouse Gases		
Total greenhouse gas emissions ² (tonnes CO ₂ e)	1,112	1,368
Scope 1 – direct emissions ³ (tonnes CO ₂ e)	119	108
Scope 2 – energy indirect emissions ⁴ (tonnes CO ₂ e)	950	1,219
Scope 3 – other indirect emissions ⁵ (tonnes CO ₂ e)	43	41
Greenhouse gas emissions per employee (tonnes CO ₂ e)	1.86	2.21
Waste⁶		
Total non-hazardous waste produced ⁷ (tonnes)	130	47
Non-hazardous waste produced per employee (tonnes)	0.22	0.08
Use of Resources⁸		
Total energy consumption (MWh)	2,694	3,217
Indirect energy consumption – Electricity purchased for consumption ⁹ (MWh)	2,230	2,799
Direct energy consumption – Fuel consumption of vehicles ¹⁰ (MWh)	464	418
Energy consumption per employee (MWh)	4.50	5.19
Total water consumption ¹¹ (m ³)	1,255	1,243
Water consumption per employee (m ³)	2.10	2.00

Environmental, Social and Governance Report (continued)

Notes:

1. The calculation method and emission factors used are based on the Appendix II "Reporting Guidance on Environmental KPIs" ("Appendix II") published by the Hong Kong Stock Exchange.
2. Total greenhouse gas emissions are calculated in accordance with the Appendix II published by the Hong Kong Stock Exchange, and the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" published by the Environmental Protection Department and the Electrical and Mechanical Services Department. The Group's greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The data of greenhouse gas emissions are presented in tonnes of carbon dioxide equivalent ("tonnes CO₂e") for the ease of reading and understanding.
3. Scope 1 covers emissions from mobile combustion sources. The calculation method and emission factors used are based on the Appendix II published by the Hong Kong Stock Exchange.
4. Scope 2 covers emissions from electricity purchased from power companies. The calculation method is from Appendix II published by the Hong Kong Stock Exchange and the emission factor are provided by The Hong Kong Electric Co., Limited and CLP Holdings Limited and the "Average Carbon Dioxide Emission Factor of China Regional Power Grid in 2011 and 2012" issued by the National Development and Reform Commission of the PRC.
5. Scope 3 covers emissions from water treatment and waste paper disposal. The calculation method is from Appendix II published by the Hong Kong Stock Exchange and emission factor is provided by Shenzhen Water (Group) Co., Ltd. and the Appendix II published by the Hong Kong Stock Exchange.
6. Hazardous waste was collected by suppliers and qualified companies for treatment and no record was kept by the Group.
7. The Group's non-hazardous waste included general waste and food waste. General waste and food waste are estimated based on daily office operation situations.
8. Due to its business nature, the Group does not involve in any production process or the use of packaging materials.
9. Electricity purchased for consumption is calculated based on the actual amount of purchased electricity.
10. Fuel consumption of vehicles is calculated based on the actual consumption. The calculation method and conversion factor for fuel and energy are based on the Appendix II published by the Hong Kong Stock Exchange.
11. The water consumption covers the performance of the Shenzhen office only and is calculated based on the actual consumption. The water fee of the Group's head office and retail stores in Hong Kong was included in the management fee; hence such data on water consumption cannot be collected.

Environmental, Social and Governance Report (continued)

Social Indicators	2023/24	2022/23
Number of Employees		
Total	599	610
By gender		
Male	321	333
Female	278	277
By employment type		
Full-time	554	577
Part-time	45	33
By age group		
Aged below 30	99	115
Aged 30 to 50	368	359
Aged above 50	132	136
By geographical region		
Hong Kong	475	492
Shenzhen	124	118
Employee Turnover Rate¹		
Total	32%	28%
By gender		
Male	35%	32%
Female	29%	25%
By age group		
Aged below 30	51%	43%
Aged 30 to 50	33%	32%
Aged above 50	16%	7%
By geographical region		
Hong Kong	31%	26%
Shenzhen	40%	38%
Average Hours of Training per Employee and Percentage of Employees who Received Training²		
Total	15 (58%)	14 (55%)
By gender		
Male	16 (64%)	14 (56%)
Female	12 (50%)	14 (53%)
By employee category		
General staff	15 (63%)	13 (62%)
Middle management	16 (57%)	21 (48%)
Senior management	2 (14%)	2 (14%)
Number of Suppliers		
Total	103	269
By geographical region		
Hong Kong	100	264
The PRC	2	3
Other countries and regions	1	2

Notes:

1. The turnover rate of employees is calculated in accordance with the Appendix III "Reporting Guidance on Social KPIs" published by the Hong Kong Stock Exchange.
2. Percentage of employees who received training is calculated in accordance with the Appendix III "Reporting Guidance on Social KPIs" published by the Hong Kong Stock Exchange.

Environmental, Social and Governance Report (continued)

8. APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections	Page/ Explanation
<i>Environment</i>			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL PROTECTION Emission	33
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION Emission KEY PERFORMANCE INDICATORS	33 40-42
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	40-42
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	40-42
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	KEY PERFORMANCE INDICATORS	40-42
KPI A1.5	Description of emissions target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Emission	32-33
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Emission	32-33

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION Use of Resources Green Operation	34-35
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KEY PERFORMANCE INDICATORS	40-42
KPI A2.2	Water consumption in total and intensity.	KEY PERFORMANCE INDICATORS	40-42
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Use of Resources	32-34
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION Environmental Goals and Progress Green Operation	32-35
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	KEY PERFORMANCE INDICATORS	40-42
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Green Operation Responding to Climate Change	35

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION Responding to Climate Change	35
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION Responding to Climate Change	35
Social			
<i>Employment and Labour Practices</i>			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines Care for Employees	36
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	KEY PERFORMANCE INDICATORS	40-42
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	KEY PERFORMANCE INDICATORS	40-42

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	37
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	37
KPI B2.2	Lost days due to work injury.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	37
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	EMPLOYMENT AND LABOUR PRACTICES Health and Safety	37
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYMENT AND LABOUR PRACTICES Development and Training	37
KPI B3.1	The percentage of employees trained by gender and employee category.	KEY PERFORMANCE INDICATORS	40-42
KPI B3.2	The average training hours completed per employee by gender and employee category.	KEY PERFORMANCE INDICATORS	40-42

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	36
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	36
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	EMPLOYMENT AND LABOUR PRACTICES Employment Guidelines	36
Operating Practices			
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATING PRACTICES Supply Chain Management	38
KPI B5.1	Number of suppliers by geographical region.	KEY PERFORMANCE INDICATORS	40-42
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	38
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	38
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATING PRACTICES Supply Chain Management	38

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	OPERATING PRACTICES Business Ethics Respect towards Customers	38-39
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	OPERATING PRACTICES Respect towards Customers	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	OPERATING PRACTICES Respect towards Customers	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATING PRACTICES Business Ethics	38
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATING PRACTICES Respect towards Customers	–
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	OPERATING PRACTICES Business Ethics Respect towards Customers	38-39

Environmental, Social and Governance Report (continued)

ESG Indicators	Summary	Sections	Page/ Explanation
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	OPERATING PRACTICES Anti-corruption	39
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OPERATING PRACTICES Anti-corruption	39
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OPERATING PRACTICES Anti-corruption	39
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OPERATING PRACTICES Anti-corruption	39
Community			
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY INVESTMENT	40
KPI B8.1	Focus areas of contribution.	COMMUNITY INVESTMENT	40
KPI B8.2	Resources contributed to the focus area.	COMMUNITY INVESTMENT	40

Report of the Directors

The Board is pleased to present its annual report together with the audited consolidated financial statements for the Financial Year.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are in product business in sales of electronic devices and other consumer goods and related services, provision of operation services, property investments and provision of paging and other communication services. Details of the principal activities of the subsidiaries of the Company are set out in Note 39 to the consolidated financial statements.

ACQUISITIONS AND DISPOSALS

Save as disclosed in the sections headed "Management Discussion and Analysis" ("MD&A") on pages 6 to 12 of this annual report, the Group entered into a provisional agreement dated 8 August 2023 to sell the property which owned by an indirect wholly-owned subsidiary of the Company, and the completion took place on 22 September 2023, except as the disclosed above, the Company did not undertake any material acquisitions and disposal of subsidiaries and associates during the Financial Year.

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairman's Report" and MD&A which set out on pages 3 to 4 and pages 6 to 12 of this annual report respectively. Such discussion forms part of this Report of the Directors.

Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular the Internal Control section under the MD&A and Corporate Governance Report, and the Principal Risks and Uncertainties section of this Report of the Directors. The Group did not have any significant event within the Financial Year and the Reporting Period. An analysis using financial review is provided in the MD&A. Compliance with relevant laws and regulations which have a significant impact on the Group can be found throughout this annual report, in particular, the Corporate Governance Report.

In addition, discussions on the Group's environmental, social and governance ("ESG") as well as the relationships with the key stakeholders that have a significant impact on the Group are contained in the Report of the Directors section and Materiality Assessment section under ESG Report of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group, as well as, the Group understands the importance of maintaining good relationship can fulfill its immediate and long-term goals. During the Financial Year, there was no material and significant dispute between the Group and its customers and/or suppliers.

Report of the Directors (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

1. Operational Risk

1.1 Third-party Vendor/Supplier

Business interruption due to third-party service failure, such as termination suddenly; and

1.2 Business interruption

Business interruption due to external factors beyond control, such as any significant corporate incidents.

2. Technology Risk

2.1 Information Security and Data Protection

The Group's comprehensive digital system, information security and customer data privacy protection are one of the material risk attributes recognised.

2.2 Cyber-security Threat

The Group relies on a sound IT infrastructure and operating environment in supporting all aspects of its business operation, including handling of customer data, personal information and other sensitive commercial data which are susceptible to cyber-security threats.

3. Regulatory and Legal Risk

The Group operates in markets and industries requiring compliance with legal and regulatory standards in various jurisdictions, such as telecommunications, financial investments etc. which exist the risk of non-compliance with laws and regulations.

4. Human Resources Risk

Any major disruption resulting from the loss of key employees and influence the continuity of the business operations.

5. Financial Risk

For financial risk, please refer to the financial risk section under Note 31(b) to the consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ESG Report of the Company for the year ended 31 March 2024 is set out on pages 28 to 49 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 Reporting Period, 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 latest requirements under the Companies Law 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.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The Group's financial performance and the financial position of the Group for the Financial Year are set out in the consolidated financial statements on pages 67 to 151 of this annual report. The Board declared the first quarter interim dividend of HK\$0.03 per share on 17 August 2023, and the fourth quarter interim dividend of HK\$0.04 per share on 26 June 2024, during the Financial Year.

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. The Company does not have any predetermined dividend payout ratio.

The Company has had a consistent dividend payment that balances the objective of appropriately rewarding Shareholders through dividends and to support the future growth. Dividends will generally be declared four times a year at approximately quarterly intervals. In years of exceptional gains or other events, a special dividend may be declared.

The Board will review the Dividend Policy, as appropriate, to ensure the effectiveness of the Dividend Policy. The Audit Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

In order to determine the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 16 September 2024 to 20 September 2024, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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, not later than 4:00 p.m. on 13 September 2024. Shareholders whose names are recorded in the register of members of the Company on 20 September 2024 are entitled to attend and vote at the AGM.

Report of the Directors (continued)

RESERVES

Details of movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity and in Note 33 to the consolidated financial statements respectively.

As at the Financial Year, the Company's reserves available for distribution to Shareholders amounted to approximately HK\$303.63 million (2023: HK\$315.61 million) 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 15 and 17 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in Note 30 to the consolidated financial statements.

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.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 152.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company pursuant to a resolution passed by the Shareholders at the extraordinary general meeting held on 20 May 2014 (the "2014 Scheme"). Under the 2014 Scheme, the Board may, at its absolute discretion, grant share options pursuant to the terms of the 2014 Scheme to eligible participants, including, among others, the directors, full-time employees and part-time employees of the Company and its subsidiaries. The 2014 Scheme expired on 19 May 2024.

