



## **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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**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

### FIRST 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 three months ended 30 June 2016 (the “Period”), together with the corresponding comparative figures as follows:

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

*For the three months ended 30 June 2016*

		Three months ended	
		30 June	
		2016	2015
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Revenue	4	290,956	391,223
Cost of inventories sold		(181,873)	(288,857)
Staff costs		(37,036)	(33,650)
Depreciation		(5,723)	(5,562)
Other income	6	1,244	1,922
Other operating expenses		(45,536)	(44,146)
Share of results of an associate		8,678	8,192
Finance costs	7	<u>(953)</u>	<u>(1,275)</u>
Profit before tax		29,757	27,847
Income tax expense	8	<u>(4,302)</u>	<u>(4,534)</u>
Profit and total comprehensive income for the period		<u>25,455</u>	<u>23,313</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		25,293	23,313
Non-controlling interest		<u>162</u>	<u>—</u>
		<u>25,455</u>	<u>23,313</u>
Earnings per share (HK\$)			
Basic and diluted	10	<u>0.06</u>	<u>0.05</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2016

	Share capital	Share premium	Other reserve	Share option reserve	Exchange reserve	Legal reserve	Retained profits	Total	Non- controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			Note a			Note b				
At 1 April 2015 (Audited)	4,000	87,363	5,404	—	(233)	91	74,664	171,289	—	171,289
Profit and total comprehensive income for the period	—	—	—	—	—	—	23,313	23,313	—	23,313
At 30 June 2015 (Unaudited)	4,000	87,363	5,404	—	(233)	91	97,977	194,602	—	194,602
At 1 April 2016 (Audited)	4,001	87,502	5,404	2,177	(233)	91	136,144	235,086	—	235,086
Profit and total comprehensive income for the period	—	—	—	—	—	—	25,293	25,293	162	25,455
Non-controlling interest arising on acquisition of a subsidiary	—	—	—	—	—	—	—	—	1,399	1,399
Effect of capital reduction	—	—	—	—	—	—	—	—	(1,400)	(1,400)
Effect of share option										
— share issue upon exercise	1	400	—	(82)	—	—	—	319	—	319
— lapse	—	—	—	(35)	—	—	35	—	—	—
At 30 June 2016 (Unaudited)	4,002	87,902	5,404	2,060	(233)	91	161,472	260,698	161	260,859

Notes:

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

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 30 June 2016*

### **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 established 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, as defined in the section headed “Definition” to the prospectus of the Company dated 26 May 2014 (the “Prospectus”).

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 Hong Kong Institute of Certified Public Accountants (“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 2016. 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 2016. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed 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 30 June			
	2016		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(Unaudited)		(Unaudited)	
Retail business	112,799	38.8	126,369	32.3
Distribution business	85,470	29.4	184,419	47.1
Paging and other telecommunications services	21,002	7.2	31,481	8.1
Operation services	<u>71,685</u>	<u>24.6</u>	<u>48,954</u>	<u>12.5</u>
Total revenue	<u>290,956</u>	<u>100.0</u>	<u>391,223</u>	<u>100.0</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	—	Retail sales of mobile phones and pre-paid SIM cards and related services
Distribution business	—	Distribution of mobile phones and related services
Paging and other telecommunications services	—	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 three months ended 30 June 2016, the Group's operations were located in Hong Kong and Macau (2015: 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 were located in Hong Kong during the Period and the corresponding period in 2015.

## 6. OTHER INCOME

	Three months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	61	86
Consultancy income	75	75
Rental income	958	755
Warehouse storage income	—	97
Exchange gain	145	882
Others	5	27
	<u>1,244</u>	<u>1,922</u>

## 7. FINANCE COSTS

	Three months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
— bank borrowings and bank overdrafts	<u>953</u>	<u>1,275</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 the BVI.

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the three months ended 30 June 2016.

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

## 9. DIVIDEND

At a meeting held on 9 August 2016, the Board declared an interim dividend of HK\$0.03 per share for the Period (for the three months ended 30 June 2015: nil).

## 10. EARNINGS PER SHARE

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

	<b>Three months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company	<u><b>25,293</b></u>	<u><b>23,313</b></u>
	<b>Three months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u><b>400,072,054</b></u>	<u><b>400,000,000</b></u>

The weighted average number of ordinary shares in issue during the three months ended 30 June 2016 represented 400,050,000 ordinary shares in issue during the year ended 31 March 2016 and the weighted average of 144,000 ordinary shares issued upon the share option exercised during the Period.

