



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 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.

THE FINANCIAL STATEMENTS

INTERIM 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 six months ended 30 September 2016 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	26,161	29,537	47,759	62,313
Cost of sales		(14,102)	(17,269)	(27,171)	(35,696)
Gross profit		12,059	12,268	20,588	26,617
Other income	5	491	882	1,113	1,335
Other operating expenses, net	6	(3,082)	(3,892)	(5,531)	(8,322)
Administrative expenses		(3,441)	(4,277)	(6,367)	(7,477)
Finance costs	7	(46)	(51)	(116)	(118)
Profit before tax		5,981	4,930	9,687	12,035
Income tax expense	8	(908)	(177)	(1,505)	(1,734)
Profit for the period	9	5,073	4,753	8,182	10,301
Other comprehensive expense					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(4)	(10)	(27)	(18)
Total comprehensive income for the period		5,069	4,743	8,155	10,283
Earnings per share (HK\$)	11				
Basic		0.04	0.04	0.07	0.09
Diluted		0.04	0.04	0.07	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Non-current assets			
Plant and equipment	12	2,806	3,827
Deferred tax asset		639	514
		3,445	4,341
Current assets			
Inventories		7,833	6,381
Trade and other receivables	13	17,773	21,539
Amounts due from related companies	18	1,810	1,206
Tax recoverable		—	804
Pledged bank deposits		30,481	29,972
Bank balances and cash		8,964	16,908
		66,861	76,810
Current liabilities			
Trade and other payables	14	7,777	6,151
Amounts due to related companies	18	144	2,273
Tax payables		826	—
Bank overdrafts		38	—
Bank borrowings	15	5,240	18,600
		14,025	27,024
Net current assets		52,836	49,786
Net assets		56,281	54,127
Capital and reserves			
Share capital	16	12,001	12,001
Reserves		44,280	42,126
Total equity		56,281	54,127

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>Note (i)</i>	Translation reserve HK\$'000	Share options reserve HK\$'000	Statutory reserve HK\$'000 <i>Note (ii)</i>	Warrant reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	12,000	23,907	70	(60)	—	137	100	18,986	55,140
Profit for the period	—	—	—	—	—	—	—	10,301	10,301
Exchange differences arising on translation of a foreign operation	—	—	—	(18)	—	—	—	—	(18)
Total comprehensive (expense) income for the period	—	—	—	(18)	—	—	—	10,301	10,283
Recognition of equity-settled share-based payment expenses <i>Note 19</i>	—	—	—	—	583	—	—	—	583
Issue of shares upon exercise of share options	1	37	—	—	(7)	—	—	—	31
Lapse of share options	—	—	—	—	(6)	—	—	6	—
Payment of dividend <i>Note 10</i>	—	—	—	—	—	—	—	(18,002)	(18,002)
At 30 September 2015 (unaudited)	12,001	23,944	70	(78)	570	137	100	11,291	48,035
At 1 April 2016 (audited)	12,001	23,944	70	(100)	522	137	100	17,453	54,127
Profit for the period	—	—	—	—	—	—	—	8,182	8,182
Exchange differences arising on translation of foreign operations	—	—	—	(27)	—	—	—	—	(27)
Total comprehensive (expense) income for the period	—	—	—	(27)	—	—	—	8,182	8,155
Payment of dividend <i>Note 10</i>	—	—	—	—	—	—	—	(6,001)	(6,001)
Lapse of share options	—	—	—	—	(56)	—	—	56	—
At 30 September 2016 (unaudited)	12,001	23,944	70	(127)	466	137	100	19,690	56,281

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Notes:

- (i) During the year ended 31 March 2014, the Group acquired 100% of equity interest in Telecom Service One (Macau) Limited (“TSO Macau”) from East-Asia Pacific Limited (“East-Asia”), the immediate holding company of the Company which was incorporated in the British Virgin Islands (“BVI”). The acquisition was accounted for using merger accounting. Other reserve represents the difference between the issued share capital of TSO Macau and the consideration paid for acquiring it.

In addition, 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 during the year ended 31 March 2013.

- (ii) As stipulated by regulations in Taiwan, Telecom Service One Taiwan Limited (“TSO TW”), a subsidiary of the Company, is required to appropriate 10% of its after tax profit (after offsetting prior year losses) to statutory reserve before declaring any dividends to shareholders until the balance of the reserve reaches the relevant registered capital. Subject to certain restrictions as set out in the respective Taiwan regulations, the statutory reserve may be used to offset against accumulated losses of the respective Taiwan company. The amount of transfer is subject to the approval of the board of directors of the respective Taiwan company.