No share option lapsed or was granted, exercised or cancelled by the Company under the 2014 Scheme during the Financial Year and there were no outstanding share options under the 2014 Scheme as at the Financial Year.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 39 to the consolidated financial statements.

Report of the Directors (continued)

DIRECTORS

The Directors who held office during the Reporting Period were:

Executive Directors

Mr. CHEUNG King Shek (*chairman*)
Mr. CHEUNG King Shan
Mr. CHEUNG King Chuen Bobby, *MH*
Mr. CHEUNG King Fung Sunny (*chief executive officer*)
Mr. WONG Wai Man
Ms. MOK Ngan Chu

Independent Non-executive Directors

Mr. LAM Yu Lung
Mr. LAU Hing Wah, *MH, JP*
Mr. LO Kam Wing

By virtue of Article 108(a) of the Articles of Association, Messrs. CHEUNG King Shan, CHEUNG King Chuen Bobby, WONG Wai Man and LO Kam Wing will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

As at 31 March 2024, no Director proposed for re-election at the forthcoming AGM had a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The biographical details of the Directors are set out on pages 13 to 15 of this annual report.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51 of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the existing INEDs, an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the INEDs are independent and at least one of them has appropriate professional qualifications or accounting or related financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a fixed term of one year 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 INEDs 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).

Report of the Directors (continued)

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this Directors' Report below and Note 38 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, or 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, whether directly or indirectly, subsisted as at 31 March 2024 or at any time during the Reporting Period.

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"), Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny ("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 dated 26 May 2014.

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 2024. 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 2024.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-competition during the year ended 31 March 2024:

- (i) The Controlling Shareholders had procured the independent non-executive Directors to review, on an annual basis, the compliance with the non-competition undertakings by the Controlling Shareholders under the Deed of Non-competition.
- (ii) The Controlling Shareholders had promptly provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition.
- (iii) The Controlling Shareholders had provided to the Company a written confirmation relating to the compliance of the Deed of Non-competition and declared that they had complied with the Deed of Non-competition during the year ended 31 March 2024.
- (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 2024.

Report of the Directors (continued)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2024, 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 13 to 15 of this annual report.

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 12 to the consolidated financial statements.

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

As at 31 March 2024, the interests and short positions of the Directors and chief executives 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 maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director(s)	Capacity/ Nature of interest	Number of issued Shares held	Percentage of the issued share capital ^{Note A}
CHEUNG King Shek	Beneficial owner	20,967,000	5.19%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
CHEUNG King Shan	Beneficial owner	20,506,000	5.08%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
CHEUNG King Chuen Bobby	Beneficial owner	20,568,000	5.09%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
CHEUNG King Fung Sunny	Beneficial owner	20,638,000	5.11%
	Beneficiary of a trust ^{Note B}	220,000,000	54.49%
WONG Wai Man	Beneficial owner	30,000	0.0074%
MOK Ngan Chu	Beneficial owner	30,000	0.0074%

Report of the Directors (continued)

(b) Long position in the shares of associated corporations

Amazing Gain is one of the controlling shareholders of the Company and the Group's holding company. The companies listed in the table below (apart from Amazing Gain) are subsidiaries of Amazing Gain. Therefore, 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/ Nature of interest	Number of shares/ Amount of share capital	Approximate percentage of interests
Amazing Gain Limited	Beneficiary of a trust ^{Note B}	100	100%
CKK Investment Limited	Beneficiary of a trust ^{Note B}	1	100%
Pin International Holdings Limited	Beneficiary of a trust ^{Note B}	12	100%

Note A: The calculation is based on 403,753,000 Shares (total issued shares of the Company) as at 31 March 2024.

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

Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the following persons (other than a Director or the chief executive of the Company)/entities had interests and short positions in the Shares and underlying Shares as recorded in the register of interests of the substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO (the "Substantial Shareholders' Register"), or to be disclosed under the Part XV of the SFO and the Listing Rules:

Long Position in the Shares

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	54.49%
Amazing Gain ^{Note B}	Interest of controlled corporation	220,000,000	54.49%
J. Safra Sarasin Trust Company (Singapore) Limited ^{Note B}	Trustee (other than a bare trustee)	220,000,000	54.49%
Ms. TANG Fung Yin Anita ^{Note C}	Interest of spouse	240,506,000	59.57%
Ms. YEUNG Ho Ki ^{Note C}	Interest of spouse	240,638,000	59.60%

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

Save as disclosed above, as at 31 March 2024, 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 Financial Year 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).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year and the Reporting Period.

Report of the Directors (continued)

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.

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.

EVENTS AFTER THE REPORTING PERIOD

Except for disclosed elsewhere in this report, there were no significant events after the reporting period.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2024, the Group's top five customers accounted for approximately 53.9% of the revenue. The top five suppliers accounted for approximately 97.7% of the total purchases for the Financial Year. In addition, the Group's largest customer accounted for approximately 24.7% of the revenue and the Group's largest supplier accounted for approximately 59.6% of the total purchases for the year.

For the year ended 31 March 2024, 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\$338.57 million, representing approximately 24.7% of the Group's revenue for the year ended 31 March 2024.

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 2024.

CONNECTED TRANSACTIONS

The Group's connected transactions and continuing connected transactions are primarily classified based on (1) the continuing connected transactions between the Group and East-Asia Pacific Limited and its subsidiaries ("East-Asia" and "East-Asia Group", respectively); (2) the continuing connected transactions between the Group and Sun Asia Pacific Limited and its subsidiaries ("Sun Asia" and "Sun Asia Group", respectively); and (3) the continuing connected transactions between the Group and Telecom Service One Limited ("TSO").

Report of the Directors (continued)

1. Transactions with East-Asia Group

As East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds approximately 54.49% of the Shares in issue of the Company, the transactions between the Group and East-Asia Group, constitute connected transactions of the Company under the Listing Rules. References are made to the Company's announcements dated 2 April 2023, 4 August 2023 and 28 March 2024, respectively. Since one or more of the applicable percentage ratios of the transaction amounts of the transactions contemplated under the 2023/24 Tenancy Agreements and 2023/24 Licence Agreements (collectively, "EA-Agreements"), between the subsidiaries of the Group and East-Asia Group, in relation to the tenancy of the properties and the carparking spaces, on an aggregated basis, are less than 5% but aggregate annual fee exceeds HK\$10,000,000, the aggregate annual fees for the transactions with East-Asia Group contemplated under the EA-Agreements are subject to the reporting, annual review, and announcement requirements, but are exempt from the independent shareholders' approval requirements.

For the Financial Year, the actual transactions amount for the connected transactions between the Group and subsidiaries of East-Asia Group mentioned above was approximately HK\$17,817,000 (2022/23: approximately HK\$18,071,000) which is less than 5% but aggregate annual fee exceeds HK\$10,000,000.

2. Transactions with Sun Asia Group

As Sun Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds approximately 54.49% of the Shares in issue of the Company, the transactions between the Group and Sun Asia Group, constitute connected transactions of the Company under the Listing Rules. References are made to the Company's announcements dated 2 April 2023, 30 August 2023 and 28 March 2024, respectively. Since one or more of the applicable percentage ratios of the transaction amounts of the transactions contemplated under the various transactions agreements (collectively, "SA-Agreements"), between the subsidiaries of the Group and Sun Asia Group, in relation to the tenancy of the properties, provision of services and sales and purchases of products, on an aggregated basis, are less than 5% but aggregate annual fee exceeds HK\$10,000,000, the aggregate annual fees for the transactions with Sun Asia Group contemplated under the SA-Agreements are subject to the reporting, annual review, and announcement requirements, but are exempt from the independent shareholders' approval requirements.

For the Financial Year, the actual transactions amount for the connected transactions between the Group and subsidiaries of Sun Asia Group mentioned above was approximately HK\$9,698,000 (2022/23: approximately HK\$5,377,000) which is less than 5% but aggregate annual fee exceeds HK\$10,000,000.

3. Transactions with TSO

As TSO is a wholly-owned subsidiary of Telecom Service One Holding Limited ("TSOH") which is indirectly owned by the Cheung Family Trust as to 51.43% and the Cheung Family Trust indirectly holds approximately 54.49% of the Shares in issue of the Company, TSO and TSOH is a connected person of the Company, the transactions between the Group and TSO, constitute connected transactions of the Company under the Listing Rules.

References are made to the Company's announcements dated 2 April 2023 and 28 March 2024, respectively. Since one or more of the applicable percentage ratios of the transaction amounts of the transactions contemplated under the services agreements and tenancy agreement (collectively, "TSO-Agreements"), between the subsidiaries of the Group and TSO, in relation to the tenancy of the property and provision of services, on an aggregated basis, are less than 5% but aggregate annual fee exceeds HK\$10,000,000, the aggregate annual fees for the transactions with TSO contemplated under the TSO-Agreements are subject to the reporting, annual review, and announcement requirements, but are exempt from the independent shareholders' approval requirements.

Report of the Directors (continued)

For the Financial Year, the actual transactions amount for the connected transactions between the Group and TSO mentioned above was approximately HK\$4,046,000 (2022/23: approximately HK\$2,429,000) which is less than 5% but aggregate annual fee exceeds HK\$10,000,000.

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.

Annual review of Continuing Connected Transactions

The Continuing Connected Transactions have been reviewed by the INEDs of the Company. The INEDs confirmed that the Continuing Connected Transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the terms of the agreements governing such transactions that were fair and reasonable and in the interests of the Shareholders as a whole.

The Company has engaged the independent auditor, SHINEWING CPA (HK) LIMITED to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. SHINEWING CPA (HK) LIMITED have issued to the Company their unqualified letter containing their findings and conclusions in respect of the abovementioned continuing connected transactions for the Financial Year in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed in Note 38 to the consolidated financial statements, none of the related party transactions disclosed in Note 38 to the consolidated financial statements constituted a one-off connected transaction or Continuing Connected Transaction under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for all the one-off connected transactions or continuing connected transactions (as the case may be) in accordance with Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Financial Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 16 to 27 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.

Report of the Directors (continued)

LEGAL PROCEEDINGS

As at 31 March 2024, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the Financial Year and the Reporting Period, the Company has maintained the public float required by the Listing Rules.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2024 are set out in Note 36 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2024 are set out in Note 27 to the consolidated financial statements.

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 152 of this annual report.

AUDITOR

The consolidated financial statements for the Financial Year 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 2024

Independent Auditor's Report



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

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 (hereinafter collectively referred to as the "Group") set out on pages 67 to 151, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 ("HKSA") 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)

Valuation for inventories

Refer to notes 4 and 20 to the consolidated financial statements and the accounting policies on page 85.

The key audit matter

How the matter was addressed in our audit

As at 31 March 2024, the carrying amount of inventories was approximately HK\$75,328,000, net of accumulated allowance for obsolete inventories of approximately HK\$215,000. Reversal of allowance for inventories of HK\$15,000 and written off of inventories of approximately HK\$55,000 were recognised during the year ended 31 March 2024.

We have identified the valuation for inventories as a key audit matter because of their significance to the consolidated financial statements and the involvement of significant judgement and estimation in identifying inventories with net realisable values that are lower than their carrying amounts, and obsolescence, with reference to the selling prices and conditions of inventories.

We have obtained an understanding and evaluated the key internal controls on how the management assesses the valuation for inventories.

We have assessed management estimation and judgement on the assessment of net realisable values of inventories and identification of obsolete items based on their subsequent usage and selling prices subsequent to the end of the reporting period and current market conditions.

We have assessed the net realisable values of inventories by reference to selling price subsequent to the end of the reporting period on a sample basis and discussed with the management in respect of the adequacy of the allowance made by the management based on subsequent sales, ageing analysis and current market conditions. We have reviewed management's identification of obsolete inventories, and critically assessed whether appropriate provisions had been established for obsolete items. We have assessed the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates.

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, but does not include 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.

