



Telecom Digital Holdings Limited

電訊數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8336)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

THE FINANCIAL STATEMENTS

THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 31 December 2015 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2015

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	4	401,586	412,437	1,167,460	1,028,230
Cost of inventories sold		(301,134)	(321,371)	(856,240)	(736,320)
Staff cost		(33,934)	(30,277)	(106,339)	(90,732)
Depreciation		(5,694)	(5,676)	(17,024)	(15,534)
Other income	6	1,792	3,061	5,133	5,721
Other operating expenses		(47,646)	(45,481)	(141,437)	(143,593)
Share of results of an associate		8,423	7,102	24,227	20,101
Finance costs	7	(1,158)	(1,174)	(4,321)	(2,402)
Profit before tax		22,235	18,621	71,459	65,471
Income tax expense	8	(2,636)	(152)	(8,731)	(4,323)
Profit for the period		19,599	18,469	62,728	61,148
Other comprehensive expense					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of a foreign operation		<u>—</u>	<u>—</u>	<u>—</u>	<u>(121)</u>
Other comprehensive expense for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>(121)</u>
Total comprehensive income for the period		<u>19,599</u>	<u>18,469</u>	<u>62,728</u>	<u>61,027</u>
Earnings per share (HK\$)					
Basic and diluted	10	<u>0.04</u>	<u>0.04</u>	<u>0.15</u>	<u>0.16</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>Note (i)</i>	Translation reserve HK\$'000	Legal reserve HK\$'000 <i>Note (ii)</i>	Share option reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	5,404	—	—	(112)	91	—	133,151	138,534
Profit for the period	—	—	—	—	—	—	61,148	61,148
Exchange differences arising on translation of a foreign operation	—	—	—	(121)	—	—	—	(121)
Total comprehensive (expense) income for the period	—	—	—	(121)	—	—	61,148	61,027
Group reorganisation	(5,404)	—	5,404	—	—	—	—	—
Issue of shares in connection with the listing ^{Note (iii)}	1,000	99,000	—	—	—	—	—	100,000
Capitalisation issue ^{Note (iv)}	3,000	(3,000)	—	—	—	—	—	—
Share issue expenses	—	(8,637)	—	—	—	—	—	(8,637)
Payment of dividends ^{Note 9}	—	—	—	—	—	—	(146,000)	(146,000)
At 31 December 2014 (unaudited)	<u>4,000</u>	<u>87,363</u>	<u>5,404</u>	<u>(233)</u>	<u>91</u>	<u>—</u>	<u>48,299</u>	<u>144,924</u>
At 1 April 2015 (audited)	<u>4,000</u>	<u>87,363</u>	<u>5,404</u>	<u>(233)</u>	<u>91</u>	<u>—</u>	<u>74,664</u>	<u>171,289</u>
Profit and total comprehensive income for the period	—	—	—	—	—	—	62,728	62,728
Issue of shares under upon exercise of share options	1	133	—	—	—	(28)	—	106
Recognition of equity-settled share-based payments ^{Note 11}	—	—	—	—	—	2,242	—	2,242
Lapse of share options	—	—	—	—	—	(43)	43	—
Payment of dividends ^{Note 9}	—	—	—	—	—	—	(28,004)	(28,004)
At 31 December 2015 (unaudited)	<u>4,001</u>	<u>87,496</u>	<u>5,404</u>	<u>(233)</u>	<u>91</u>	<u>2,171</u>	<u>109,431</u>	<u>208,361</u>

Notes:

- (i) 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.
- (ii) 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 reach 50% of the relevant subsidiary's registered capital. Legal reserve is not distributable to shareholders.
- (iii) In connection with the Company's placing and listing, the Company issued 100,000,000 ordinary shares of HK\$0.01 each at a price of HK\$1.0 each for a total consideration (before expenses) of approximately HK\$100,000,000. Dealing of the Company's shares on GEM of the Stock Exchange commenced on 30 May 2014.
- (iv) Pursuant to the written resolutions passed by the shareholders of the Company on 20 May 2014, the Directors were authorised to capitalise a sum of HK\$2,999,999.40 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 299,999,940 shares for allotment and issue to the then shareholders of the Company as at 20 May 2014 in proportion to their then respective shareholdings in the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business is 19/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while that of the subsidiary in Macau is Macau Pataca. For the purpose of presenting the condensed consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

The Directors consider the immediate holding company is CKK Investment Limited (“CKK Investment”) and the ultimate parent is the Cheung Family Trust.

Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on GEM of the Stock Exchange (the “Listing”), the Company became the holding company of the Group on 20 May 2014. Details of the Reorganisation were set out in the section headed “History and Development — Reorganisation” of the prospectus of the Company dated 26 May 2014 (the “Prospectus”).

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, these condensed consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies comprising the Group before the completion of Reorganisation, using the principles of merger accounting as prescribed in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated statement of profit or loss and other comprehensive income including the results of the companies comprises the Group have been prepared as if the current group structure had been in existence throughout the corresponding period of the previous year.

The Company is principally engaged in investment holding.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations, issued by the HKICPA as well as with the applicable disclosure requirements of the GEM Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the consolidated financial statements for the year ended 31 March 2015. The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRSs which are effective for accounting periods commencing on or after 1 April 2015. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

4. REVENUE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail business	107,526	109,793	355,334	332,114
Distribution business	202,956	222,332	560,573	465,710
Paging and other telecommunication services	23,102	28,699	75,242	82,582
Operation services	68,002	51,613	176,311	147,824
Total revenue	<u>401,586</u>	<u>412,437</u>	<u>1,167,460</u>	<u>1,028,230</u>

5. SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive directors of the Company. The information reported to the chief operating decision maker for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

Retail business	—	Sales of mobile phones and pre-paid SIM cards and related services
Distribution business	—	Distribution of mobile phones and related services
Paging and other telecommunication services	—	Sales of pagers and Mango devices and provision of paging services, maintenance services and two-way wireless data services
Operation services	—	Provision of operation services

Geographical information

During the nine months ended 31 December 2015, the Group's operations were located in Hong Kong and Macau (2014: Hong Kong and Macau). More than 99% of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong during the Period and the corresponding period in 2014.

6. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	63	46	217	249
Consultancy income	75	75	225	225
(Loss) gain on disposal of property, plant and equipment	—	(1)	—	210
Rental income	910	1,071	2,345	2,827
Warehouse storage income	77	215	232	348
Exchange gain	628	1,226	1,928	1,228
Others	39	429	186	634
	<u>1,792</u>	<u>3,061</u>	<u>5,133</u>	<u>5,721</u>
Other income	<u>1,792</u>	<u>3,061</u>	<u>5,133</u>	<u>5,721</u>

7. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expenses on:				
— bank borrowings and bank overdrafts	1,158	1,174	4,321	2,402
	<u>1,158</u>	<u>1,174</u>	<u>4,321</u>	<u>2,402</u>

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for each period.

Macau Complementary Income Tax is calculated at the progressive rate on the estimated taxable profits.

9. DIVIDENDS

On 22 September 2015, a final dividend of HK\$0.02 per share for the year ended 31 March 2015 was paid to the shareholders of the Company.

On 30 November 2015, an interim dividend of HK\$0.05 per share for the six months ended 30 September 2015 was paid to the shareholders of the Company.

On 2 February 2016, the Board has resolved not to declare any interim dividend for the nine months ended 31 December 2015.

10. EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Earnings for the purpose of basic earnings per share for the period attributable to the owners of the Company	<u>19,599</u>	<u>18,469</u>	<u>62,728</u>	<u>61,148</u>
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>400,050,000</u>	<u>400,000,000</u>	<u>400,030,545</u>	<u>378,909,091</u>

The weighted average number of 378,909,091 ordinary shares were in issue during the nine months ended 31 December 2014 after taking into account the capitalisation issue pursuant to the Reorganisation.