In accordance with the People’s Republic of China (the “PRC”) laws applicable to wholly-foreign owned investment enterprises, subsidiary of the Company operating in the PRC is required to set up a general reserve fund and appropriate at least 10% of respective company’s annual profit after tax, as determined under the PRC accounting rules and regulations, to the general reserve fund until the balance of the reserve equals to 50% of its registered capital. This fund can be used to make good losses and to convert into paid-up capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	11,532	4,087
INVESTING ACTIVITIES		
Placement of pledged bank deposits	(509)	(120)
Purchase of plant and equipment	(24)	(2,055)
Interest received	512	514
NET CASH USED IN INVESTING ACTIVITIES	(21)	(1,661)
FINANCING ACTIVITIES		
Dividends paid	(6,001)	(18,002)
Repayments of bank borrowings	(14,760)	(6,603)
Interest paid	(116)	(118)
New bank borrowings raised	1,400	—
Issue of shares upon exercise of share options	—	31
NET CASH USED IN FINANCING ACTIVITIES	(19,477)	(24,692)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,966)	(22,266)
CASH AND CASH EQUIVALENTS AT 1 APRIL	16,908	13,916
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(16)	(5)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	8,926	(8,355)
ANALYSIS OF COMPONENTS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	8,964	2,002
Bank overdrafts	(38)	(10,357)
	8,926	(8,355)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 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, P.O. Box 1350, Grand Cayman KY1-1108, the 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 consider the immediate holding company is East-Asia and the ultimate parent is the Cheung Family Trust, as defined in the section headed “Definition” to the prospectus of the Company dated 23 May 2013 (the “Prospectus”).

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are provision of repair and refurbishment services for mobile phones and consumer electronic devices 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 condensed consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the six months ended 30 September 2016 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated financial statements have been prepared on the historical cost basis.

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 Hong Kong Financial Reporting Standards 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.

3. REVENUE

Revenue represents the amounts received and 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 periods is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Repairing service income	20,883	27,806	41,026	58,103
Sales of accessories	5,278	1,731	6,733	4,210
	26,161	29,537	47,759	62,313

4. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of repair and refurbishment services for mobile phones and consumer electronic devices and the sales of related accessories and products therefor. 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 Period and the corresponding period in 2015, the Group's operations were located in Hong Kong, PRC and Macau.

During the Period, more than 96% (six months ended 30 September 2015: 97%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong while as at 30 September 2016, 91% (31 March 2016: 92%) of the non-current assets, based on the geographical location of the assets, were located in Hong Kong. Hence, no geographical information is presented.

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Customer I	7,460	N/A*	10,659	N/A*
Customer II	N/A*	4,703	N/A*	N/A*
Customer III	N/A*	2,814	N/A*	11,782
Customer IV	3,292	N/A*	N/A*	N/A*

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

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Management fee income ^{Note (i)}	151	140	321	271
Consignment goods handling income ^{Note (ii)}	124	156	242	306
Bank interest income	201	465	512	514
Exchange gain, net	—	—	1	—
Others	15	121	37	244
	491	882	1,113	1,335

Notes:

- (i) The amount represents management fee income received from manufacturers of mobile phones for the provision of management service such as inventory management and software upgrade to one of their operation teams in Hong Kong.
- (ii) The amount represents fee income received for handling consignment goods for certain manufacturers of mobile phones at the Group's service centres.

6. OTHER OPERATING EXPENSES, NET

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Reimbursement of expenses for service centres	95	218	213	428
Logistic service income	3	3	5	5
Miscellaneous income	—	23	—	49
	98	244	218	482
Other operating expenses of service centres	(3,180)	(4,136)	(5,749)	(8,804)
Other operating expenses, net	(3,082)	(3,892)	(5,531)	(8,322)

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest on: Bank borrowings	46	51	116	118

8. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Hong Kong Profits Tax — current period	977	244	1,630	1,801
Deferred tax — current period	(69)	(67)	(125)	(67)
Total income tax expense for the period	908	177	1,505	1,734

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 each period.

The applicable income tax rate in Taiwan is 17% of the estimated assessable profits for each period. No provision for Taiwan profits tax has been made as TSO TW did not have any assessable profit for each period.