Independent Auditor's Report (continued)

RESPONSIBILITIES OF THE 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.

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.

Independent Auditor's Report (continued)

- 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.

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, actions taken to eliminate threats or safeguards applied.

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 Mr. Pang Wai Hang.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

26 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	6	1,372,767	1,535,452
Cost of inventories sold		(906,596)	(1,036,415)
Staff costs		(191,328)	(193,017)
Depreciation		(94,106)	(96,710)
Other income and gains	8	43,387	17,317
Other operating expenses		(106,155)	(113,596)
(Loss) gain on change in fair value:			
– financial assets at fair value through profit or loss (“FVTPL”)		(12,651)	(6,375)
– derivative financial instruments		587	(587)
Share of results of associates		9,205	11,328
Finance costs	9	(43,742)	(25,733)
Profit before tax		71,368	91,664
Income tax expense	10	(14,989)	(16,084)
Profit for the year attributable to owners of the Company	11	56,379	75,580
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		1,591	(761)
Item that will not be reclassified subsequently to profit or loss:			
Actuarial loss on long service payment obligations	28	(478)	(491)
Other comprehensive income (expense) for the year		1,113	(1,252)
Total comprehensive income for the year attributable to owners of the Company		57,492	74,328
Earnings per share (HK\$)	14		
Basic		0.14	0.19
Diluted		0.14	0.19

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	15	408,657	586,134
Right-of-use assets	16	51,346	56,271
Investment properties	17	523,390	417,332
Club membership	18	1,560	1,560
Interests in associates	19	21,572	23,190
Rental deposits	22	9,215	9,051
Prepayments for addition of property, plant and equipment	22	3,400	427
		1,019,140	1,093,965
Current assets			
Inventories	20	75,328	122,497
Financial assets at FVTPL	21	32,245	58,862
Derivative financial instruments	26	–	294
Trade and other receivables	22	48,739	38,724
Amounts due from related companies	38(a)	98	82
Amount due from an associate	38(b)	15,530	20,303
Loan to an associate	38(c)	–	–
Tax recoverable		1,506	1,367
Pledged bank deposits	23	5,472	5,767
Bank balances and cash	23	27,331	30,374
		206,249	278,270
Current liabilities			
Trade and other payables	24	70,405	77,433
Contract liabilities	25	4,682	5,869
Amounts due to related companies	38(a)	163	56
Derivative financial instruments	26	–	881
Lease liabilities	16	35,816	34,492
Bank and other borrowings	27	597,224	775,896
Tax payables		1,346	3,725
		709,636	898,352
Net current liabilities		(503,387)	(620,082)
Total assets less current liabilities		515,753	473,883

Consolidated Statement of Financial Position (continued)

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Long service payment obligations	28	2,368	1,951
Lease liabilities	16	18,988	23,130
Deferred tax liabilities	29	725	509
		22,081	25,590
Net assets		493,672	448,293
Capital and reserves			
Share capital	30	4,039	4,039
Reserves		489,633	444,254
Total equity		493,672	448,293

The consolidated financial statements on pages 67 to 151 were approved and authorised for issue by the board of directors on 26 June 2024 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 2024

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note (a))</i>	Exchange reserve HK\$'000	Legal reserve HK\$'000 <i>(Note (b))</i>	Retained profits HK\$'000	
As at 1 April 2022	4,039	98,195	4,533	(107)	91	303,552	410,303
Profit for the year	-	-	-	-	-	75,580	75,580
Other comprehensive expense:							
Exchange differences arising on translation of foreign operations	-	-	-	(761)	-	-	(761)
Actuarial loss on long service payment obligations <i>(Note 28)</i>	-	-	-	-	-	(491)	(491)
Total comprehensive (expense) income for the year	-	-	-	(761)	-	75,089	74,328
Dividends <i>(Note 13)</i>	-	-	-	-	-	(36,338)	(36,338)
As at 31 March 2023	4,039	98,195	4,533	(868)	91	342,303	448,293

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 March 2024

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>(Note (a))</i>	Exchange reserve HK\$'000	Legal reserve HK\$'000 <i>(Note (b))</i>	Retained profits HK\$'000	
As at 1 April 2023	4,039	98,195	4,533	(868)	91	342,303	448,293
Profit for the year	-	-	-	-	-	56,379	56,379
Other comprehensive income (expense):							
Exchange differences arising on translation of foreign operations	-	-	-	1,591	-	-	1,591
Actuarial loss on long service payment obligations <i>(Note 28)</i>	-	-	-	-	-	(478)	(478)
Total comprehensive income for the year	-	-	-	1,591	-	55,901	57,492
Dividends <i>(Note 13)</i>	-	-	-	-	-	(12,113)	(12,113)
As at 31 March 2024	4,039	98,195	4,533	723	91	386,091	493,672

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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	71,368	91,664
Adjustments for:		
Allowance for inventories	–	279
Bank interest income	(163)	(170)
Interest income from financial assets at FVTPL	–	(1,343)
Dividend income from financial assets at FVTPL	(1,526)	(930)
Depreciation of property, plant and equipment	27,982	32,232
Depreciation of investment properties	19,311	17,429
Depreciation of right-of-use assets	46,813	47,049
Finance costs	43,742	25,733
(Gain) loss on disposal of property, plant and equipment	(38,113)	364
Government grants	(1,152)	(11,175)
Loss on change in fair value of financial assets at FVTPL	12,651	6,375
(Gain) loss on change in fair value of derivative financial instruments	(587)	587
Written off of inventories	55	18
Provision for long service payment obligations	551	420
Reversal of allowance for inventories	(15)	–
Reversal of impairment loss on receivable from disposal of an associate	–	(1,380)
Share of results of associates	(9,205)	(11,328)
Operating cash inflows before movements in working capital	171,712	195,824
Decrease (increase) in inventories	47,129	(20,849)
(Increase) decrease in trade and other receivables	(10,179)	25,543
Decrease in amount due from an associate	4,773	3,422
Increase in amounts due from related companies	(16)	(73)
Decrease in trade and other payables	(5,550)	(310)
Increase (decrease) in amounts due to related companies	107	(542)
Decrease in contract liabilities	(1,187)	(1,401)
Decrease in long service payment obligations	(612)	(107)
Cash generated from operations	206,177	201,507
Hong Kong Profits Tax paid	(17,280)	(24,766)
PRC Enterprise Income Tax paid	(11)	(10)
NET CASH FROM OPERATING ACTIVITIES	188,886	176,731

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
INVESTING ACTIVITIES		
Net cash outflow on acquisition of a subsidiary (<i>Note 32</i>)	–	(662,122)
Purchase of property, plant and equipment	(21,812)	(6,857)
Placement of pledged bank deposits	(5,472)	(13,632)
Prepayments for addition of property, plant and equipment	(3,400)	(427)
Proceeds from disposal of property, plant and equipment	84,478	1,160
Proceeds from disposal of financial asset at FVTPL	13,966	14,367
Dividends received from an associate	10,823	11,336
Withdrawal of pledged bank deposits	5,767	13,000
Dividends income from financial assets at FVTPL	1,526	930
Bank interest received	163	170
Interest income from financial assets at FVTPL	–	1,343
NET CASH FROM (USED IN) INVESTING ACTIVITIES	86,039	(640,732)
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(1,757,827)	(2,752,191)
Repayment on capital element of lease liabilities	(44,706)	(47,888)
Dividends paid	(12,113)	(36,338)
Interest paid	(43,742)	(25,733)
Bank and other borrowings raised	1,579,799	3,233,021
Government grants	1,152	11,175
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(277,437)	382,046
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,512)	(81,955)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	30,374	112,491
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(531)	(162)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by Bank balances and cash	27,331	30,374

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

Corporate information

Telecom Digital Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 20 November 2002 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 May 2017. The address of the registered office and the principal place of business of the Company are detailed in the section headed “Corporate Information” to the annual report.

The Directors consider the immediate holding company and ultimate holding company are CCK 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 product business in sales of electronic devices and other consumer goods and related services, provision of operation services and property investments.

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

Basis of preparation

As at 31 March 2024, the Group had net current liabilities of HK\$503,387,000. The consolidated financial statements have been prepared by the Directors on a going concern basis after taken into consideration of the followings:

- (i) the unutilised banking facilities readily available to the Group amounted to HK\$280,135,000 as at 31 March 2024;
- (ii) out of the secured bank borrowings of HK\$562,229,000, 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\$411,615,000.

All of the bank borrowings were secured by the ownership interests in leasehold land and buildings included in property, plant and equipment, investment properties, financial assets at FVTPL and certain pledged bank deposits with carrying amounts of HK\$344,642,000, HK\$523,390,000, HK\$32,245,000 and HK\$336,000 respectively. Its repayment is expected to be fully recovered through the realisation of these assets when the repayment on demand clause be exercised.

The Group will continuously comply with financial covenants and other terms and conditions of the secured bank borrowings, including timely repayment of principal and interest of the bank borrowings; and

- (iii) the Group is expected to generate sufficient working capital to meet its financial obligations as and when they fall due not less than twelve months.

Accordingly, the Directors 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 2024

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

Application of new and amendments to HKFRSs

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning on 1 April 2024.

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – *Disclosure of Accounting Policies*

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies as set out in Note 3.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

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

Application of new and amendments to HKFRSs (continued)

Impact on application of Amendments to HKAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax assets (provided that sufficient taxable profit is available) and a deferred tax liability for temporary difference arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> ¹
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> ¹
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the above amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

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 between market participants at the measurement date, 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 material 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 and 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 it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases 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 and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Asset Acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to property, plant and equipment and investment properties which are subsequently measured under cost model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Interests in associates

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 interests in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, interests in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and changes in the other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest 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.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net 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 associate that are unrelated to the Group. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers

Revenue is recognised 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. Specifically, the Group uses a 5-step approach to revenue recognition:

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

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

Contract liabilities

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the following major sources:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Contract liabilities (continued)

Sales of electronic devices and other consumer goods and related services in the Group's retail outlets

For the sales of the electronic devices and other consumer goods, revenue is recognised when control passes to the retail customers, being the point the retail customers purchase the goods at the service outlets.

Revenue for the provision of the related services is recognised overtime. Other related services income comprise customer services, promotion services and consignment services. Customer services related to routine services. These services income is recognised over the contract terms when services are rendered. The Group renders promotion services to its suppliers on ah-hoc basis, service income is recognised when services are rendered. The Group allows certain suppliers to sell goods at the service outlets on a consignment basis in consideration of a consignment fee. The consignment services fee which based on a fixed percentage of the sales of consigned goods, is recognised when the retail customers purchase the consigned goods at the service outlets.

Distribution of mobile phones and related services to its distributors

Revenue from sales of goods to distributors is recognised when control of the goods has transferred, being when the goods are delivered and there is no unfulfilled obligation that could affect them to accept the goods. The Group renders logistics services to its customers. Service income is recognised when services are rendered.

The Group determined that revenue from sales of goods is recognised at point in time when the goods are delivered to and have been accepted.

Provision of paging and other telecommunications services

The Group provides paging and other telecommunications services to customers through a variety of plans on a postpaid or prepaid basis. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customers. Service revenue is billed in advance and included under contract liabilities.

For service plan based on usage, where monthly usage exceeds the allowance, the overage usage represents options held by the customers for incremental services and the usage-based fee is recognised when the customers exercise the option.

Provision of operation services

The operation services are undertaken by the Group's one of associates, Sun Mobile Limited ("SUN Mobile"). The operation services the Group provides to SUN Mobile include sale management services, marketing operation services, customer services, billing payment and debt collection services, and customer data compilation and analysis services. Revenue from provision of operation services is recognised over time which reflects the pattern by which the Group satisfies the performance obligation through the transfer of services to SUN Mobile.

Other income

Handling income are recognised at a point in time when services are rendered.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments); and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment property".

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leasing (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to all of its investment properties and leased retail areas. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

Retirement benefit costs and termination benefits

Payments to defined contribution plans/state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a state-managed retirement benefit scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the state-managed retirement benefit scheme. The contributions are recognised as expense in accordance with the rules of the central pension scheme.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Retirement benefit costs and termination benefits (continued)

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs.