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

11. SHARE-BASED PAYMENT

In July 2015, 4,596,000 share options were granted to Directors and employees under the Company's share option scheme. The exercise price of the share options of HK\$2.22 was not less than the highest of (i) the closing price of HK\$1.98 per share on 7 July 2015 ("Date of Grant"); (ii) the average closing price of HK\$2.214 per share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of HK\$0.01 per share. The fair value at the Date of Grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual life of each share option granted is 3 years. There is no cash settlement of the share options. The fair value of share options granted during the nine months ended 31 December 2015 was estimated on the Date of Grant using the following assumptions:

	Directors	Employees
Dividend yield (%)	2.60	2.60
Expected volatility (%)	78.48	78.48
Risk-free interest rate (%)	0.62	0.62
Expected life of share options (years)	3	3
Estimated fair value of each share option	0.74	0.57

Expected volatility was determined by using the historical volatility of comparable companies' share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of approximately HK\$2,242,000 for the nine months ended 31 December 2015 (2014: nil) in the condensed consolidated statement of profit or loss and other comprehensive income in relation to share options granted by the Company.

Details of share options granted, exercised, lapsed and outstanding under the share option scheme of the Company during the Period are as follows:

	Expiry date	2015		2014	
		Exercise price in HK\$ per share	Number of share options	Exercise price in HK\$ per share	Number of share options
As at 1 April		—	—	—	—
Granted		2.22	4,596,000	—	—
Exercised		2.22	(50,000)	—	—
Lapsed		2.22	(732,000)	—	—
As at 31 December	6 July 2018	<u>2.22</u>	<u>3,814,000</u>	<u>—</u>	<u>—</u>

In respect of the share options exercised during the Period, the weighted average share price at the date of exercise is HK\$2.24 (2014: nil).

12. USE OF PROCEEDS

The net proceeds from the placing were approximately HK\$77.7 million, which was based on the final placing price of HK\$1.00 per share and the actual expenses on the placing and listing of shares of the Company. As at the date of this announcement, approximately HK\$70.2 million out of the net proceeds from the Listing has been used in the manner as stated in the Prospectus. The unused net proceeds were placed with banks in Hong Kong as short-term deposits. The Company intends to apply the unused net proceeds in the manner as stated in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group maintained its market position as one of the leading comprehensive telecommunication service providers in Hong Kong and Macau. The business segments of the Group include (i) retail sales of mobile phones and pre-paid SIM cards and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunication services; and (iv) 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.

The Group will continue to focus on their core business of retail sales and distribution of mobile phones. The Group has been actively expanding the scale of retail sales business. In the Period under review, the Group opened four new shops including a flagship store in Central. The revenue on retail sales business increased approximately 7.0% as compared to the corresponding period of the previous year. However, due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers kept decreasing during the last few years. The Group keeps facing keen competition against these communication means.

Financial Review

Segment Analysis

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail business	107,526	109,793	355,334	332,114
Distribution business	202,956	222,332	560,573	465,710
Paging and other telecommunication services	23,102	28,699	75,242	82,582
Operating services	<u>68,002</u>	<u>51,613</u>	<u>176,311</u>	<u>147,824</u>
Total revenue	<u><u>401,586</u></u>	<u><u>412,437</u></u>	<u><u>1,167,460</u></u>	<u><u>1,028,230</u></u>

Revenue

The Group's revenue for the nine months ended 31 December 2015 was approximately HK\$1,167,460,000 (2014: HK\$1,028,230,000), representing an increase of approximately 13.5% over the corresponding period of the previous year. The increase in the Group's revenue was mainly due to higher revenue generated from distribution business.

For the nine months ended 31 December 2015, revenue from retail sales of mobile phones and pre-paid SIM cards and provision of related services increased approximately 7.0% as compared to the same period last year to HK\$355,334,000 (2014: HK\$332,114,000).

