



Telecom Service One Holdings Limited

電訊首科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8145)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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 Service One 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.

FINAL RESULTS

The board of Directors (the “Board”) of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

| | | 2015 | 2014 |
|---|-------|-----------------|-----------------|
| | Notes | HK\$'000 | HK\$'000 |
| Revenue | 3 | 126,415 | 94,292 |
| Cost of sales | | <u>(67,265)</u> | <u>(52,180)</u> |
| Gross profit | | 59,150 | 42,112 |
| Other income | 5 | 2,308 | 3,580 |
| Other operating expenses, net | 6 | (15,250) | (14,257) |
| Administrative expenses | | (16,315) | (13,214) |
| Finance costs | 7 | <u>(170)</u> | <u>(84)</u> |
| Profit before tax | | 29,723 | 18,137 |
| Income tax expense | 8 | <u>(5,243)</u> | <u>(3,791)</u> |
| Profit for the year | 9 | <u>24,480</u> | <u>14,346</u> |
| Other comprehensive income (expense) | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Remeasurement of long service payment obligations | | 28 | 228 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | <u>—</u> | <u>(163)</u> |
| Other comprehensive income for the year | | <u>28</u> | <u>65</u> |
| Total comprehensive income for the year | | <u>24,508</u> | <u>14,411</u> |
| Earnings per share (HK\$) | 11 | | |
| Basic | | <u>0.204</u> | <u>0.133</u> |
| Diluted | | <u>0.203</u> | <u>0.133</u> |

Consolidated Statement of Financial Position

At 31 March 2015

| | Notes | 2015 HK\$'000 | 2014 HK\$'000 |
|---------------------------------------|-------|------------------|------------------|
| Non-current assets | | | |
| Plant and equipment | | 4,424 | 6,437 |
| Deferred tax asset | | <u>437</u> | <u>—</u> |
| | | <u>4,861</u> | <u>6,437</u> |
| Current assets | | | |
| Inventories | | 4,295 | 7,255 |
| Trade and other receivables | 12 | 28,179 | 28,865 |
| Amounts due from related companies | | 1,154 | 927 |
| Pledged bank deposits | | 30,220 | 4,492 |
| Bank balances and cash | | <u>14,265</u> | <u>33,882</u> |
| | | <u>78,113</u> | <u>75,421</u> |
| Current liabilities | | | |
| Trade and other payables | 13 | 9,967 | 7,264 |
| Amounts due to related companies | | 79 | 203 |
| Tax payables | | 1,703 | 1,759 |
| Bank overdrafts | | 349 | — |
| Bank borrowings | | <u>15,736</u> | <u>—</u> |
| | | <u>27,834</u> | <u>9,226</u> |
| Net current assets | | <u>50,279</u> | <u>66,195</u> |
| Total assets less current liabilities | | <u>55,140</u> | <u>72,632</u> |
| Non-current liability | | | |
| Long service payment obligations | | <u>—</u> | <u>—</u> |
| Net assets | | <u>55,140</u> | <u>72,632</u> |
| Capital and reserves | | | |
| Share capital | 14 | 12,000 | 12,000 |
| Reserves | | <u>43,140</u> | <u>60,632</u> |
| Total equity | | <u>55,140</u> | <u>72,632</u> |

1. GENERAL

The Company is a company 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 on 3 August 2012 and its shares are listed on the GEM of the Stock Exchange on 30 May 2013. The address of the registered office of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Units 1805–1807, 18/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The directors of the Company consider the immediate holding company is East-Asia Pacific Limited (“East-Asia”), a company incorporated in the British Virgin Islands (“BVI”) and the ultimate parent is Cheung Family Trust.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are provision of mobile phones and consumer electronic devices repair service and sale of mobile phone accessories.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while the functional currencies for certain subsidiaries are Renminbi (“RMB”), New Taiwan dollars (“NT\$”) and Macau Patacas (“MOP”). For the purpose of presenting the consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

On 28 January 2014, one of the subsidiaries of the Group, Telecom Service One Investment Limited (“TSO BVI”) acquired 100% of equity interest in Telecom Service One (Macau) Limited (“TSO Macau”) from East-Asia, the immediate holding company of the Company. Since the Company, TSO BVI and TSO Macau are ultimately controlled by East-Asia both before and after this acquisition. Accordingly, the consolidated financial statements of the Group has been prepared on the basis as if the Company had always been the holding company of TSO Macau for the year ended 31 March 2014, using the principles of merger accounting.