Employment Ordinance long service payments

For long services payment, 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. 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 benefit liability in profit or loss; and remeasurements liability in other comprehensive income.

Foreign currencies

In preparing the 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.

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. 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.

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 of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress for supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

If an item of property, plant and equipment becomes an investment property when there is a change in use, transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes as the Group's investment properties are measured under cost model.

Club membership

Club membership is carried at cost less accumulated impairment losses (see the accounting policy in respect of impairment losses on property, plant and equipment, right-of-use assets, investment properties and club membership below).

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 of inventories represents the estimated selling price in the ordinary course of business less all costs necessary to make the sale.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Investments in subsidiaries

Investments in subsidiaries is stated in the statements of financial position of the Company at cost less any identified impairment loss.

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, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the 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.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and 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.

For financial assets, 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) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "Other income and gains" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Loss on change in fair value of financial assets at FVTPL" line item. Fair value is determined in the manner described in Note 31.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and lease receivables and trade-related amount due from an associate and related companies. The ECL on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic; or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default, (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Credit-impaired financial assets (continued)

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade and lease receivables, when the amounts are over 12 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For lease receivables, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 *Leases*.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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.

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 a group entity are recognised at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as FVTPL are subsequently measured at amortised cost using the 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 premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Impairment losses on property, plant and equipment, right-of-use assets, investment properties and club membership

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment properties 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. The recoverable amount of property, plant and equipment, right-of-use assets, investment properties and club membership are estimated individually. 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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment losses on property, plant and equipment, right-of-use assets, investment properties and club membership (continued)

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. 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.

Fair value measurement

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

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

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

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

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

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

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the 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 on-going 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.

Critical judgement in applying accounting policies

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

Going concern consideration

The assessment of the going concern assumption involves making judgements by the directors of the Company, at a particular point of time, about the future outcome of events and conditions which are inherently uncertain. The directors of the Company believe that the liquidity of the Group can be maintained in the coming twelve-month period from 31 March 2024 after taking into the considerations as detailed in Note 2. The directors of the Company also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 31 March 2024.

Key sources of estimation uncertainty

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

Valuation 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 valuation of inventories are involved significant judgement and estimation in identifying inventories with net realisable values that are lower than their carrying amounts, and obsolescence, with reference to the selling prices and conditions of inventories.

As at 31 March 2024, the carrying amount of inventories was HK\$75,328,000 (2023: HK\$122,497,000), net of accumulated allowance for obsolete inventories of HK\$215,000 (2023: HK\$285,000). Allowance for inventories of Nil (2023: HK\$279,000), reversal of allowance for inventories of HK\$15,000 (2023: Nil) and written off of inventories of HK\$55,000 (2023: HK\$18,000) were recognised during the year ended 31 March 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

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

Key sources of estimation uncertainty (continued)

Deferred tax assets

As at 31 March 2024, no deferred tax asset has been recognised on the tax losses and deductible temporary difference for certain subsidiaries due to the unpredictability of future profit streams. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Depreciation and impairment assessment 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 2024, there were no changes on the estimated useful lives after performing annual assessment and the related depreciation of the property, plant and equipment and investment properties with carrying amounts of HK\$408,657,000 (2023: HK\$586,134,000) and HK\$523,390,000 (2023: HK\$417,332,000) respectively.

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 and other 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 2024

6. REVENUE

Revenue represents revenue arising from product business in sales of electronic devices and other consumer goods and related services, provision of operation services and property investments, net of discounts, where applicable. An analysis of the Group's revenue for the year is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
– Sales of goods		
Product business	1,016,464	1,161,715
– Services rendered		
Product business	6,896	7,646
Operation services	306,297	325,190
Others	21,129	25,992
	1,350,786	1,520,543
Revenue from other sources		
– Rental income for investment properties under operating lease with fixed lease payments (<i>Note</i>)	21,981	14,909
	1,372,767	1,535,452

Note: Rental income from related companies amounted to HK\$9,896,000 (2023: HK\$2,228,000) are included in revenue.

Disaggregation of revenue from contracts with customers by timing of recognition

	2024 HK\$'000	2023 HK\$'000
Timing of revenue recognition		
At a point of time	1,022,687	1,168,619
Over time	328,099	351,924
	1,350,786	1,520,543

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

6. REVENUE (continued)

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

As at 31 March 2024 and 2023, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at the end of both reporting periods.

7. SEGMENT INFORMATION

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

Product business	–	Sales of electronic devices and other consumer goods and related services
Operation services	–	Provision of operation services
Property investments	–	Investment properties held for capital appreciation or to earn rentals

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group has other operating segment which is engaged in paging and other telecommunications service. As this segment does not meet any of quantitative thresholds for determining reportable segment in both reporting periods, accordingly, the above operating segment is classified under "Other segment".

The CODM makes decisions based on the operating results of each segment. No information of segment assets and liabilities is reviewed by the CODM for both years for the assessment of the performance of operating segments. Therefore, only the segment revenue and segment results are presented.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

7. 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 year ended 31 March 2024

	Product business HK\$'000	Operation services HK\$'000	Property Investments HK\$'000	Other segment HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue						
External sales	1,023,360	306,297	21,981	21,129	–	1,372,767
Inter-segment sales	581	–	3,221	18	(3,820)	–
Segment revenue	1,023,941	306,297	25,202	21,147	(3,820)	1,372,767
Segment results	62,670	43,613	(2,758)	5,288		108,813
Bank interest income						163
Finance costs						(43,742)
Share of results of associates						9,205
Loss on change in fair value of financial assets at FVTPL						(12,651)
Gain on change in fair value of derivative financial instruments						587
Unallocated gain on disposal of property, plant and equipment						38,201
Corporate expenses, net						(29,208)
Profit before tax						71,368

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

7. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 March 2023

	Product business HK\$'000	Operation services HK\$'000	Property Investments HK\$'000	Other segment HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue						
External sales	1,169,361	325,190	14,909	25,992	–	1,535,452
Inter-segment sales	322	–	4,648	64	(5,034)	–
Segment revenue	1,169,683	325,190	19,557	26,056	(5,034)	1,535,452
Segment results	78,213	63,883	(8,496)	1,728		135,328
Bank interest income						170
Finance costs						(25,733)
Share of results of associates						11,328
Loss on change in fair value of financial assets at FVTPL						(6,375)
Loss on change in fair value of derivative financial instruments						(587)
Corporate expenses, net						(22,467)
Profit before tax						91,664

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represented the profit earned by (loss from) each segment without allocation of bank interest income, finance costs, share of results of associates, loss on change in fair value of financial assets at FVTPL, gain (loss) on change in fair value of derivative financial instruments, certain other income and gains, corporate expenses and directors' and chief executive's 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 2024

7. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 March 2024

	Product business HK\$'000	Operation services HK\$'000	Property investments HK\$'000	Other segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	14,653	-	-	492	12,837	27,982
Depreciation of right-of-use assets	46,813	-	-	-	-	46,813
Depreciation of investment properties	-	-	19,311	-	-	19,311
Reversal of allowance for inventories	(15)	-	-	-	-	(15)
Loss (gain) on disposal of property, plant and equipment	88	-	-	-	(38,201)	(38,113)
Loss on written off of inventories	55	-	-	-	-	55
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	-	(9,205)	-	-	-	(9,205)
Dividend income from financial assets at FVTPL	-	-	-	-	(1,526)	(1,526)
Finance costs	7,801	30,687	1,257	2,134	1,863	43,742
Income tax expense	7,823	5,150	688	1,126	202	14,989

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 March 2023

	Product business HK\$'000	Operation services HK\$'000	Property investments HK\$'000	Other segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss:						
Depreciation of property, plant and equipment	19,178	346	–	492	12,216	32,232
Depreciation of right-of-use assets	47,049	–	–	–	–	47,049
Depreciation of investment properties	–	–	17,429	–	–	17,429
Allowance for inventories	279	–	–	–	–	279
(Gain) loss on disposal of property, plant and equipment	(30)	394	–	–	–	364
Loss on written off of inventories	18	–	–	–	–	18
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Share of results of associates	–	(11,328)	–	–	–	(11,328)
Interest income from financial assets at FVTPL	–	–	–	–	(1,343)	(1,343)
Dividend income from financial assets at FVTPL	–	–	–	–	(930)	(930)
Finance costs	5,386	9,504	7,801	1	3,041	25,733
Income tax expense	6,307	8,457	409	511	400	16,084

Geographical information

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

Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	303,494	324,675
Customer B ²	284,999	235,494
Customer C ²	N/A ³	192,879

¹ Revenue from operation services.

² Revenue from product business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

8. OTHER INCOME AND GAINS

	2024 HK\$'000	2023 HK\$'000
Bank interest income	163	170
Interest income from financial assets at FVTPL	–	1,343
Dividend income from financial assets at FVTPL	1,526	930
Other interest income	–	352
Gain on disposal of property, plant and equipment, net	38,113	–
Government grants		
– Employment Support Scheme (“ESS”) (Note a)	1,152	11,016
– Others	–	159
Handling income	1,213	1,249
Leasing income (Note b)	–	214
Reversal of impairment loss on receivable from disposal of an associate	–	1,380
Others	1,220	504
	43,387	17,317

Notes:

- (a) The amount represented salaries and wages subsidies granted related to ESS provided by the Government of the Hong Kong Special Administrative Region (“Government of the HKSAR”) under the Anti-Epidemic Fund. There were no unfulfilled conditions or contingencies attached to the grant.
- (b) For the year ended 31 March 2023, leasing income represented the operating leases of a sub-letting part of the rented service outlet with fixed lease payments, and incurred direct operating expenses of HK\$35,000.

9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
– bank and other borrowings	39,336	23,056
– lease liabilities (Note 16(iii))	4,406	2,677
	43,742	25,733

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

10. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– current year	14,659	19,424
– under (over) provision in respect of the prior year	103	(2,765)
	14,762	16,659
PRC Enterprise Income Tax		
– current year	11	12
Deferred tax		
– current year (<i>Note 29</i>)	216	(587)
	14,989	16,084

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of certain PRC subsidiaries is 25% for the year ended 31 March 2024 (2023: 25%).

Under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective tax rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective tax rate of 5%, whereas the excess portion will be subject to the effective tax rate of 10%.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

10. INCOME TAX EXPENSE (continued)

During the years ended 31 March 2024 and 2023, 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.

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:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	71,368	91,664
Tax expense at rates applicable to profits in the jurisdictions concerned	11,766	15,149
Under (over) provision in respect of prior years	103	(2,765)
Tax effect of share of results of associates	(1,519)	(1,869)
Tax effect of expenses not deductible for tax purpose	8,285	4,814
Tax effect of income not taxable for tax purpose	(6,630)	(1,941)
Tax effect of tax losses not recognised	3,176	2,950
Tax effect of deductible temporary difference not recognised	–	10
Tax exemption (<i>Note</i>)	(27)	(72)
Income tax at concessionary rate	(165)	(165)
Utilisation of tax losses previously not recognised	–	(27)
Income tax expense for the year	14,989	16,084

Note: During the year ended 31 March 2024, nine (2023: twelve) Hong Kong subsidiaries were entitled to 75% tax deduction on Hong Kong Profits Tax with a cap at HK\$3,000 (2023: HK\$6,000).