The business of mobile phone distribution and provision of related services for the Period grew approximately 20.4% as compared to the same period last year. This is the major source of revenue of the Group.

Revenue from provision of paging and other telecommunication services in the Period dropped approximately 8.9% as compared to the same period last year. This is primarily due to the popularity of various channels of mobile communication, the total number of paging and Mobitex based services subscribers has continued to experience a decrease during the Period.

Revenue from provision of operation services continues its healthy growth and hit a new record of approximately HK\$176,311,000 for the Period, representing an increase of approximately 19.3% as compared to the same period last year. The increase was mainly due to the adjustment on mobile service monthly plan fees and the increase in customers of SUN Mobile.

Other Income

Other income is mainly contributed by rental income, exchange gain, interest income and consultancy income. Other income was approximately HK\$5,133,000 for the nine months ended 31 December 2015 (2014: HK\$5,721,000), representing a decrease of approximately 10.3% from the corresponding period of the previous year. Such decrease was primarily due to decrease in rental income and a gain on disposal of plant and equipment in last year, and partly offset by the increase in exchange gain.

Other Operating Expenses

The Group's other operating expenses are mainly consisted of rental and building management fees, information fees in respect of horse racing, football matches and stock market, advertising and promotion expenses, operation fees for paging centre and customer service centre, repair cost for pagers and Mobitex devices, roaming charges, bank charges, audit and professional fees and other office expenses. Other operating expenses for the nine months ended 31 December 2015 were approximately HK\$141,437,000 (2014: HK\$143,593,000), representing a slight decrease of approximately 1.5% over the corresponding period of the previous year.

Share of Results of an Associate

Share of results of an associate was approximately HK\$24,227,000 for the nine months ended 31 December 2015 (2014: HK\$20,101,000), representing an increase of approximately 20.5% as compared to the corresponding period of the previous year. The amount represents the Group's share of net profit of SUN Mobile. The increase was also mainly due to the adjustment on mobile service monthly plan fees and the increase in customers of SUN Mobile.

Finance Costs

There is no significant change in the Group's bank borrowings throughout the Period. The finance costs for the nine months ended 31 December 2015 were approximately HK\$4,321,000 (2014: HK\$2,402,000). The increase was mainly due to the increase in purchase for distribution business and mortgage loan interest incurred for the purchase of real property for the expansion of warehouse storage.

Income Tax Expense

Income tax for the nine months ended 31 December 2015 was approximately HK\$8,731,000 (2014: HK\$4,323,000), representing an increase of approximately 102.0%. The increase was mainly due to the tax loss carried forward from previous years was utilised in last year.

Profit before Tax

The Group had recorded a profit before tax of approximately HK\$71,459,000 for the nine months ended 31 December 2015 (2014: HK\$65,471,000), representing an increase of approximately 9.1% from the corresponding period of the previous year. The increase was primarily due to the increase in profit generated from retail and operating services business.

Material Acquisitions or Disposals and Significant Investments

Except for purchase of a real property for commercial use in the amount of HK\$25.2 million, the Group did not make any material acquisition or disposal of subsidiaries or significant investments during the nine months ended 31 December 2015 (2014: nil).

Interim Dividend

On 2 February 2016, the Board has resolved not to declare any interim dividend for the nine months ended 31 December 2015.

Outlook

The objective of the Group is to focus on the telecommunications market in Hong Kong. It aims to continue to enhance its service quality, strengthen its market position, increase its market share and strengthen the brand recognition of the Group. To achieve such objectives, the Group will continue to expand its shop network. During the Period, the Group has already opened 4 new shops, including a flagship store in Central, and reached 61 shops. It plans to open more new retail shops in 2016. The Group believes that this will enable the Group to enlarge its revenue and brand recognition in the telecommunication industries.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

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

Share Option Scheme

The share option scheme of the Company (the "Share Option Scheme") was adopted by the shareholders of the Company on 20 May 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix V to the Prospectus.