3. REVENUE

Revenue represents the amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes. An analysis of the Group’s revenue for the year is as follows:

| | 2015 HK\$’000 | 2014 HK\$’000 |
|--------------------------|-----------------------|----------------------|
| Repairing service income | 115,281 | 85,889 |
| Sales of accessories | <u>11,134</u> | <u>8,403</u> |
| | <u>126,415</u> | <u>94,292</u> |

4. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of mobile phone and consumer electronic devices repair service and the sales of consumer electronic devices related products. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors as they collectively make strategic decision in allocating the Group's resources and assessing performance.

Geographical information

During the year ended 31 March 2015, the Group's operations were located in Hong Kong, the People's Republic of China (the "PRC") and Macau (2014: Hong Kong, Taiwan and the PRC).

During the year ended 31 March 2015, 99% (2014: 99%) of the Group's revenue was generated in Hong Kong while as at 31 March 2015, 94% (2014: 99%) of the non-current asset was located in Hong Kong. Hence, no geographical information is presented.

In November 2013, the Group closed the service centre located in Taiwan as a result of the reorganisation plan of a corporate customer.

Information about major customers

Details of the customers contributing over 10% of the total revenue of the Group during the years are as follows:

| | 2015 HK\$'000 | 2014 HK\$'000 |
|--------------|------------------|------------------|
| Customer I | N/A* | 13,460 |
| Customer II | N/A* | 9,944 |
| Customer III | 24,392 | 16,005 |
| Customer IV | N/A* | 11,549 |
| Customer V | <u>17,264</u> | <u>N/A*</u> |

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

5. OTHER INCOME

| | 2015 HK\$'000 | 2014 HK\$'000 |
|--|------------------|------------------|
| Gain on disposal of plant and equipment | — | 189 |
| Management fee income | 470 | 333 |
| Consignment goods handling income | 545 | 895 |
| Bank interest income | 776 | 415 |
| Waiver of an amount due to a related company | — | 1,169 |
| Others | <u>517</u> | <u>579</u> |
| | <u>2,308</u> | <u>3,580</u> |

6. OTHER OPERATING EXPENSES, NET

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---|------------------------|------------------------|
| Reimbursement of expenses for service centres | 716 | 841 |
| Service centres management income | 218 | 3,357 |
| Logistic service income | 267 | 281 |
| Miscellaneous income charges | <u>1,006</u> | <u>130</u> |
| | 2,207 | 4,609 |
| Other operating expenses of service centres | <u>(17,457)</u> | <u>(18,866)</u> |
| Other operating expenses, net | <u><u>(15,250)</u></u> | <u><u>(14,257)</u></u> |

7. FINANCE COSTS

| | 2015 HK\$'000 | 2014 HK\$'000 |
|------------------|-------------------|------------------|
| Interest on: | | |
| Bank borrowings | 139 | 84 |
| Discounted bills | <u>31</u> | <u>—</u> |
| | <u><u>170</u></u> | <u><u>84</u></u> |

8. INCOME TAX EXPENSE

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---------------------------------------|---------------------|---------------------|
| Hong Kong Profits Tax | | |
| — current year | 5,686 | 4,122 |
| — over-provision in prior years | <u>(92)</u> | <u>—</u> |
| | 5,594 | 4,122 |
| Taiwan Profits Tax | | |
| — under-provision in prior years | — | 103 |
| Macau Complementary Income Tax | | |
| — under-provision in prior years | 86 | — |
| Deferred tax | | |
| — current year | <u>(437)</u> | <u>(434)</u> |
| Total income tax expense for the year | <u><u>5,243</u></u> | <u><u>3,791</u></u> |

Pursuant to the rules and regulations of the Cayman Islands and 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 both years. During the year of assessment 2014/15, Hong Kong Profits Tax concession was amounted to HK\$20,000 (2013/14: HK\$10,000).