Details of deferred taxation are set out in Note 29.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

11. PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit for the year is arrived at after charging (crediting):		
Directors' and Chief Executive's emoluments (<i>Note 12</i>)		
– fees	360	360
– salaries, allowances and other benefits	9,067	9,053
– discretionary bonuses	2,530	1,354
– contributions to retirement benefits scheme	90	107
	12,047	10,874
Other staff costs		
– salaries, allowances and other benefits	172,136	174,775
– contributions to retirement benefits scheme	6,594	6,948
– provision for long service payments	551	420
	179,281	182,143
Total staff costs	191,328	193,017
Written off of inventories (<i>Note a</i>)	55	18
Allowance for inventories (<i>Note a</i>)	–	279
Reversal of allowance for inventories (<i>Note a</i>)	(15)	–
Auditor's remuneration (<i>Note b</i>)	1,000	1,100
Depreciation of property, plant and equipment	27,982	32,232
Depreciation of investment properties	19,311	17,429
Depreciation of right-of-use assets	46,813	47,049
(Gain) loss on disposal of property, plant and equipment, net	(38,113)	364
Share of income tax expenses of associates	1,519	1,869

Notes:

- (a) These expenses are included in "Cost of inventories sold" in profit or loss.
- (b) These expenses are included in "Other operating expenses" in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of 9 (2023: 9) directors and chief executive were as follows:

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonuses HK\$'000 <i>(Note)</i>	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
Year ended 31 March 2024					
Executive directors:					
Mr. CHEUNG King Shek	–	1,944	600	18	2,562
Mr. CHEUNG King Shan	–	1,944	600	18	2,562
Mr. CHEUNG King Chuen Bobby	–	1,944	600	18	2,562
Mr. CHEUNG King Fung Sunny	–	1,944	600	18	2,562
Mr. WONG Wai Man	–	735	74	18	827
Ms. MOK Ngan Chu	–	556	56	–	612
Independent non-executive directors:					
Mr. LO Kam Wing	120	–	–	–	120
Mr. LAM Yu Lung	120	–	–	–	120
Mr. LAU Hing Wah	120	–	–	–	120
Total	360	9,067	2,530	90	12,047

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

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

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonuses HK\$'000 (Note)	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
Year ended 31 March 2023					
Executive directors:					
Mr. CHEUNG King Shek	–	1,944	300	20	2,264
Mr. CHEUNG King Shan	–	1,944	300	23	2,267
Mr. CHEUNG King Chuen Bobby	–	1,944	300	23	2,267
Mr. CHEUNG King Fung Sunny	–	1,944	300	23	2,267
Mr. WONG Wai Man	–	728	88	18	834
Ms. MOK Ngan Chu	–	549	66	–	615
Independent non-executive directors:					
Mr. LO Kam Wing	120	–	–	–	120
Mr. LAM Yu Lung	120	–	–	–	120
Mr. LAU Hing Wah	120	–	–	–	120
Total	360	9,053	1,354	107	10,874

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

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

Fees represent emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings.

Salaries, allowances, commission and discretionary bonuses represent 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.

No directors or CE waived or agreed to waive any emoluments paid by the Group during the years ended 31 March 2024 and 2023. No emoluments were paid by the Group to any of the directors or CE as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included four directors and Chief Executive of the Company during the years ended 31 March 2024 and 2023 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 2024 and 2023 were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other benefits	1,193	1,188
Discretionary bonuses (<i>Note</i>)	199	197
Contributions to retirement benefits scheme	18	18
	1,410	1,403

The above emolument is analysed as follows:

	2024 No. of employees	2023 No. of employees
HK\$1,000,001 to HK\$1,500,000	1	1

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2024 and 2023.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

13. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends recognised as distribution during the year:		
2021/22 fourth quarter interim dividend of HK\$0.06 per share	–	24,225
2022/23 first quarter interim dividend of HK\$0.03 per share	–	12,113
2023/24 first quarter interim dividend of HK\$0.03 per share	12,113	–
	12,113	36,338

Subsequent to the end of the reporting period, the Directors has resolved to declare the fourth quarter interim dividend of HK\$0.04 per share in respect of the year ended 31 March 2024 (2023: Nil).

14. EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	56,379	75,580
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	403,753	403,753

The diluted earnings per share for the years ended 31 March 2024 and 2023 are the same as basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year or at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in 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	Construction in progress HK\$'000	Total HK\$'000
COST								
As at 1 April 2022	266,911	75,100	1,860	25,286	45,044	92,130	–	506,331
Additions	–	–	–	–	606	1,570	4,681	6,857
Acquired on acquisition of a subsidiary (Note 32)	335,319	–	–	–	45,729	–	–	381,048
Disposals	–	–	–	(2,078)	–	(74)	–	(2,152)
Written off	–	–	(280)	–	–	–	–	(280)
As at 31 March 2023 and 1 April 2023	602,230	75,100	1,580	23,208	91,379	93,626	4,681	891,804
Additions	–	–	–	–	1,291	469	20,479	22,239
Transfer	–	–	–	–	15,241	1,137	(16,378)	–
Transfer to investment properties (Note 17)	(115,599)	–	–	–	(15,738)	–	–	(131,337)
Disposals	(62,144)	–	–	(2,422)	–	–	–	(64,566)
Written off	–	–	(560)	(527)	–	–	–	(1,087)
As at 31 March 2024	424,487	75,100	1,020	20,259	92,173	95,232	8,782	717,053
ACCUMULATED DEPRECIATION								
As at 1 April 2022	67,541	75,100	1,856	14,444	40,171	75,234	–	274,346
Provided for the year	17,830	–	–	3,383	4,664	6,355	–	32,232
Eliminated on disposals	–	–	–	(554)	–	(74)	–	(628)
Eliminated on written off	–	–	(280)	–	–	–	–	(280)
As at 31 March 2023 and 1 April 2023	85,371	75,100	1,576	17,273	44,835	81,515	–	305,670
Provided for the year	16,940	–	–	2,714	3,373	4,955	–	27,982
Transfer to investment properties (Note 17)	(5,274)	–	–	–	(694)	–	–	(5,968)
Eliminated on disposals	(17,192)	–	–	(1,009)	–	–	–	(18,201)
Eliminated on written off	–	–	(560)	(527)	–	–	–	(1,087)
As at 31 March 2024	79,845	75,100	1,016	18,451	47,514	86,470	–	308,396
CARRYING AMOUNTS								
As at 31 March 2024	344,642	–	4	1,808	44,659	8,762	8,782	408,657
As at 31 March 2023	516,859	–	4	5,935	46,544	12,111	4,681	586,134

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Ownership interests in 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

At 31 March 2024, the Group's ownership interests in leasehold land and buildings with carrying amounts of HK\$344,642,000 (2023: HK\$516,859,000) have been pledged to secure banking facilities granted to the Group.

16. LEASES

(i) Right-of-use assets

	2024 HK\$'000	2023 HK\$'000
Other properties leased for own use	51,346	56,271

The Group has lease arrangements for service outlets and office premises. The lease terms are generally ranged from 2 to 6 years (2023: 2 to 6 years). The Group has also entered into short-term leases arrangements in respect of carparks, service outlets, transmission stations and office premises.

Additions to the right-of-use assets for the year ended 31 March 2024 amounted to HK\$41,888,000 (2023: HK\$55,320,000), due to new leases and renewal of existing leases of service outlets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

16. LEASES (continued)

(ii) Lease liabilities

	2024 HK\$'000	2023 HK\$'000
Non-current portion	18,988	23,130
Current portion	35,816	34,492
	54,804	57,622
	2024 HK\$'000	2023 HK\$'000
Amounts payables under lease liabilities		
Within one year	35,816	34,492
After one year but within two years	17,509	17,121
After two years but within five years	1,479	6,009
	54,804	57,622
Less: current portion	(35,816)	(34,492)
Non-current portion	18,988	23,130

Additions to the lease liabilities of service outlets for the year ended 31 March 2024 amounted to HK\$41,888,000 (2023: HK\$55,320,000), due to new leases and renewal of existing leases of service outlets.

(iii) Amounts recognised in profit or loss

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets by class of underlying asset:		
Other properties leased for own use	46,813	47,049
Interest expenses on lease liabilities (included in finance costs)	4,406	2,677
Expenses relating to variable lease payments not included in the measurement of the lease liabilities (included in other operating expenses)	104	224
Rental income from subleasing (included in other income and gains)	–	214
Expenses relating to short-term leases (included in other operating expenses)	22,054	25,120

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

16. LEASES (continued)

(iv) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows under cash outflows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within operating activities	22,158	25,344
Within financing activities	49,112	50,565
	71,270	75,909

(v) Others

Some of the service outlets in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the relevant service outlets. The breakdown of lease payments for these service outlets is as follows:

	2024 HK\$'000	2023 HK\$'000
Fixed payments	1,390	613
Variable payments	104	224
	1,494	837

The leases of service outlets contain variable lease payment terms that are based on sales generated from the relevant service outlets and minimum annual lease payment terms that are fixed. Variable lease terms are used to link lease payments to service outlets cash flows and reduced fixed cost.

Restrictions or covenants on leases

As at 31 March 2024, lease liabilities of HK\$54,804,000 are recognised with related right-of-use assets of HK\$51,346,000 (2023: lease liabilities of HK\$57,622,000 are recognised with related right-of-use assets of HK\$56,271,000). The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

17. INVESTMENT PROPERTIES

	HK\$'000
COST	
As at 1 April 2022	110,966
Acquired on acquisition of a subsidiary (Note 32)	355,164
As at 31 March 2023 and 1 April 2023	466,130
Transfer from property, plant and equipment (Note 15)	131,337
As at 31 March 2024	597,467
ACCUMULATED DEPRECIATION	
As at 1 April 2022	31,369
Provided for the year	17,429
As at 31 March 2023 and 1 April 2023	48,798
Transfer from property, plant and equipment (Note 15)	5,968
Provided for the year	19,311
As at 31 March 2024	74,077
CARRYING AMOUNTS	
As at 31 March 2024	523,390
As at 31 March 2023	417,332

Amounts recognised in profit or loss

	2024 HK\$'000	2023 HK\$'000
Gross rental income from investment properties	21,981	14,909
Less: direct operating expenses incurred for investment properties that generated rental income during the year	(5,681)	(6,018)
	16,300	8,891

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

During the year ended 31 March 2024, the directors of the Company changed the use of the ownership interests in leasehold land and buildings to investment properties. Those properties are leased out during the year ended 31 March 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

17. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties as at 31 March 2024 was HK\$637,760,000 (2023: HK\$582,500,000). The fair value has been arrived at based on a valuation carried out by independent qualified professional valuers, Avista Valuation Advisory Limited (2023: Greater China Appraisal Limited), a member of Hong Kong Institute of Surveyors using market comparison approach and income approach with reference to the prices for 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 the properties is their current use.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2024 and 2023.

At 31 March 2024, the Group's investment properties with carrying amounts of HK\$523,390,000 (2023: HK\$417,332,000) have been pledged to secure banking facilities granted to the Group.

The following table gives information about how the fair value of the investment properties as at 31 March 2024 are determined (in particular, the valuation techniques and inputs used):

Fair value hierarchy	Fair value as at 31 March 2024	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Level 3	HK\$637,760,000 (2023: HK\$582,500,000)	Market comparison approach and income approach	Time adjustment factors	(1.8%) to 1.1% (2023: 0% to 3%)	Older building age will result in correspondingly lower fair value.
			Floor adjustment factors	(14.1%) to 16.7% (2023: 0% to 30%)	Higher floor will result in correspondingly higher fair value.

18. CLUB MEMBERSHIP

	2024 HK\$'000	2023 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 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

19. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Costs of investments, unlisted	16,800	16,800
Share of post-acquisition results, net of dividends received	4,772	6,390
	21,572	23,190

Details of the associates as at the end of the reporting period are as follows:

Name of company	Form of entity	Place of incorporation and operation	Class of shares held/ share capital	Proportion of voting power and ownership interest held indirectly by the Group	Principal activity
SUN Mobile	Incorporated	Hong Kong	Ordinary shares/ HK\$1,000	40% (2023: 40%)	Provision of mobile services including voice and data products
UC Now	Incorporated	Hong Kong	Ordinary shares/ HK\$1,000,000	16% (2023: 16%) (Note)	Sales and provision of online instant communication software, programs, platforms and services

Note: At 31 March 2024, the Group is able to exercise significant influence over UC Now because it has 25% (2023: 25%) voting interest in the meetings of board of directors which governs the financial and operating policies decision of the investee pursuant to memorandum and article of association.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

19. INTERESTS IN ASSOCIATES (continued)

The associates were accounted for using the equity method in the consolidated financial statements.