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

As at 31 December 2015, an aggregate of 3,814,000 shares are issuable for the outstanding share options granted under the Share Option Scheme, representing approximately 0.95% of the Company's shares in issue.

Details of the movements of the share options under the Share Option Scheme during the Period are as follows:

Grantees	Date of grant	Exercise price	Exercise period	Balance	Changes during the Period			Balance
				as at 1 April 2015	Granted	Exercised	Lapsed	as at 31 December 2015
Eligible employees <i>Note (i)</i>	7 July 2015	HK\$2.22 <i>Note (ii)</i>	7 July 2015– 6 July 2018 <i>Note (iii)</i>	—	4,596,000	(50,000) <i>Note (iv)</i>	(732,000)	3,814,000

Notes:

- (i) Share options were granted to certain eligible employees (two of them being present Directors of the Company), all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and are participants with share options not exceeding the respective individual limits. Details of the Company's share options granted to Directors of the Company and the relevant movement(s) during the Period are set out in the section headed "(b) Rights to acquire shares of the Company" on page 15.
- (ii) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 6 July 2015) was HK\$1.96.

- (iii) All share options granted do not have any vesting period.
- (iv) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$2.24.

Except as disclosed above, no share option lapsed or was granted, exercised or cancelled by the Company under the Share Option Scheme during the Period and there were no outstanding share options under the Share Option Scheme as at 31 December 2015.

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(a) Long position in the shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue
Mr. Cheung King Shek	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Shan	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%
Mr. Cheung King Fung Sunny	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <i>Note A</i>	220,000,000	55%

Note A:

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

(b) Rights to acquire shares of the Company

Pursuant to the Share Option Scheme, two Directors were granted share options to subscribe for the shares of the Company, details of which (all being personal interests) as at 31 December 2015 were as follows:

Name of Director	Date of grant	Exercise price	Exercise period	Balance as at 1 April 2015	Changes during the Period Granted	Balance as at 31 December 2015	Approximate percentage of the Company's shares in issue
Mr. Wong Wai Man	7 July 2015	HK\$2.22	7 July 2015– 6 July 2018	—	30,000	30,000	0.0075%
Ms. Mok Ngan Chu	7 July 2015	HK\$2.22	7 July 2015– 6 July 2018	—	30,000	30,000	0.0075%
				<u>—</u>	<u>60,000</u>	<u>60,000</u>	<u>0.015%</u>

Save as disclosed above, as at 31 December 2015, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the Period was the Company, its holding companies, or any of its subsidiaries or its 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).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the Period, they were in compliance with the required provisions set out in the Required Standard of Dealings. All Directors declared that they have complied with the Required Standard of Dealings throughout the Period.

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

As at 31 December 2015, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long Position

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

Note B:

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

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, as at 31 December 2015, none of the Directors nor their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

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

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Guotai Junan Capital Limited ("Guotai Junan"), as at 31 December 2015, neither Guotai Junan nor any of its directors or employees or close associates had any interest in the shares of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the compliance adviser agreement entered into between the Company and Guotai Junan in May 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code", formerly contained in Appendix 15 of the GEM Listing Rules until 31 December 2015) throughout the Period except the deviation mentioned in the following paragraph.

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

REVIEW OF RESULTS

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

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lam Yu Lung, Mr. Hui Ying Bun and Mr. Ho Nai Man Paul. Mr. Lam Yu Lung is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited third quarterly results for the Period.

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

Hong Kong, 2 February 2016

As at the date of this announcement, the executive Directors are Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby, Mr. Cheung King Fung Sunny, Mr. Wong Wai Man and Ms. Mok Ngan Chu and the independent non-executive Directors are Mr. Hui Ying Bun, Mr. Ho Nai Man Paul and Mr. Lam Yu Lung.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.tdhl.cc.

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