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 each period.

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 each period.

9. PROFIT FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit for the period is arrived at after charging (crediting):				
Depreciation of plant and equipment	469	719	1,020	1,501
Allowance for inventories (included in cost of sales)	—	1	—	31
Reversal of allowance for inventories (included in cost of sales)	—	(1)	—	(1)
Amount of inventories recognised as an expense	5,624	6,753	10,265	14,517
Exchange loss, net	3	10	—	4
Operating lease rentals in respect of rented premises	2,191	2,688	4,433	5,604

10. DIVIDENDS

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Dividends recognised as distribution during the periods:				
2014/15 final dividend (HK\$0.15 per share)	—	18,002	—	18,002
2015/16 second interim dividend (HK\$0.05 per share)	6,001	—	6,001	—
	6,001	18,002	6,001	18,002

The Board has resolved not to declare any dividend for the six months ended 30 September 2016 (2015: HK\$0.05 per share).

11. 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 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company	5,073	4,753	8,182	10,301
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	120,012,000	120,009,913	120,012,000	120,004,984
Effect of dilutive potential ordinary shares:				
— warrants	3,159,030	2,779,116	3,194,631	3,762,327
Weighted average number of ordinary shares for the purpose of diluted earnings per share	123,171,030	122,789,029	123,206,631	123,767,311

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 the shares for the three months and six months ended 30 September 2016 and 2015.

12. PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group paid approximately HK\$24,000 for the acquisition of plant and equipment (2015: HK\$2,055,000).

In addition, the Group had written off plant and equipment with carrying value of approximately HK\$24,000 during the six months ended 30 September 2016 (2015: nil).

13. TRADE AND OTHER RECEIVABLES

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Trade receivables	11,328	15,671
Other receivables	5,878	5,691
Prepayments	567	177
	17,773	21,539

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 invoice dates at the end of the reporting period/year, which approximated the respective revenue recognition dates:

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Within 30 days	3,911	7,118
31 to 60 days	5,506	4,569
61 to 90 days	1,322	3,389
91 to 120 days	270	495
Over 120 days	319	100
	11,328	15,671

14. TRADE AND OTHER PAYABLES

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Trade payables	2,868	3,354
Accrued expenses and other payables	4,909	2,797
Total	7,777	6,151

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/year:

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Within 30 days	1,174	1,713
31 to 60 days	71	85
61 to 90 days	15	21
Over 90 days	1,608	1,535
	2,868	3,354

15. BANK BORROWINGS

During the six months ended 30 September 2016, the Group obtained a new bank borrowing of HK\$1,400,000 (2015: nil). As at 30 September 2016, the bank borrowings carried interest ranged from one-month Hong Kong Interbank Offered Rates plus 1.4% to 1.5% (2015: 1.4% to 3.8%) per annum. The proceeds were used for general working capital.

16. SHARE CAPITAL

	30 September 2016 (unaudited)		31 March 2016 (audited)	
	Number of shares '000	Share capital HK\$'000	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised				
At the beginning and end of the period/year	1,000,000	100,000	1,000,000	100,000
Issued and fully paid				
At the beginning of the period/year	120,012	12,001	120,000	12,000
Issue of shares upon exercise of share options ^{Note (i)}	—	—	12	1
At the end of the period/year	120,012	12,001	120,012	12,001

Note:

- (i) During the year ended 31 March 2016, 12,000 ordinary shares of HK\$0.1 each were issued at a price of HK\$2.59 per share upon exercise of share options granted on 7 July 2015.

All shares issued during the Period and the year ended 31 March 2016 rank *pari passu* with existing shares in all respects.

17. OPERATING LEASE COMMITMENT

The Group as lessee

As 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:

	30 September	31 March
	2016	2016
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within one year	1,229	2,171

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 years with fixed rentals as at 30 September 2016 (31 March 2016: one to three years).