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.

The dilutive earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the three months ended 30 June 2015.

## 11. USE OF PROCEEDS

The net proceeds from the placing were approximately HK\$77,700,000, 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\$76,300,000 out of the net proceeds from the listing had been used in the manner as stated in the Prospectus. The unused net proceeds of approximately HK\$1,400,000 were placed with banks in Hong Kong as short-term deposits. The Company intends to apply the unused net proceeds for expansion of the Group's retail sales network as stated in the Prospectus.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group maintained its market position as one of the leading comprehensive telecommunications service providers in Hong Kong and Macau. The business segments of the Group include (i) retail sales of mobile phones and pre-paid SIM cards and related services; (ii) distribution of mobile phones and related services; (iii) provision of paging and other telecommunications services; and (iv) provision of operation services to Sun Mobile Limited (“SUN Mobile”), an associate owned as to 40% by the Group and as to 60% by HKT Limited.

The Group has been actively expanding the scale of retail and operation business. In the Period under review, the revenue from retail and operation business increased approximately 5.2% as compared to the corresponding period of the previous year. The management believes that contribution from these sectors to the Group’s revenue will continue to grow in the near future. However, smartphone penetration allows subscribers to eliminate paging services completely. Revenue from paging services was kept decreasing during the last few years. The Group will continue to prudently manage its business, implementing stricter financial control, streamlining operation and expenditure austerity.

In addition, due to the change of distribution model of a mobile phone manufacturer, revenue from distribution business decreased approximately 53.7% to approximately HK\$85,470,000 as compared to the corresponding period of the previous year. The Group and the manufacturer has also agreed not to renew their distributor agreement after the expiry of their current term. However, the Group became the distributor of mobile devices of another mobile phone manufacturer in early 2016, and the Group continues to seek for other business opportunities. Accordingly, the management considers that the termination of the distribution agreement will not have any material adverse impact on the financial position and operation of the Group.

### Financial Review

#### Segment Analysis

	Three months ended 30 June			
	2016		2015	
	<i>HK\$'000</i>		<i>HK\$'000</i>	
	(Unaudited)	%	(Unaudited)	%
Retail business	112,799	38.8	126,369	32.3
Distribution business	85,470	29.4	184,419	47.1
Paging and other telecommunications services	21,002	7.2	31,481	8.1
Operation services	71,685	24.6	48,954	12.5
Total revenue	<u>290,956</u>	<u>100.0</u>	<u>391,223</u>	<u>100.0</u>

## ***Revenue***

The Group's revenue for the three months ended 30 June 2016 was approximately HK\$290,956,000 (2015: HK\$391,223,000), representing a decrease of approximately 25.6% over the corresponding period of the previous year. The decrease in the Group's revenue was mainly due to decrease in revenue generated from distribution business.

For the three months ended 30 June 2016, revenue from retail sales of mobile phones and pre-paid SIM cards and provision of related services decreased approximately 10.7% as compared to the same period last year to approximately HK\$112,799,000 (2015: HK\$126,369,000). This is the major source of revenue of the Group.

The business of mobile phone distribution and provision of related services for the Period decreased approximately 53.7% as compared to the same period last year. It was due to the change of distribution model of a mobile phone manufacturer. The distributor agreement between the Group and the manufacturer will be expired in August 2016.

Revenue from provision of paging and other telecommunication services for the Period dropped approximately 33.3% 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\$71,685,000 for the Period, representing an increase of approximately 46.4% 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, interest and consultancy income. Other income for the three months ended 30 June 2016 was approximately HK\$1,244,000 (2015: HK\$1,922,000), representing a decrease of approximately 35.3% as compared to the corresponding period of the previous year. Such decrease was primarily due to decrease 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 three months ended 30 June 2016 were approximately HK\$45,536,000 (2015: HK\$44,146,000), representing a slight increase of approximately 3.1% over the corresponding period of the previous year.

### ***Share of Results of an Associate***

Share of results of an associate for the three months ended 30 June 2016 was approximately HK\$8,678,000 (2015: HK\$8,192,000), representing an increase of approximately 5.9% as compared to the corresponding period of the previous year. The amount represents the Group's share of net profit of SUN Mobile.

### ***Finance Costs***

There is no significant change in the Group's bank borrowings throughout the Period. The finance costs for the three months ended 30 June 2016 were approximately HK\$953,000 (2015: HK\$1,275,000).