In the opinion of the directors of the Company, SUN Mobile is the material associate of the Group for the years ended 31 March 2024 and 2023. Summarised financial information of associates was set out below, which represented amounts shown in its financial statements prepared in accordance with HKFRSs.

	2024 HK\$'000	2023 HK\$'000
Current assets	227,217	242,396
Non-current assets	536	486
Current liabilities	(172,878)	(183,835)
Non-current liabilities	(945)	(1,072)
Net assets	53,930	57,975
Revenue	910,905	953,337
Profit and total comprehensive income for the year	23,012	28,321
Dividends received from the associate during the year	10,823	11,336

Reconciliation of the above summarised financial information to the carrying amount of the interest in SUN Mobile was set out below:

	2024 HK\$'000	2023 HK\$'000
Opening net assets	57,975	57,995
Profit for the year	23,012	28,321
Dividend paid out	(27,057)	(28,341)
Net assets of SUN Mobile	53,930	57,975
Group's effective interest	40%	40%
Carrying amount of the Group's interest in SUN Mobile	21,572	23,190

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

19. INTERESTS IN ASSOCIATES (continued)

The financial information and carrying amount, in aggregate, of the Group's interests in associates, that are not individually material and are accounted for using the equity method are set out below:

	2024 HK\$'000	2023 HK\$'000
The Group's share of losses	–	–
Aggregate carrying amount of the Group's interest in an immaterial associate	–	–

The Group has stopped recognising its share of loss of associate when applying the equity method. The unrecognised share of the associate, both for the year and cumulatively, are set out below:

	2024 HK\$'000	2023 HK\$'000
The unrecognised share of loss of an associate for the year	178	472

	2024 HK\$'000	2023 HK\$'000
Accumulated unrecognised share of loss of an associate	1,937	1,759

20. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Merchandises	75,328	122,497

During the year ended 31 March 2024, certain impaired inventories were sold at a gross profit. As a result, a reversal of allowance for inventories of HK\$15,000 (2023: Nil) had been recognised and included in cost of inventories sold.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

21. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Financial assets mandatorily measured at FVTPL – Equity securities listed in Hong Kong, at market value	32,245	58,862

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

As at 31 March 2024, the Group's financial assets at FVTPL with carrying amounts of HK\$32,245,000 (2023: HK\$58,862,000) have been pledged to secure banking facilities granted to the Group.

22. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade and lease receivables	3,223	3,117
Other receivables (<i>Note</i>)	15,612	6,161
Rental deposits	22,379	22,993
Prepayments for addition of property, plant and equipment	3,400	427
Utility and other deposits	8,184	8,132
Prepayments to suppliers	5,130	3,106
Other prepayments	3,426	4,266
	61,354	48,202
Less: Prepayments for addition of property, plant and equipment classified as non-current assets	(3,400)	(427)
Rental deposits classified as non-current assets	(9,215)	(9,051)
Current portion included in trade and other receivables	48,739	38,724

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

The Group does not hold any collateral over these balances.

As at 31 March 2024, the gross amount of trade receivables arising from contracts with customers amounted to HK\$2,466,000 (2023: HK\$2,875,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

22. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period ranging from 7 to 30 days (2023: 7 to 30 days) to its trade customers. The following is an ageing analysis of trade and lease receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	2024 HK\$'000	2023 HK\$'000
Within 90 days	2,477	3,011
91-180 days	367	91
181-365 days	272	6
Over 365 days	107	9
	3,223	3,117

As at 31 March 2024, HK\$746,000 (2023: HK\$106,000) are past due and is not considered as in default due to the Group are negotiating the payment terms for the customers.

The Group measures the loss allowance for trade and lease receivables at an amount equal to lifetime ECL.

The ECL on trade and lease receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers the historical loss rates in prior years and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rates.

For the other receivables, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increased in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

As at 31 March 2024 and 2023, the expected credit loss rates for trade and other receivables was immaterial.

Details for impairment assessment of trade and other receivables are set out in Note 31.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represented deposits pledged to a bank to secure banking facilities granted to the Group. The pledged deposits carried interest at prevailing market rate ranging from 0.635% to 0.885% per annum as at 31 March 2024 (2023: 0.01% to 0.635%).

As at 31 March 2024, bank balances carried interest at prevailing market rates ranging from 0.635% to 2.15% (2023: 0.01% to 2.14%) per annum.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 31.

24. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	44,486	50,647
Accrued payroll	8,469	9,606
Accrued expenses and other payables (Note)	17,450	17,180
	70,405	77,433

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

	2024 HK\$'000	2023 HK\$'000
Within 60 days	43,679	49,414
61-90 days	36	34
Over 90 days	771	1,199
	44,486	50,647

Note: As at 31 March 2024, rental deposit received from related companies amounted to HK\$2,395,000 (2023: HK\$1,397,000) are included in accrued expenses and other payables.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

25. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advances received to deliver goods and services	4,682	5,869

As at 1 April 2022, contract liabilities amounted to HK\$7,270,000.

Receipts in advance are mainly from paging and other telecommunications services. In general, the Group charges service fees derived from standard service plans in advance upon signing of the service contracts.

Revenue recognised during the year ended 31 March 2024 that was included in the contract liabilities in prior year is HK\$5,869,000 (2023: HK\$7,270,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Decumulator contracts	–	294
Financial liabilities		
Decumulator contracts	–	881

During the year ended 31 March 2023, the Group entered into decumulator contracts with a financial institution in Hong Kong to sell a specific number of underlying listed shares on each schedule date at a fixed price. The Group sold all outstanding decumulator contracts during the year ended 31 March 2024.

The fair value of the decumulator contracts are provided by an independent professional valuer which is based on Monte Carlo Simulation model. The key inputs applied to the valuation are time to maturity, knock-out probability, volatility, spot price of the underlying asset, risk free rate and the expected return rate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

27. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings:		
Variable rate mortgage loans	444,328	333,200
Variable rate trust receipt borrowings	54,664	190,456
Variable rate revolving loans	82,053	233,810
	581,045	757,466
Loans from related companies:		
Silicon Creation Limited ("SCL") (Note 38(a)(vi))	–	7,000
東莞恭榮房地產管理有限公司 ("Kung Wing") (Note 38(a)(vii))	16,179	11,430
	597,224	775,896
Secured	562,229	650,432
Unsecured	34,995	125,464
	597,224	775,896

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

27. BANK AND OTHER BORROWINGS (continued)

No single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings.

Carrying amount payable below are based on scheduled repayment dates set out in the loan agreements:

	2024 HK\$'000	2023 HK\$'000
Variable rate borrowings:		
Within one year	185,609	462,258
After one year but within two years	28,600	25,269
After two years but within five years	95,919	80,368
After five years	287,096	208,001
	597,224	775,896
Carrying amount of bank and other borrowings that are repayable within one year and contain a repayment on demand clause	185,609	462,258
Carrying amount of bank and other borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	411,615	313,638
	597,224	775,896

- (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:

	2024	2023
Variable rate bank borrowings	2.48%-7.10%	0.99%-6.52%

- (b) The carrying amounts of the Group's bank borrowings are denominated in HK\$ and the carrying amounts of the Group's loans from related companies are denominated in HK\$ and RMB, respectively.
- (c) As at 31 March 2024, secured bank borrowings of HK\$562,229,000 (2023: HK\$650,432,000) were secured by the ownership interest in leasehold land and buildings included in property, plant and equipment, investment properties, financial assets at FVTPL and certain pledged bank deposits with carrying amounts of HK\$344,642,000 (2023: HK\$516,859,000), HK\$523,390,000 (2023: HK\$417,332,000), HK\$32,245,000 (2023: HK\$58,862,000) and HK\$336,000 (2023: HK\$669,000) respectively. As at 31 March 2024, the Group had the unutilised banking facilities readily available to the Group amounted to HK\$280,135,000.
- (d) The effective interest rate of the loans from related companies are ranging from 3.18%-6.59% (2023: 3.21% - 4.07%) per annum. Details please refer to note 38.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

28. 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 detailed 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. On 17 June 2022, the Government of the HKSAR published the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") in the Gazette. The Amendment Ordinance seeks to abolish the use of the accrued benefits derived from employers' mandatory contributions under the MPF System to offset severance payment and long service payment. Therefore, accrued benefits derived from mandatory employer contributions may not be used to offset post-transition long service payment and will be effective in 2025.

The Group has changed its accounting policy in connection with its long service payment obligation starting from the year ended 31 March 2023. This has resulted in a catch-up profit or loss adjustment for the service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the year ended 31 March 2024 and 2023, with the corresponding adjustment to the comparative carrying amount of the long service payment obligation. This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022 and cash flows for the years ended 31 March 2024 and 2023.

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 liability.
Longevity risk	The present value of the liability is calculated by reference to the best estimate of the mortality of participants during their employment. An increase in the life expectancy of the participants will increase the liability.
Salary risk	The present value of the liability is calculated by reference to the future salaries of participants. As such, an increase in the salary of the participants will increase the liability.

The most recent actuarial valuations of the present value of the long service payment obligation were carried out at 31 March 2024 and 2023 by Asset Appraisal Limited, a member of The Hong Kong Institute of Surveyors. The present value of the long service payment 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 2024

28. LONG SERVICE PAYMENT OBLIGATIONS (continued)

Movement of present value of the long service payment obligations is as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	1,951	1,147
Charged to profit or loss:		
Current service cost	471	385
Interest cost	80	35
Remeasurement loss:		
Actuarial loss recognised in other comprehensive income	478	491
Less: benefits paid during the year	(612)	(107)
At the end of the year	2,368	1,951

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

	2024 HK\$'000	2023 HK\$'000
Current service cost	471	385
Net interest expense	80	35
Components of long service payment costs recognised in profit or loss (included in staff costs)	551	420

Remeasurement on the net long service payment liability:

	2024 HK\$'000	2023 HK\$'000
Actuarial loss arising from changes in financial assumptions	478	491
Components of long service payment costs recognised in other comprehensive expense	478	491

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

28. LONG SERVICE PAYMENT OBLIGATIONS (continued)

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

	2024 HK\$'000	2023 HK\$'000
Cumulative amount of actuarial gains at the beginning of the year	(1,179)	(1,670)
Net actuarial loss during the year	478	491
Cumulative amount of actuarial gains at the end of the year	(701)	(1,179)

As at 31 March 2024 and 2023, the amounts are calculated based on the principal assumptions stated as below:

	2024	2023
Annual salary increment	3.49%	3.47%
Turnover rate	2.27%-21.39%	2.50%-23.75%
MPF return rate	2.5%	2.4%
Discount rate	3.485%-4.082%	3.008%-3.353%

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 HK\$268,000 (increase by HK\$303,000) (2023: decrease by HK\$234,000 (increase by HK\$300,000)).

If the annual salary increment increases (decreases) by 100 basis points, the long service payment obligations would increase by HK\$28,000 (decrease by HK\$34,000) (2023: increase by HK\$42,000 (decrease by HK\$35,000)).

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 23 (2023: 23) years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

29. DEFERRED TAXATION

	2024 HK\$'000	2023 HK\$'000
Deferred tax liabilities	725	509

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

	Tax loss HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
As at 1 April 2022	–	1,096	1,096
Charged (credited) to the profit or loss (Note 10)	(1,375)	788	(587)
As at 31 March 2023 and 1 April 2023	(1,375)	1,884	509
Charged (credited) to the profit or loss (Note 10)	(205)	421	216
As at 31 March 2024	(1,580)	2,305	725

At the end of the reporting period, the Group has unused tax losses of HK\$116,911,000 (2023: HK\$96,419,000) available for offset against future profits. A tax losses of HK\$9,567,000 (2023: HK\$8,323,000) has been recognised as deferred tax assets to offset deferred tax liabilities. No deferred tax asset has been recognised in respect of the remaining HK\$107,344,000 (2023: HK\$88,096,000) due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

As at 31 March 2024, the Group has deductible temporary differences of HK\$7,611,000 (2023: HK\$7,611,000). At 31 March 2024, no deferred asset has been recognised in relation to such deductible temporary difference and it is not considered probable that taxable profits will be available against which such deductible temporary differences can be utilised.