18. RELATED PARTY TRANSACTIONS AND BALANCES

(a) The Group had the following material transactions and balances with related parties during the periods:

Name of related parties	Nature of transactions	Notes	Three months ended		Six months ended	
			30 September		30 September	
			2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Recurring in nature:						
Telecom Service Network Limited	Logistic fee paid thereto	(i) & (iii)	209	384	401	822
Oceanic Rich Limited	Rental expenses paid thereto	(ii) & (iii)	829	942	1,658	1,879
Glossy Enterprises Limited	Rental expenses paid thereto	(ii) & (iii)	115	144	259	287
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	598	598	1,196	1,196
H.K. Magnetronic Company Limited	Rental expenses paid thereto	(ii) & (iii)	38	38	77	77
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	39	36	79	36
Cheung King Shek	Rental expenses paid thereto	(ii) & (iii)	—	33	22	44
Telecom Digital Services Limited	Consignment fee paid thereto	(i) & (iii)	638	329	719	859
	Rental expenses paid thereto	(ii) & (iii)	125	—	251	—
Radiotex International Limited	Purchases of goods therefrom	(i) & (iii)	—	—	1,500	22
Telecom Digital Data Limited	Received repairing service income therefrom	(i) & (iii)	674	4,703	2,193	5,515
Sun Mobile Limited	Sales of goods thereto	(i) & (iii)	3,092	653	4,269	1,365
Telecom (Macau) Limited	Received repairing service income therefrom	(i) & (iii)	6	4	15	13

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) The Group had the following material transactions and balances with related parties during the periods: (Continued)

Details of amounts due from related companies are as follows:

				Maximum amount outstanding during the period/year ended	
		30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<i>Notes</i>					
Telecom Digital Data Limited	(iii) & (iv)	269	—	1,310	3,527
Telecom Digital Services Limited	(iii) & (iv)	186	166	705	1,182
Telecom (Macau) Limited	(iii) & (iv)	2	—	4	3,920
Sun Mobile Limited	(iii) & (iv)	1,353	1,040	1,353	1,596
		1,810	1,206		

Details of amounts due to related companies are as follows:

		30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<i>Notes</i>			
Telecom Service Network Limited	(iii) & (iv)	64	54
Sun Asia Pacific Limited	(iii) & (v)	—	80
Radiotex International Limited	(iii) & (iv)	80	1,973
Telecom Digital Data Limited	(iii) & (iv)	—	166
		144	2,273

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) The Group had the following material transactions and balances with related parties during the periods: (Continued)

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the related parties.
- (ii) The rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the related parties.
- (iii) The controlling shareholders of the Company have beneficial interests in the related parties.
- (iv) The amounts were arisen from normal sales and purchase transactions. The amounts are unsecured, interest-free and expected to be settled according to their respective credit terms which are similar to those with third parties.
- (v) The amounts are unsecured, interest-free and repayable on demand.

(b) Banking facilities

During the Period, the Group's banking facilities of HK\$10,000,000 (31 March 2016: HK\$10,000,000) were guaranteed by the Company.

As at 30 September 2016, the unutilised banking facilities guaranteed by the Company were HK\$10,000,000 (31 March 2016: HK\$10,000,000).

(c) Operating lease commitment

As at 30 September 2016, the Group had commitments for future minimum lease payments to certain related parties of approximately HK\$637,000 (31 March 2016: HK\$690,000) under non-cancellable operating leases which fall due within one year.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Compensation of key management personnel

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

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Short-term benefits	408	405	817	809
Post-employment benefits	9	9	17	22
	417	414	834	831

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

19. SHARE-BASED PAYMENT TRANSACTIONS

In July 2015, 1,426,000 share options were granted to employees under the Company's share option scheme. The exercise price of the share options of HK\$2.59 was being not less than the highest of (i) the closing price of HK\$2.18 per share on 7 July 2015 ("Date of Grant"); (ii) the average closing price of HK\$2.588 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\$0.1 per share. The fair value at the Date of Grant was 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 six month ended 30 September 2016 was estimated on the Date of Grant using the following assumptions:

Dividend yield (%)	6.38
Expected volatility (%)	78.48
Risk-free interest rate (%)	0.62
Expected life of share options (years)	3
Estimated fair value of each share option (HK\$)	0.57

Expected volatility was determined by using the historical volatility of the 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\$583,000 for the six months ended 30 September 2015 (2016: nil) in the condensed consolidated statement of profit or loss and other comprehensive income in relation to share options granted by the Company.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

		2016		2015	
	Expiry date	Weighted average exercise price in HK\$ per share	Number of share options	Weighted average exercise price in HK\$ per share	Number of share options
As at 1 April		2.59	916,000	—	—
Granted		N/A	—	2.59	1,426,000
Exercised		N/A	—	2.59	(12,000)
Lapsed		2.59	(98,000)	2.59	(410,000)
As at 30 September	6 July 2018	2.59	818,000	2.59	1,004,000

In respect of the share options exercised in 2015, the weighted average share price at the date of exercise is HK\$2.45.