### ***Income Tax Expense***

Income tax for the three months ended 30 June 2016 was approximately HK\$4,302,000 (2015: HK\$4,534,000), representing a slight decrease of approximately 5.1%.

### ***Profit for the Period***

Profit for the three months ended 30 June 2016 was approximately HK\$25,455,000 (2015: HK\$23,313,000), representing an increase of approximately 9.2% as compared to the corresponding period of the previous year. The increase was primarily due to the increase in operation services income.

### **Material Acquisitions or Disposals and Significant Investments**

Except for purchase of a real property for commercial use in the amount of HK\$38,800,000, the Group did not make any material acquisition or disposal of subsidiaries or significant investments during the three months ended 30 June 2016.

### **Dividend**

An interim dividend of HK\$0.03 per share will be paid on or about 1 September 2016 to shareholders of the Company on record as at 25 August 2016.

### **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 shops network. As at 30 June 2016, the Group had 64 shops in operation. 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 telecommunications industries.

Apart from continuing focus on its core business, the Group will cautiously assess any new business opportunities for development that could support the goal of maximizing long-term shareholder value.

## **OTHER INFORMATION**

### **Interim Dividend and Closure of Register of Members**

The Board has declared the payment of an interim dividend of HK\$0.03 per share for the Period. The interim dividend will be payable in cash to shareholders on the register of members as at 25 August 2016.

The register of members of the Company will be closed from 24 to 25 August 2016 (both dates inclusive), for the purpose of determining shareholders' entitlement to the interim dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on 23 August 2016.

The payment date of the interim dividend is expected to be on or about 1 September 2016.

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

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

### **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, no share option was granted under the Share Option Scheme.

As at 30 June 2016, an aggregate of 3,590,000 shares were issuable for the outstanding share options granted under the Share Option Scheme, representing approximately 0.90% 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 as at 1 April 2016	Changes during the Period		Balance as at 30 June 2016
					Exercised	Lapsed	
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>	3,796,000	(144,000) <i>Note (iv)</i>	(62,000)	3,590,000

*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 14.
- (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\$2.62.

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 30 June 2016.

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

As at 30 June 2016, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 <sup>Note A</sup>	220,000,000	55%
Mr. Cheung King Shan	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <sup>Note A</sup>	220,000,000	55%
Mr. Cheung King Chuen Bobby	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <sup>Note A</sup>	220,000,000	55%
Mr. Cheung King Fung Sunny	Beneficial owner	20,000,000	5%
	Beneficiary of a trust <sup>Note A</sup>	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 30 June 2016 were as follows:

Name of Directors	Date of grant	Exercise price	Exercise period	Balance as at 1 April 2016	Changes during the Period	Balance as at 30 June 2016	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>60,000</u>	<u>—</u>	<u>60,000</u>	<u>0.015%</u>

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules.

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

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

### **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 30 June 2016, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the number of shares of the Company 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 <sup>Note A above</sup>	Beneficial owner	220,000,000	55%
Amazing Gain Limited <sup>Note A above</sup>	Interest in a controlled corporation	220,000,000	55%
J. Safra Sarasin Trust Company (Singapore) Limited <sup>Note A above</sup>	Trustee (other than a bare trustee)	220,000,000	55%
Ms. Law Lai Ying Ida <sup>Note B</sup>	Interest of spouse	240,000,000	60%
Ms. Tang Fung Yin Anita <sup>Note B</sup>	Interest of spouse	240,000,000	60%
Ms. Yeung Ho Ki <sup>Note B</sup>	Interest of spouse	240,000,000	60%

#### Note B:

The late Ms. Law Lai Ying Ida was 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 the late Ms. Law Lai Ying Ida, Ms. Tang Fung Yin Anita and Ms. Yeung Ho Ki was/is deemed to be interested in 240,000,000 shares which were/are interested by their respective husbands.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Save as disclosed below, as at 30 June 2016, none of the Directors nor their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

<b>Name of Director</b>	<b>Name of Company</b>	<b>Nature of Interest</b>	<b>Competing Business</b>
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 pre-paid 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 30 June 2016, 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") contained in Appendix 15 of the GEM Listing Rules throughout the Period except the deviation mentioned in the following paragraph.

According to the Code Provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Period, the chief executive officer and chief financial officer of the Company have provided and will continue to provide 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 and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; to review the financial statements and material advice in respect of financial reporting; to oversee internal control procedures 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 first quarterly results for the Period.

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

Hong Kong, 9 August 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](http://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](http://www.tdhl.cc).*

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