The applicable income tax rate in Taiwan is 17% of the estimated assessable profits for both years. No provision for Taiwan profits tax has been made as Telecom Service One Taiwan Limited did not have any assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for taxation has been made as there were no assessable profits for the year ended 31 March 2015 and for the period since the date of incorporation to 31 March 2014.

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits. No provision for Macau taxation has been made as there were no assessable profits for both years.

9. PROFIT FOR THE YEAR

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit for the year is arrived at after charging (crediting): | | |
| Directors' and chief executive's emoluments | | |
| — salaries, allowances and other benefits | 4,624 | 724 |
| — employer's contributions to retirement benefits scheme | <u>22</u> | <u>15</u> |
| | <u>4,646</u> | <u>739</u> |
| Other staff costs | | |
| — salaries and other allowances | 42,597 | 34,889 |
| — employer's contributions to retirement benefits scheme | 1,997 | 1,667 |
| — long service payment obligations | <u>28</u> | <u>81</u> |
| | <u>44,622</u> | <u>36,637</u> |
| Total staff costs | <u>49,268</u> | <u>37,376</u> |
| Auditor's remuneration | 600 | 560 |
| Depreciation of plant and equipment | 3,822 | 4,115 |
| Exchange loss | 107 | 416 |
| Allowance for inventories (included in cost of sales) | 1,404 | 102 |
| Reversal of allowance for inventories (included in cost of sales) | (111) | (102) |
| Amount of inventories recognised as an expense | 25,547 | 19,103 |
| Operating leases rentals in respect of rented premises | <u>9,169</u> | <u>9,186</u> |

10. DIVIDENDS

| 2015 | 2014 |
|----------|----------|
| HK\$'000 | HK\$'000 |

Dividends recognised as distribution during the year:

2014 interim, paid — HK\$0.35 cents per share (2014: nil)

| | |
|---------------|----------|
| <u>42,000</u> | <u>—</u> |
|---------------|----------|

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2015 of HK\$0.15 (2014: interim dividend in respect of the year ended 31 March 2014 of HK\$0.25) per share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

11. 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:

| 2015 | 2014 |
|----------|----------|
| HK\$'000 | HK\$'000 |

Earnings

Earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company

| | |
|---------------|---------------|
| <u>24,480</u> | <u>14,346</u> |
|---------------|---------------|

Number of shares

| 2015 | 2014 |
|------|------|
|------|------|

Weighted average number of ordinary shares for the purpose of basic earnings per share

| | |
|-------------|-------------|
| 120,000,000 | 107,557,808 |
|-------------|-------------|

Effect of dilutive potential ordinary shares:

Warrants

| | |
|----------------|----------------|
| <u>754,286</u> | <u>363,464</u> |
|----------------|----------------|

Weighted average number of ordinary shares for the purpose of diluted earnings per share

| | |
|--------------------|--------------------|
| <u>120,754,286</u> | <u>107,921,272</u> |
|--------------------|--------------------|

12. TRADE AND OTHER RECEIVABLES

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Trade receivables | 20,519 | 20,858 |
| Other receivables | 7,201 | 7,697 |
| Prepayments | <u>459</u> | <u>310</u> |
| | <u>28,179</u> | <u>28,865</u> |

The Group does not hold any collateral over these balances.

The Group grants an average credit period of 30 days to 60 days to its trade customers.

The following was an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 30 days | 5,962 | 7,066 |
| 31 to 60 days | 12,441 | 11,528 |
| 61 to 90 days | 9 | 4 |
| 91 to 120 days | 1,063 | 1,130 |
| Over 120 days | <u>1,044</u> | <u>1,130</u> |
| | <u>20,519</u> | <u>20,858</u> |

The aged analysis of trade receivables that were past due as at the end of the reporting period but not impaired was as follows:

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| 31 to 60 days | 9,541 | 6,318 |
| 61 to 90 days | 9 | 4 |
| 91 to 120 days | 1,063 | 1,130 |
| Over 120 days | <u>1,044</u> | <u>1,130</u> |
| Total | <u>11,657</u> | <u>8,582</u> |

The Group has not recognised any impairment loss as there has not been a significant change in the credit quality of customers and the amounts are still considered as recoverable.