20. USE OF PROCEEDS

The net proceeds from the placing and listing were approximately HK\$14.9 million, which was based on the final placing price of HK\$1.00 per share and the actual expenses on the listing and placing of shares of the Company. As disclosed in the Prospectus, HK\$13.4 million will be used for the acquisition of a commercial property in Hong Kong for use as a customer service centre. The balance of HK\$1.5 million will be reserved as general working capital.

Up to the date of this announcement, the net proceeds of HK\$13.4 million have not been utilised and are held by the Company in short-term deposits with licensed banks and authorised financial institutions in Hong Kong.

The Company currently intends to apply the net proceeds in the manner as stated in the Prospectus. The Directors will also constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 consumer electronic devices and the sales of related accessories and products therefor. The Group has been appointed by corporate customers comprising manufacturers of mobile phones and personal electronic products, telecommunications service providers and global services companies as their service provider to provide repair and refurbishment services for their products and to their customers.

The Group's repair and refurbishment services primarily cover mobile phones, pagers, two-way mobile data communication devices, personal computers, tablet computers, portable media players, video game consoles and handheld game consoles. The Group's business objective is to boost the growth by enhancing the scope of the Group's repair and refurbishment services, strengthening the product knowledge and technical capability and expanding the scale of accessories business. At the same time, the Group will continue to explore other business opportunities for development that could support the goal of maximising long-term shareholder value.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2016 was approximately HK\$47,759,000 (2015: HK\$62,313,000), representing a decrease of 23.4% over the corresponding period of the previous year. The decrease in the Group's revenue was mainly due to the decrease in repair jobs. In addition, the termination of the service agreement of a corporate customer in August 2015 also resulted in the decrease of the Group's revenue of the Period in compare to the corresponding period of previous year.

Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. During the six months ended 30 September 2016, cost of sales decreased to approximately HK\$27,171,000 (2015: HK\$35,696,000), representing a decrease of 23.9%. The decrease in cost of sales was attributable to the decrease in both parts cost and direct labour cost. The Group's parts cost for the six months ended 30 September 2016 was approximately HK\$10,265,000 (2015: HK\$14,517,000), representing a decrease of 29.3%. The decrease was mainly due to the decrease in work orders. The Group's direct labour cost for the six months ended 30 September 2016 was approximately HK\$16,906,000 (2015: HK\$21,175,000), representing a decrease of 20.2%. The decrease was mainly due to the decrease in manpower.

Gross Profit and Gross Profit Margin

The gross profit for the six months ended 30 September 2016 was approximately HK\$20,588,000 (2015: HK\$26,617,000), representing a decrease of 22.7% over the corresponding period of previous year. Gross profit margin slightly increased by 0.4% to 43.1% from 42.7%.

Other Income

Other income for the six months ended 30 September 2016 was approximately HK\$1,113,000 (2015: HK\$1,335,000), representing a decrease of 16.6%. The decrease was mainly attributable to the termination in provision of customers survey services to a corporate customer in April 2016.

Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the six months ended 30 September 2016 were approximately HK\$5,531,000 (2015: HK\$8,322,000), representing a decrease of 33.5% over the corresponding period of the previous year. The decrease was mainly due to the decrease in rental expenses for closure of a repair centre due to the termination of the service agreement of a corporate customer in August 2015.

Administrative expenses for the six months ended 30 September 2016 were approximately HK\$6,367,000 (2015: HK\$7,477,000), representing a decrease of 14.8% over the corresponding period of the previous year. The decrease was mainly due to decrease in logistic expenses for less work orders.

Profit before Tax

The Group had recorded a profit before tax of approximately HK\$9,687,000 for the six months ended 30 September 2016 (2015: HK\$12,035,000), representing a decrease of 19.5% from the corresponding period of the previous year. The decrease was mainly due to decrease in revenue.

Material Acquisitions or Disposals and Significant Investments

The Group did not make any material acquisition or disposal of subsidiaries or significant investments during the six months ended 30 September 2016 (2015: nil).

Liquidity and Financial Resources

As at 30 September 2016, the Group had current assets of approximately HK\$66,861,000 (31 March 2016: HK\$76,810,000) and current liabilities of approximately HK\$14,025,000 (31 March 2016: HK\$27,024,000).