As at 31 March 2024, no deferred tax liabilities have been recognised in respect of the temporary difference of HK\$908,000 (2023: HK\$819,000) associated with undistributed earnings of subsidiaries established and operating in the PRC because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

30. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	403,753,000	4,039

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
At amortised cost (including bank balances and cash)	97,829	96,929
At FVTPL		
– Mandatorily measured at FVTPL	32,245	58,862
– Derivative financial instruments	–	294
	130,074	156,085
Financial liabilities		
At FVTPL		
– Derivative financial instruments	–	881
– At amortised cost	667,792	853,385

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, rental deposits, trade and lease receivables, other receivables and deposits, amounts due from (to) related companies and an associate, loan to an associate, pledged bank deposits, bank balances and cash, trade and other payables, derivative financial instruments and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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

As at 31 March 2024, certain bank balances, prepayments to suppliers, trade payables and loan from a related company (2023: certain bank balances, prepayments to suppliers, trade payables and loan from a related company) are denominated in currencies other than the functional currencies of the entities to which they relate. The Group currently does not have a foreign exchange currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

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

	Assets		Liabilities	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
RMB	2,282	3,437	16,179	11,430
United States dollars ("USD")	5,619	2,898	10,971	9,766

Sensitivity analysis

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

For the exposure to the fluctuation in RMB against HK\$, the directors of the Company are of opinion that the Group's exposure to the fluctuation in RMB is insignificant due to the Group denominates and settles its transactions in HK\$ and no sensitivity analysis is presented.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Interest rate risk

The Group is primarily exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and bank and other borrowings carried at prevailing market rates. However, the exposure in pledged bank deposits and bank balances are 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 related on the fluctuation of HIBOR arising from the Group's HK\$ denominated bank and other borrowings and the fluctuation of Loan Prime Rate arising from the Group's RMB denominated loan from a related company.

Sensitivity analysis

The sensitivity analyses below has been determined based on the exposure to interest rates for bank and other borrowings (2023: bank and other borrowings) at the end 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 2024 and 2023 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 (2023: 50 basis points) higher/lower for the year ended 31 March 2024 and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK\$2,493,000 (2023: HK\$ HK\$3,239,000). This is attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank and other borrowings.

Other price risk

The Group is exposed to equity price risk through its investments classified as financial assets at FVTPL and derivative financial instruments. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of the investments. For equity securities measured at FVTPL, the Group's equity price risk is mainly concentrated on equity instruments operating in financial industry sector quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2023: 10%) higher/lower, post-tax profit for the year ended 31 March 2024 would increase/decrease by HK\$3,225,000 (2023: HK\$5,886,000) as a result of the changes in fair value of financial assets at FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

As at 31 March 2024, 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.

The credit risk of the Group mainly arises from trade and other receivables and deposits, amounts due from related companies and an associate, loan to an associate, pledged bank deposits and bank balances and cash. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

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.

For trade and lease receivables and trade-related amount due from an associate and related companies, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance for impairment at lifetime ECL. The Group determines the ECL on trade and lease receivables collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there had been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered that the other receivables and deposits to be low credit risk and thus the allowance for impairment recognised during the year was limited to 12-month ECL. For the years ended 31 March 2024 and 2023, the Group assessed the ECL for other receivables and deposits and amounts due from related companies was immaterial and thus no loss allowance was recognised.

For loan to an associate, the Group had assessed and concluded that there were events that having a detrimental impact on the estimated future cash flows of that asset had occurred. As at 31 March 2024, the financial position of the associate was deteriorated, therefore accumulated impairment loss on loan to an associate of HK\$3,680,000 (2023: HK\$3,680,000) was recognised.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors.

The Group's exposure to credit risk

The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

The Group's exposure to credit risk (continued)

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

31 March 2024	Internal credit rating <i>Notes</i>	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade and lease receivables	22 Note	Lifetime ECL (not credit-impaired)	3,223	-	3,223
Other receivables and deposits	22 Performing	12-month ECL	46,175	-	46,175
Amounts due from related companies	38(a) Note	Lifetime ECL (not credit-impaired)	98	-	98
Amount due from an associate	38(b) Note	Lifetime ECL (not credit-impaired)	15,530	-	15,530
Loan to an associate	38(c) Default	12-month ECL (credit-impaired)	3,680	(3,680)	-
Pledged bank deposits	23 Performing	12-month ECL	5,472	-	5,472
Bank balances and cash	23 Performing	12-month ECL	27,331	-	27,331
			101,509	(3,680)	97,829

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

The Group's exposure to credit risk (continued)

31 March 2023	Internal credit rating <i>Notes</i>	12-month or lifetime ECL	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Trade and lease receivables	22 Note	Lifetime ECL (not credit-impaired)	3,117	–	3,117
Other receivables and deposits	22 Performing	12-month ECL	37,286	–	37,286
Amounts due from related companies	38(a) Note	Lifetime ECL (not credit-impaired)	82	–	82
Amount due from an associate	38(b) Note	Lifetime ECL (not credit-impaired)	20,303	–	20,303
Loan to an associate	38(c) Default	12-month ECL (credit-impaired)	3,680	(3,680)	–
Pledged bank deposits	23 Performing	12-month ECL	5,767	–	5,767
Bank balances and cash	23 Performing	12-month ECL	30,374	–	30,374
			100,609	(3,680)	96,929

Note: The Group has applied simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

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 and lease 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 and lease receivables as at 31 March 2024 and 2023 are due from customers located in Hong Kong.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

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 2024 as the Group had net current liabilities of HK\$503,387,000 (2023: HK\$620,082,000). 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 financial liabilities and derivative financial instruments at the end of reporting period. 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. Specifically, bank and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows on derivative.

	Within one year or on demand HK\$'000	After one year but within two years HK\$'000	After two years but within five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2024					
Trade and other payables	70,405	–	–	70,405	70,405
Amounts due to related companies	163	–	–	163	163
Bank and other borrowings	597,224	–	–	597,224	597,224
	667,792	–	–	667,792	667,792
Lease liabilities	38,567	18,086	1,504	58,157	54,804

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

	Within one year or on demand HK\$'000	After one year but within two years HK\$'000	After two years but within five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2023					
Trade and other payables	77,433	–	–	77,433	77,433
Amounts due to related companies	56	–	–	56	56
Bank and other borrowings	775,896	–	–	775,896	775,896
	853,385	–	–	853,385	853,385
Lease liabilities	37,093	18,183	6,185	61,461	57,622
Derivative financial instrument	881	–	–	881	881

Bank and other borrowings with a repayment on demand clause are included in the “total undiscounted cash flows due on demand or within one year” time band in the above maturity analysis. As at 31 March 2024, the aggregate principal amounts of these bank and other borrowings amounted to HK\$597,224,000 (2023: HK\$775,896,000). 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 and other 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 HK\$767,796,000 (2023: HK\$872,426,000).

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

31. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

Financial instruments that are not measured at fair value on a recurring basis

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.

Financial instruments that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	Fair Value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	31 March 2024 HK\$'000	31 March 2023 HK\$'000		
Financial assets at FVTPL				
– Listed equity securities	32,245	58,862	Level 1	Quoted bid prices in an active market
– Derivative financial instruments	–	294	Level 3	Monte Carlo Simulation model
Financial liabilities				
– Derivative financial instruments	–	881	Level 3	Monte Carlo Simulation model

Note: Quoted asset value provided by banks represents the fair value of the underlying investments.

There were no transfers between Levels of fair value hierarchy in the current and prior years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

32. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

Reference is made to the announcements of the Company dated 16 February 2022, 8 March 2022, 10 March 2022 and 16 May 2022 and the circular of the Company dated 14 April 2022 in respect of the major transaction in relation to acquisition of Onbo International Limited ("Onbo"). On 16 May 2022, the Group acquired 100% of issued share capital of, Onbo at a consideration HK\$735,437,000. Onbo directly holds the whole block of Wider Industrial Building, No. 58 Tsun Yip Street, Kowloon, Hong Kong.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 *Business Combinations*. This acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (investment properties). The assets acquired and liabilities assumed at the date of acquisition of subsidiary comprise the following:

	HK\$'000
Investment properties	355,164
Property, plant and equipment	381,048
Trade receivables	4
Prepayment and other receivables	1,998
Other payables and accruals	(2,777)
	735,437

Net cash outflow arising on acquisition of Onbo

	HK\$'000
Consideration paid in cash	735,437
Less: Deposits paid for the year ended 31 March 2023	(73,315)
	662,122

Note: The property, plant and equipment and investment properties were stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current asset			
Investment in a subsidiary		37,715	37,715
Current assets			
Amounts due from subsidiaries	(i)	271,574	282,684
Bank balance		18	4
		271,592	282,688
Current liabilities			
Other payables		359	629
Amounts due to subsidiaries	(i)	1,282	127
		1,641	756
Net current assets		269,951	281,932
Net assets		307,666	319,647
Capital and reserves			
Share capital	30	4,039	4,039
Reserves	(ii)	303,627	315,608
Total equity		307,666	319,647

Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

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

Notes: (continued)

(ii) Reserves

	Share premium HK\$'000	Other reserves HK\$'000 <i>(Note)</i>	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2022	98,195	31,956	221,634	351,785
Profit and total comprehensive income for the year	–	–	161	161
Dividends <i>(Note 13)</i>	–	–	(36,338)	(36,338)
As at 31 March 2023 and 1 April 2023	98,195	31,956	185,457	315,608
Profit and total comprehensive income for the year	–	–	132	132
Dividends <i>(Note 13)</i>	–	–	(12,113)	(12,113)
As at 31 March 2024	98,195	31,956	173,476	303,627

Note: 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.

34. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group sub-leases part of its rented service outlets and leases out its investment properties during the years ended 31 March 2024 and 2023. The leases are rented to third parties under operating leases with leases negotiated for a term of one to three years (2023: one to three years) as at 31 March 2024. None of the leases includes variable lease payments.

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

	2024 HK\$'000	2023 HK\$'000
Within one year	8,956	5,986
After one year but within two years	6,131	3,167
After two years but within three years	673	2,764
	15,760	11,917

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

35. CAPITAL COMMITMENTS

	2024 HK\$'000	2023 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	2,341	16,069

36. 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 (2023: HK\$1,500) per month.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2024, the total expenses charged to the consolidated statement of profit or loss and other comprehensive income of HK\$6,684,000 (2023: HK\$7,055,000) represented contributions payable to the scheme by the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK\$'000	Bank and other borrowings HK\$'000	Total HK\$'000
As at 1 April 2022	50,190	295,066	345,256
Financing cash flows			
– Bank borrowings raised	–	3,233,021	3,233,021
– Repayment of bank borrowings	–	(2,752,191)	(2,752,191)
– Repayment of lease liabilities	(47,888)	–	(47,888)
– Interest paid	(2,677)	(23,056)	(25,733)
Net cash (used in) from financing cash flows	(50,565)	457,774	407,209
New leases entered	55,320	–	55,320
Interest expenses	2,677	23,056	25,733
As at 31 March 2023 and 1 April 2023	57,622	775,896	833,518
Financing cash flows			
– Bank and other borrowings raised	–	1,579,799	1,579,799
– Repayment of bank and other borrowings	–	(1,757,827)	(1,757,827)
– Repayment of lease liabilities	(44,706)	–	(44,706)
– Interest paid	(4,406)	(39,336)	(43,742)
Net cash from financing cash flows	(49,112)	(217,364)	(266,476)
New leases entered	41,888	–	41,888
Interest expenses	4,406	39,336	43,742
Exchange alignment	–	(644)	(644)
As at 31 March 2024	54,804	597,224	652,028

(b) Major non-cash transactions

During the year ended 31 March 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$41,888,000 and HK\$41,888,000 respectively, in respect of lease arrangements for service outlets (2023: HK\$55,320,000 and HK\$55,320,000 respectively).