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2015 HK\$'000 | 2014 <i>HK\$'000</i> |
|------|--------------------------------|-------------------------|
| HK\$ | 39 | — |
| US\$ | <u>9,989</u> | <u>9,920</u> |

13. TRADE AND OTHER PAYABLES

| | 2015 HK\$'000 | 2014 <i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Trade payables | 3,565 | 4,276 |
| Accrued expenses and other payables | <u>6,402</u> | <u>2,988</u> |
| Total | <u><u>9,967</u></u> | <u><u>7,264</u></u> |

The average credit period on purchases of goods ranged from 30 days to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within credit timeframe.

The following was the aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

| | 2015 HK\$'000 | 2014 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | 1,852 | 2,490 |
| 31 to 90 days | 226 | 364 |
| Over 90 days | <u>1,487</u> | <u>1,422</u> |
| | <u><u>3,565</u></u> | <u><u>4,276</u></u> |

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2015 HK\$'000 | 2014 <i>HK\$'000</i> |
|------|--------------------------------|-------------------------|
| US\$ | 1,594 | 2,778 |
| JPY | <u>153</u> | <u>153</u> |

14. SHARE CAPITAL

| | Notes | Number of shares | Share capital HK\$'000 |
|---|-------|-----------------------------|------------------------------|
| Ordinary shares of HK\$0.1 each | | | |
| Authorised: | | | |
| At 1 April 2013 | (a) | 3,800,000 | 380 |
| Increase during the year | (b) | <u>996,200,000</u> | <u>99,620</u> |
| At 31 March 2014 and 31 March 2015 | | <u><u>1,000,000,000</u></u> | <u><u>100,000</u></u> |
| Issued and fully paid: | | | |
| At 1 April 2013 | | 600,000 | 60 |
| Issue of shares upon capitalisation issue | (c) | 89,400,000 | 8,940 |
| Issue of shares upon placing | (d) | <u>30,000,000</u> | <u>3,000</u> |
| At 31 March 2014 and 31 March 2015 | | <u><u>120,000,000</u></u> | <u><u>12,000</u></u> |

Notes:

- (a) On 3 August 2012, the Company was incorporated in the Cayman Islands 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 with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each. At the date of incorporation, 1 fully paid share of HK\$0.1 each was issued.
- (b) Pursuant to the resolutions in writing of the shareholders of the Company passed on 2 May 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by creation of 996,200,000 new shares of HK\$0.1 each.
- (c) Pursuant to the written resolutions passed by the shareholders of the Company on 2 May 2013, the directors of the Company were authorised to capitalise a sum of HK\$8,940,000 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 89,400,000 shares for allotment and issue to the then shareholders of the Company as at 2 May 2013 in proportion to their then respective shareholdings in the Company.
- (d) In connection with the Company's placing and listing, the Company issued 30,000,000 ordinary shares of HK\$0.1 each at a price of HK\$1.0 each for a total consideration (before expenses) of HK\$30,000,000. Dealing of the Company's shares on the GEM of the Stock Exchange commenced on 30 May 2013.

All shares issued during the years ended 31 March 2015 and 2014 rank *pari passu* with existing shares in all respects.

15. NON-LISTED WARRANTS

On 17 February 2014, the Company and the placing agent entered into a placing agreement in respect of the placement of 12,000,000 warrants of the Company to not less than six independent investors at a price of HK\$0.01 per warrant. Each warrant confers the right to subscribe for one ordinary share of the Company of HK\$0.1 each at a subscription price of HK\$1.64, subject to adjustment upon occurrence of certain events. The placement was completed on 3 March 2014.

Details of the above are set out in the Company's announcements dated 17 February 2014 and 3 March 2014.