As at 30 September 2016, the Group's gearing ratio was 9.6% as compared to 38.6% as at 31 March 2016, which is calculated based on the Group's total borrowings of approximately HK\$5,422,000 (31 March 2016: HK\$20,873,000) and the Group's total equity of approximately HK\$56,281,000 (31 March 2016: HK\$54,127,000).

At present, the Group generally finances its operations with internally generated cash flows and banking facilities. Net cash generated from operating activities for the Period was approximately HK\$11,532,000. Net cash used in investing activities was approximately HK\$21,000.

The Group maintained a healthy liquidity position as at 30 September 2016. As at 30 September 2016, the Group had bank balances and cash of approximately HK\$8,964,000 (31 March 2016: HK\$16,908,000) and bank overdrafts of approximately HK\$38,000 (31 March 2016: nil). 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 30 September 2016, the Group has bank borrowings of approximately HK\$5,278,000 and the unutilised banking facilities of approximately HK\$19,100,000 available for further drawdown should it have any further capital needs.

Contingent Liabilities

As at 30 September 2016, the Group did not have any material contingent liabilities (31 March 2016: 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 continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitment

As at 30 September 2016, the Group did not have any significant capital commitment (31 March 2016: nil).

Interim Dividend

The board has resolved not to declare any interim dividend for the six months ended 30 September 2016 (2015: HK\$0.05 per share).

Capital Structure

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

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

Significant Investments Held

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company and did not own any properties during the six months ended 30 September 2016 (31 March 2016: nil).

Employees and Remuneration Policies

As at 30 September 2016, the Group employed 235 (31 March 2016: 210) 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

Given the uncertainties and challenges faced by the global economies, the Group shall continue on streamlining management process, integrating external and internal resources, enhancing business process and management models. Looking forward, the Group continues to explore any new business opportunities, review and implement the integration of resources regularly and focus on the optimisation of the existing capacity of the service centres in Hong Kong, Macau and the PRC with better advance scheduling and improved operating efficiency to enable new business capabilities.

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.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2016, the interests or short positions of the Directors and the chief executive 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:

(i) *The Company*
Long Position

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	6,000,000	5%
<i>Note B</i>	Beneficiary of a trust <i>Note C</i>	66,000,000	55%
Mr. Cheung King Shan	Beneficial owner	6,000,000	5%
<i>Note B</i>	Beneficiary of a trust <i>Note C</i>	66,000,000	55%
Mr. Cheung King Chuen	Beneficial owner	6,000,000	5%
Bobby <i>Note B</i>	Beneficiary of a trust <i>Note C</i>	66,000,000	55%
Mr. Cheung King Fung	Beneficial owner	6,000,000	5%
Sunny <i>Note B</i>	Beneficiary of a trust <i>Note C</i>	66,000,000	55%

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(ii) Associated corporations

Amazing Gain Limited ("Amazing Gain") is one of the controlling shareholders of the Company and the holding company of the Company. The companies listed in the table below (apart from Amazing Gain) are wholly-owned subsidiaries of Amazing Gain. Hence, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company under the SFO. Each of the Cheung Brothers is deemed to have 100% interest in the said associated corporations under the SFO.

Long Position

Name of associated corporations	Capacity	Number of shares/ Amount of share capital	Approximate percentage of interests
Amazing Gain Limited	Beneficiary of a trust ^{Note C}	100	100%
East-Asia Pacific Limited	Beneficiary of a trust ^{Note C}	6	100%
Telecom Service Limited	Beneficiary of a trust ^{Note C}	2,000,000	100%
H.K. Magnetronic Co. Limited	Beneficiary of a trust ^{Note C}	50,000	100%
Oceanic Rich Limited	Beneficiary of a trust ^{Note C}	10,000	100%
Glossy Investment Limited	Beneficiary of a trust ^{Note C}	10,000	100%
Glossy Enterprises Limited	Beneficiary of a trust ^{Note C}	10,000	100%
Yiutai Industrial Company Limited	Beneficiary of a trust ^{Note C}	1,000	100%
Txtcom Limited	Beneficiary of a trust ^{Note C}	100	100%
Telecom Properties Investment Limited	Beneficiary of a trust ^{Note C}	24	100%
Telecom Digital Limited (incorporated in Macau)	Beneficiary of a trust ^{Note C}	MOP100,000	100%
Hellomoto Limited	Beneficiary of a trust ^{Note C}	1,000	100%
Marina Trading Inc.	Beneficiary of a trust ^{Note C}	1	100%
Telecom Digital Limited	Beneficiary of a trust ^{Note C}	2	100%
Silicon Creation Limited	Beneficiary of a trust ^{Note C}	100	100%
Kung Wing Enterprises Limited	Beneficiary of a trust ^{Note C}	1,000,000	100%
東莞恭榮房地產管理服務有限公司	Beneficiary of a trust ^{Note C}	US\$1,500,000	100%

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(ii) Associated corporations (Continued)

Note A: The calculation is based on 120,012,000 shares of the Company in issue as at 30 September 2016.