During the year ended 31 March 2024, the Group had transferred the property, plant and equipment to investment properties with the carrying value amounted to HK\$125,369,000. Details please refer to Notes 15 and 17.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. 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	2024 HK\$'000	2023 HK\$'000
Related companies				
Chief Link (Far East) Limited ("Chief Link (Far East)")	Consignment fees received therefrom	(i), (iii) & (v)	5	188
	Purchase of goods therefrom	(i) & (iii)	–	7
Chief Link Limited ("Chief Link")	Consignment fees received therefrom	(i), (iii) & (v)	12	287
	Sales of goods thereto	(i), (iii) & (v)	–	1
CKC Food & Beverage Limited ("CKC F&B")	Consignment fees received therefrom	(i), (iii) & (v)	11	1
	Rental income received therefrom	(ii), (iii) & (v)	3,000	431
	Management fees received therefrom	(ii), (iii) & (v)	589	–
CKK Central Kitchen Limited ("CKK Central Kitchen")	Consignment fees received therefrom	(i), (iii) & (v)	357	260
	Rental income received therefrom	(ii), (iii) & (v)	188	188
CKK Cafe Limited ("CKK Cafe")	Consignment fees received therefrom	(i), (iii) & (v)	11	2
	Rental income received therefrom	(ii), (iii) & (v)	2,000	287
	Management fees received therefrom	(ii), (iii) & (v)	440	–
CKK Japanese Restaurant Limited ("CKK Japanese")	Consignment fees received therefrom	(i), (iii) & (v)	5	–
	Rental income received therefrom	(ii), (iii) & (v)	651	–
Glossy Enterprises Limited ("GEL")	Rental expenses paid thereto	(ii), (iii) & (v)	4,010	4,558

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	2024 HK\$'000	2023 HK\$'000
Related companies				
Glossy Investment Limited ("GIL")	Rental expenses paid thereto	(ii), (iii) & (v)	840	840
Gold Mask Limited ("Gold Mask")	Purchase of goods therefrom	(i), (iii) & (v)	–	1,374
Marina Trading Inc.	Rental expenses paid thereto	(ii), (iii) & (v)	1,260	1,260
SCL	Rental expenses paid thereto	(ii), (iii) & (v)	7,643	7,247
	Repair service fees paid thereto	(i), (iii) & (v)	720	720
	Interest expenses paid thereto	(i), (iii) & (vi)	150	10
Telecom King Credit Limited ("TKC")	Rental income received therefrom	(ii), (iii) & (v)	12	–
Sunny Fortune Capital Limited	Financial advisory service expenses paid thereto	(i), (iii) & (v)	–	100
Telecom King Securities Limited ("TKS")	Subscription fee income received therefrom	(i), (iii) & (v)	913	1,041
	IT support service income received therefrom	(i), (iii) & (v)	600	600
	Rental income received therefrom	(ii), (iii) & (v)	904	904
Telecom Properties Investment Limited	Rental expenses paid thereto	(ii), (iii) & (v)	2,134	2,236
Telecom Service Limited	Rental expenses paid thereto	(ii), (iii) & (v)	1,210	1,210

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

Name of company	Nature of transactions	Notes	2024 HK\$'000	2023 HK\$'000
Related companies				
Telecom Service One Limited ("TSO")	Repairs and refurbishment service fees paid thereto	(i), (iii) & (v)	831	1,023
	Consignment fees received therefrom	(i), (iii) & (v)	–	1
	Logistic fees income received therefrom	(i), (iii) & (v)	1,029	905
	Grading and refurbishment service fees paid thereto	(ii), (iii) & (v)	74	82
	Management fees received therefrom	(i), (iii) & (v)	440	–
	Rental income received therefrom	(ii), (iii) & (v)	1,672	418
	Kung Wing	Interest expenses paid thereto	(i), (iii) & (vii)	437
An associate				
SUN Mobile	Net service income received therefrom	(i)	303,494	324,675
	Mobile plan services paid thereto	(i)	1,358	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. 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:

	Notes	As at 31 March		Maximum amount During the year ended 31 March	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
GEL	(iii) & (iv)	88	–	88	–
TSO	(iii) & (iv)	10	82	82	82
		98	82		

Details of amounts due to related companies are as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
Chief Link (Far East)	(iii) & (iv)	–	28
Chief Link	(iii) & (iv)	49	4
CKC F&B	(iii) & (iv)	60	9
CKK Central Kitchen	(iii) & (iv)	–	2
CKK Cafe	(iii) & (iv)	35	13
CKK Japanese	(iii) & (iv)	18	–
TKS	(iii) & (iv)	1	–
		163	56

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. 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 deposit received from related companies included in other payables are as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
TSO	(iii)	418	418
CKK Cafe	(iii)	484	300
TKC	(iii)	3	3
CKC F&B	(iii)	648	450
CKK Japanese	(iii)	616	-
TKS	(iii)	226	226
		2,395	1,397

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.
- (ii) The grading and refurbishment charges, rental 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 amount is 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 2024

38. 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)

Notes: (continued)

- (vi) On 1 April 2022, the Company entered into a loan agreement with SCL, pursuant to which SCL agreed to grant an unsecured revolving loan facility with a principal amount of HK\$20,000,000 (“SCL Revolving Facility”) which is available for drawdown subject to the terms. The facility is valid for 36 months from the date of the loan agreement. The loan’s current interest rate is 1-week HIBOR plus 1.2% on funded amounts. The Company shall repay interests on a monthly basis and repay any outstanding principal at the end of the facility period or within one month upon receipt of notice of demand, whichever is earlier. During the year ended 31 March 2024, the outstanding amount is fully repaid.

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

- (vii) On 1 April 2022, the Company entered into a loan agreement with Kung Wing, pursuant to which Kung Wing agreed to grant an unsecured revolving loan facility with a principal amount of RMB20,000,000 (approximately HK\$21,572,000 equivalent) (“Kung Wing Revolving Facility”) which is available for drawdown subject to the terms. The facility is valid for 36 months from the date of the loan agreement. The loan’s current interest rate is the prevailing interest rates promulgated by the People’s Bank of China per annum on funded amounts. The Company shall repay interests on a monthly basis and repay any outstanding principal at the end of the facility period or within one month upon receipt of notice of demand, whichever is earlier. During the year ended 31 March 2024, RMB20,000,000 (approximately HK\$20,959,000 equivalent) had been drawn down, RMB5,000,000 (approximately HK\$5,566,000) had been repaid and RMB15,000,000 (approximately HK\$16,179,000) outstanding at the end of the reporting period.

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

- (b) The amount due from an associate is trade in nature, unsecured, interest-free, with 7 days (2023: 7 days) credit term. The amount was neither past due nor impaired.

The Group measures the loss allowance for amount due from an associate at an amount equal to lifetime ECL. The Group considers the pass due information, historical loss rates in prior years and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rates and determined that the expected credit loss rate is insignificant at both reporting period end.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

38. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (c) The loan to an associate is unsecured, interest-free and has no fixed term of repayment.

During the year ended 31 March 2024 and 2023, the Group had assessed and concluded that the loan was credit-impaired. As at 31 March 2024 and 2023, the carrying amount of the loan to an associate is Nil (2023: Nil), net of accumulated impairment loss on loan to an associate of HK\$3,680,000 (2024: HK\$3,680,000). No impairment and reversal of impairment were recognised during the year ended 31 March 2024 and 2023.

(d) Compensation of key management personnel

The remuneration of key management during the years ended 31 March 2024 and 2023 was as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	16,593	14,620
Post-employment benefits	162	162
	16,755	14,782

The remuneration of the key management personnel is determined by the directors of the Company having regards to the performance Group's operating results and individual performance.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows:

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of voting power and equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2024	2023	2024	2023	
Anton Sunrise Limited	Hong Kong 18 November 2016	Ordinary	HK\$1	–	–	100%	100%	Property investment
Ace Kingdom Enterprise Limited	Hong Kong 18 July 2018	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 Limited	Hong Kong 16 February 2016	Ordinary	HK\$100	–	–	100%	100%	Provision of distribution services
Fully Sky Corporation Limited	Hong Kong 19 May 2017	Ordinary	HK\$1	–	–	100%	100%	Property investment
Gold Hill Limited	Hong Kong 1 June 2016	Ordinary	HK\$1	–	–	100%	100%	Property investment
Gold Luck Investment Limited	Hong Kong 21 June 2018	Ordinary	HK\$1	–	–	100%	100%	Investment holding
Mango Limited	Hong Kong 5 August 2002	Ordinary	HK\$1,000	–	–	100%	100%	Investment holding
Mango Mall Limited	Hong Kong 19 July 2017	Ordinary	HK\$1	–	–	100%	100%	E-commerce business
Onbo	Hong Kong 24 February 2011	Ordinary	HK\$1	–	–	100% (Note ii)	100% (Note ii)	Property investment
深圳市恩榮諮詢有限公司 (Note i)	The PRC 6 August 2018	Paid-up capital	RMB1,000,000	–	–	100%	100%	Provision of consulting services
深圳市恩榮信息服務有限公司 (Note i)	The PRC 6 August 2018	Paid-up capital	RMB1,000,000	–	–	100%	100%	Provision of technical support activities
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 and maintenance services

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2024

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows: (continued)

Name of subsidiary	Place and date of incorporation/operation	Class of shares held	Issued and fully paid share capital	Percentage of voting power and equity interest attributable to the Company				Principal activities
				Direct		Indirect		
				2024	2023	2024	2023	
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 Service Network Limited	Hong Kong 3 September 1999	Ordinary	HK\$1,000	–	–	100%	100%	Provision of distribution services

Notes:

- (i) Being wholly foreign owned enterprises.
- (ii) On 16 May 2022, the Group acquired entire issued capital of Onbo. Please refer to Note 32 for details.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	1,372,767	1,535,452	1,505,079	1,038,946	1,087,240
Cost of inventories sold	(906,596)	(1,036,415)	(979,793)	(539,409)	(569,156)
Staff costs	(191,328)	(193,017)	(199,613)	(195,472)	(216,433)
Depreciation	(94,106)	(96,710)	(78,773)	(84,398)	(97,059)
Other income and gains	43,387	17,317	8,350	43,923	5,459
Other operating expenses	(106,155)	(113,596)	(107,212)	(111,035)	(115,068)
Impairment loss on an investment property	–	–	(9,448)	(984)	–
(Loss) gain on change in fair value:					
– financial assets at fair value through profit or loss	(12,651)	(6,375)	(6,380)	–	–
– derivative financial instruments	587	(587)	–	–	–
Share of results of associates	9,205	11,328	10,546	7,986	12,685
Finance costs	(43,742)	(25,733)	(4,856)	(5,824)	(8,384)
Profit before tax	71,368	91,664	137,900	153,733	99,284
Income tax expense	(14,989)	(16,084)	(24,841)	(18,515)	(16,670)
Profit for the year	56,379	75,580	113,059	135,218	82,614
Profit (loss) for the year attributable to:					
Owners of the Company	56,379	75,580	113,059	135,218	80,201
Non-controlling Interests	–	–	–	–	2,413
	56,379	75,580	113,059	135,218	82,614
Earnings per share (HK\$)					
Basic	0.14	0.19	0.28	0.33	0.20
Diluted	0.14	0.19	0.28	0.33	0.20
ASSETS AND LIABILITIES					
Total assets	1,225,389	1,372,235	851,011	645,276	647,658
Total liabilities	(731,717)	(923,942)	(440,708)	(263,155)	(288,871)
	493,672	448,293	410,303	382,121	358,787
Equity attributable to owners of the Company	493,672	448,293	410,303	382,121	358,788
Non-controlling interests	–	–	–	–	(1)
	493,672	448,293	410,303	382,121	358,787