16. OPERATING LEASES COMMITMENT

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | 2015 <i>HK\$'000</i> | 2014 <i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Within one year | 2,994 | 6,525 |
| In the second to fifth year inclusive | <u>1,532</u> | <u>318</u> |
| | <u>4,526</u> | <u>6,843</u> |

The Group leases certain of its office premises and service outlets under operating lease arrangements. Leases are negotiated for a term ranging from one to three (2014: one to three) years with fixed rentals as at the end of each reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

Mobile phone usage, especially the usage of smartphones, has been surging over the recent years. Such surge has been powered by the improved telecommunication technologies enhancing user experience as well as frequent update of product models with a wide range of pricing.

Due to the increasing customer demand for fast mobile network service and advancing mobile wireless technology, the mobile service market of Hong Kong is developing rapidly in terms of application of technology and services offered. Over the years, Hong Kong has developed comprehensive and efficient information and communication technology infrastructure which facilitates the rapid take-up of communication and online services. The number of mobile subscribers in Hong Kong was experienced a fast increase during the past few years. The Group is confident that the above factors will support its continuous business development.

Business Review

The Group is a well-established repair service provider in Hong Kong, with an operating history since 1999. The Group is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of related accessories. The Group has been appointed by corporate customers comprising manufacturers of mobile phones and personal electronic products, telecommunication service providers and global services companies as their service provider to provide repair and refurbishment services for their products and to their customers.

During the year, the Group made continuous efforts to strengthen its leading position in the industry by exploring potential new business opportunities and new products, and opening new service centres for its corporate customers out of Hong Kong. The Group set-up its first service centre in China for provision of repair and refurbishment services to its largest corporate customer in December 2013 and its first service centre in Macau in December 2014. The new repair centres are situated at prime location in Shenzhen and Macau respectively. Moreover, the Group continued to expand the scale of accessories business by introducing more types of accessories and selling at more points of sale.

Financial Review

Revenue

The Group's revenue for the year ended 31 March 2015 was approximately HK\$126,415,000 (2014: HK\$94,292,000), representing an increase of 34.1% over the previous year. The increase in the Group's revenue was mainly due to the increase in repair jobs and higher revenue generated from the accessories business.

Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. During the year, cost of sales increased to approximately HK\$67,265,000 (2014: HK\$52,180,000), representing an increase of 28.9%. The increase in cost of sales was corresponded to the increase in revenue. The Group's cost of inventories sold was approximately HK\$25,547,000 (2014: HK\$19,103,000), representing an increase of 33.7% from that of the previous year.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year was approximately HK\$59,150,000 (2014: HK\$42,112,000), representing an increase of 40.5% over the previous year. Gross profit margin slightly increased by 4.7% to 46.8% from 44.7%.

Other Income

Other income for the year was approximately HK\$2,308,000 (2014: HK\$3,580,000). Other income mainly contributed by management fee income and consignment goods handling income and bank interest income. The decrease in other income was mainly due to the waiver of an amount due to a related company in respect of the Group's acquisition of 100% of the equity interest in TSO Macau occurred in the first quarter of 2013/14.

Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the year ended 31 March 2015 were approximately HK\$15,250,000 (2014: HK\$14,257,000), representing an increase of 7.0% over the previous year. The increase was mainly due to the following:

- (i) Decrease in service centres management fee income from a former corporate customer due to downsizing of business of that corporate customer since January 2013 and the cessation of business of the Group's service centre in Taiwan in November 2013;
- (ii) Decrease in operating expenses due to the closure of Taiwan service centre and a parts centre in Hong Kong for that corporate customer; and
- (iii) Increase in consignment commission paid for the consignment sale of accessories.

Administrative expenses for the year ended 31 March 2015 was approximately HK\$16,315,000 (2014: HK\$13,214,000). The increase was mainly due to the increase in remuneration of employees.

Profit before Tax

The Group had recorded a profit before tax of approximately HK\$29,723,000 for the year ended 31 March 2015 (2014: HK\$18,137,000), representing an increase of 63.9% from the previous year.