Note B: Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the "Cheung Brothers")

Note C: The 66,000,000 shares representing approximately 55% of the Company's shares in issue are held by East-Asia. East-Asia is wholly-owned by Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Limited, which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust). The Cheung Family Trust is a discretionary trust, the discretionary objects of which include the Cheung Brothers. Each of the Cheung Brothers is deemed to be interested in the shares/share capital in the Company and the associated corporations held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 30 September 2016, none of the Directors nor chief executive 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.

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses; providing additional incentives to the qualifying grantees; and promoting the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. The Scheme has been approved by the shareholders of the Company on 2 May 2013, and came into effect after the Company was listed on GEM of the Stock Exchange.

During the Period, no share option was granted under the Share Option Scheme.

As at 30 September 2016, an aggregate of 818,000 shares were issuable for the outstanding share options granted under the Scheme, representing approximately 0.68% of the Company's shares in issue.

Share Option Scheme (Continued)

Details of the movement of the share options under the 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 Lapsed	Balance as at 30 September 2016 <i>Note A above</i>
Eligible employees ^{Note (i)}	7 July 2015	HK\$2.59 <i>Note (ii)</i>	7 July 2015– 6 July 2018 <i>Note (iii)</i>	916,000	(98,000)	818,000

Notes:

- (i) Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance.
- (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\$2.22.
- (iii) All share options granted do not have any vesting period.

Except as disclosed above, no share option lapsed or was granted, exercised or cancelled by the Company under the Scheme during the Period and there were no outstanding share options under the Scheme as at 30 September 2016.

Non-listed Warrants

On 17 February 2014, the Company and the placing agent entered into a placing agreement in respect of the placing of 12,000,000 warrants of the Company to not less than six independent placees 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 in a three-year period commencing from the date of issue of the warrants, subject to adjustment upon occurrence of certain events. The placing was completed on 3 March 2014.

As at 30 September 2016, no warrant has been exercised by any registered warrant holders of the Company.

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 executive 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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors who were in office during the Period, all of them have confirmed that they have complied with the required standard of dealings during the Period.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2016, the following persons (other than Directors or chief executive 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 <small>Note A above</small>
East-Asia Pacific Limited <small>Note C above</small>	Beneficial owner	66,000,000	55%
Amazing Gain Limited <small>Note C above</small>	Interest in a controlled corporation	66,000,000	55%
J. Safra Sarasin Trust Company (Singapore) Limited <small>Note C above</small>	Trustee (other than a bare trustee)	66,000,000	55%
Ms. Tang Fung Yin Anita <small>Note D</small>	Interest of spouse	72,000,000	60%
Ms. Yeung Ho Ki <small>Note D</small>	Interest of spouse	72,000,000	60%

Note D: Ms. Tang Fung Yin Anita is the wife of Mr. Cheung King Shan. Ms. Yeung Ho Ki is the wife of Mr. Cheung King Fung Sunny. Pursuant to Part XV of the SFO, each of Ms. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 72,000,000 shares which are interested by their respective husbands.

Save as disclosed above, as at 30 September 2016, the Company had not been notified by any persons (other than Directors or chief executive 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

As at 30 September 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.

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 of the Company has provided and will continue to provide to all members of the Board with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2.

Update on Director's Information under Rule 17.50A of the GEM Listing Rules

Change of Director's information since the Company's last published annual report required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules is set out below:

- On 1 November 2016, Mr. Chu Kin Wang Peleus was appointed as the independent non-executive director of Mingfa Group (International) Company Limited (stock code: 846, a company listed on the Main Board of the Stock Exchange).

Save as disclosed above, the Company is not aware of other changes of the Directors' information which is required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules.

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, reappointment 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, risk management and internal control systems 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 Group’s unaudited interim results for the Period.

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

Hong Kong, 8 November 2016

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; non-executive Directors are Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby; and 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.

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