Material Acquisitions or Disposals and Significant Investments

The Group did not make any material acquisition or disposal of subsidiaries or significant investments during the year ended 31 March 2015.

Liquidity and Financial Resources

As at 31 March 2015, the Group had current assets of approximately HK\$78,113,000 (2014: HK\$75,421,000) and current liabilities of approximately HK\$27,834,000 (2014: HK\$9,226,000).

As at 31 March 2015, the Group's gearing ratio was 29.3% as compared to 0.3% as at 31 March 2014, which is calculated based on the Group's total borrowings of approximately HK\$16,164,000 (2014: HK\$203,000) and the Group's total equity of approximately HK\$55,140,000 (2014: HK\$72,632,000).

At present, the Group generally finances its operations with internally generated cash flows and banking facilities. Net cash generated from operating activities for the year was approximately HK\$33,245,000. Net cash used in investing activities was approximately HK\$26,762,000.

The Group maintained a healthy liquidity position as at 31 March 2015. The Group had cash and cash equivalents of HK\$13,916,000 as at 31 March 2015 (2014: HK\$33,882,000). Apart from providing working capital to support its business development, the Group also has available banking facilities and the net proceeds from the placing and listing of the issued ordinary shares of the Company on the GEM on 30 May 2013 to meet potential needs for business expansion and development. As at 31 March 2015, the Group has bank borrowings of approximately HK\$16,085,000 and the unutilised banking facilities of HK\$33,751,000 available for further drawdown should it have any further capital needs.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: Nil).

Foreign Currency Risk

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

Capital Commitments

As at 31 March 2015, the Group did not have any significant capital commitments (2014: Nil).

Dividends

An interim dividend for 2014/15 of HK\$0.1 per share was paid on 28 November 2014. The Board recommends the payment of a final dividend of HK\$0.15 per share for 2014/15. The proposed final dividend will be paid to shareholders of the Company on record as at 16 September 2015, if the proposal is approved by the shareholders at the forthcoming annual general meeting (the “Annual General Meeting”) of the Company to be held on 8 September 2015. It is expected that the final dividend will be paid on or about 22 September 2015.

Capital Structure

There was no change in the capital structure during the year ended 31 March 2015.

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

Significant Investments Held

Except for investments in subsidiaries, during the year ended 31 March 2015, the Group did not hold any significant investment in equity interest in any other company and did not own any property.

Employees and Remuneration Policies

As at 31 March 2015, the Group employed 245 (31 March 2014: 222) 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

The Group will continue to strengthen its leading position in the industry by enhancing the scope of the Group’s repair and refurbishment services, strengthening the product knowledge and technical capability and expanding the accessories business. Accordingly, the Company keeps meeting with its existing corporate customers and presenting to them the relevant existing competitive advantages of the Group so as to explore any new business opportunities.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

- (a) from 7 to 8 September 2015 (both dates inclusive) to ascertain the shareholders entitled to attend and vote at the forthcoming Annual General Meeting. In order to attend and vote at the forthcoming Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 4 September 2015.
- (b) from 15 to 16 September 2015 (both dates inclusive) to ascertain the shareholders entitled to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 14 September 2015.

No transfer of shares will be registered during the periods mentioned in paragraphs (a) and (b) above.

Corporate Governance Practices

During the year ended 31 March 2015, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules, except the deviation as disclosed below:

- 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 year ended 31 March 2015, the chief executive officer of the Company has provided and will continue to provide all non-executive Directors (including independent non-executive Directors) 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 2 May 2013 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 monitor integrity of the Company’s financial statements and reports and accounts, and review significant financial reporting judgments contained in them; to oversee the financial reporting system and internal control procedures of the Company; and to review arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus. Mr. Chu Kin Wang Peleus is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the consolidated financial statements and final results for the year ended 31 March 2015.

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

Hong Kong, 23 June 2015

As at the date of this announcement, the chairman and non-executive Director is Mr. Cheung King Shek; the chief executive officer and executive Director is Mr. Cheung King Fung Sunny; the non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby; and the independent non-executive Directors are Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus.

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.tso.cc.