



## **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)**

### **ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2013**

#### **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 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

### THIRD QUARTERLY RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 31 December 2013 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2012 as follows:

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

*For the nine months ended 31 December 2013*

|   |       | Three months ended<br>31 December |                                 | Nine months ended<br>31 December |                                 |
|---|-------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   |       | 2013<br>HK\$'000<br>(Unaudited)   | 2012<br>HK\$'000<br>(Unaudited) | 2013<br>HK\$'000<br>(Unaudited)  | 2012<br>HK\$'000<br>(Unaudited) |
|   | Notes |                                   |                                 |                                  |                                 |
| Revenue   | 3     | 24,848                            | 18,553                          | 69,045                           | 56,062                          |
| Cost of sales   |       | <u>(14,316)</u>                   | <u>(11,309)</u>                 | <u>(38,388)</u>                  | <u>(33,747)</u>                 |
| Gross profit  |       | 10,532                            | 7,244                           | 30,657                           | 22,315                          |
| Other income  | 4     | 670                               | 1,644                           | 1,848                            | 2,210                           |
| Other operating expenses, net   | 5     | (3,397)                           | (3,047)                         | (10,336)                         | (7,947)                         |
| Administrative expenses   |       | (3,058)                           | (2,674)                         | (10,021)                         | (14,773)                        |
| Finance costs   | 6     | <u>—</u>                          | <u>(185)</u>                    | <u>(84)</u>                      | <u>(239)</u>                    |
| Profit before tax   |       | 4,747                             | 2,982                           | 12,064                           | 1,566                           |
| Income tax (expenses)/credits   | 7     | <u>(807)</u>                      | <u>88</u>                       | <u>(2,351)</u>                   | <u>(1,073)</u>                  |
| Profit for the period   |       | 3,940                             | 3,070                           | 9,713                            | 493                             |
| Other comprehensive<br>(expenses)/income  |       |                                   |                                 |                                  |                                 |
| Item that may be subsequently<br>reclassified to profit or loss:  |       |                                   |                                 |                                  |                                 |
| Exchange differences arising<br>on translation of foreign<br>operation and total other<br>comprehensive (expense)/<br>income for the period |       | <u>(35)</u>                       | <u>48</u>                       | <u>(107)</u>                     | <u>28</u>                       |
| Total comprehensive income<br>for the period  |       | <u>3,905</u>                      | <u>3,118</u>                    | <u>9,606</u>                     | <u>521</u>                      |
| Earnings per share (HK\$)   |       |                                   |                                 |                                  |                                 |
| Basic and diluted   | 9     | <u>0.03</u>                       | <u>0.05</u>                     | <u>0.09</u>                      | <u>0.01</u>                     |

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 December 2013

|  | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Other<br>reserve<br>HK\$'000<br>(Note a) | Translation<br>reserve<br>HK\$'000 | Statutory<br>reserve<br>HK\$'000<br>(Note b) | Retained<br>Profits<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------|------------------------------|--|------------------------------------|--|---------------------------------|-------------------|
| 1 April 2012 (Audited)   | <u>1</u>                     | <u>—</u>                     | <u>—</u>                                 | <u>155</u>                         | <u>133</u>                                   | <u>21,636</u>                   | <u>21,925</u>     |
| Profit for the period  | —                            | —                            | —  | —                                  | —  | 493                             | 493               |
| Exchange differences<br>arising on translation<br>of foreign operation       | <u>—</u>                     | <u>—</u>                     | <u>—</u>                                 | <u>28</u>                          | <u>—</u>                                     | <u>—</u>                        | <u>28</u>         |
| Total comprehensive<br>income for the period                                 | <u>—</u>                     | <u>—</u>                     | <u>—</u>                                 | <u>28</u>                          | <u>—</u>                                     | <u>493</u>                      | <u>521</u>        |
| Arising from<br>reorganisation (Note c)                                      | 29                           | —                            | (29)                                     | —                                  | —  | —                               | —                 |
| Issue of shares (Note d)   | <u>30</u>                    | <u>10,970</u>                | <u>—</u>                                 | <u>—</u>                           | <u>—</u>                                     | <u>—</u>                        | <u>11,000</u>     |
| At 31 December 2012<br>(Unaudited)   | <u>60</u>                    | <u>10,970</u>                | <u>(29)</u>                              | <u>183</u>                         | <u>133</u>                                   | <u>22,129</u>                   | <u>33,446</u>     |
| 1 April 2013 (Audited)   | <u>60</u>                    | <u>10,970</u>                | <u>(29)</u>                              | <u>137</u>                         | <u>133</u>                                   | <u>23,145</u>                   | <u>34,416</u>     |
| Profit for the period  | —                            | —                            | —  | —                                  | —  | 9,713                           | 9,713             |
| Exchange differences<br>arising on translation<br>of foreign operation       | <u>—</u>                     | <u>—</u>                     | <u>—</u>                                 | <u>(107)</u>                       | <u>—</u>                                     | <u>—</u>                        | <u>(107)</u>      |
| Total comprehensive<br>income for the period                                 | <u>—</u>                     | <u>—</u>                     | <u>—</u>                                 | <u>(107)</u>                       | <u>—</u>                                     | <u>9,713</u>                    | <u>9,606</u>      |
| Capitalisation issue<br>(Note e)   | 8,940                        | (8,940)                      | —  | —                                  | —  | —                               | —                 |
| Issuance of ordinary<br>shares in connection<br>with the listing<br>(Note f) | 3,000                        | 27,000                       | —  | —                                  | —  | —                               | 30,000            |
| Share issue expenses   | <u>—</u>                     | <u>(5,123)</u>               | <u>—</u>                                 | <u>—</u>                           | <u>—</u>                                     | <u>—</u>                        | <u>(5,123)</u>    |
| At 31 December 2013<br>(Unaudited)   | <u>12,000</u>                | <u>23,907</u>                | <u>(29)</u>                              | <u>30</u>                          | <u>133</u>                                   | <u>32,858</u>                   | <u>68,899</u>     |

*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) 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 respective registered capital. Subject to certain restrictions as set out in the relevant 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.
- (c) On 29 October 2012, the Company allotted and issued 299,999 shares of HK\$0.1 each credited as fully paid and in return acquired all the outstanding ordinary shares of Telecom Service One Investment Limited.
- (d) On 6 December 2012, the immediate holding company of the Company, East-Asia Pacific Limited (“East-Asia”), a company incorporated in British Virgin Islands (“BVI”) entered into a subscription agreement with the Company pursuant to which East-Asia agreed to subscribe for 300,000 shares of HK\$0.1 each at a total subscription price of HK\$11,000,000.
- (e) Pursuant to the written resolutions passed by the shareholders of the Company on 2 May 2013, the Directors 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.
- (f) 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 approximately of HK\$30,000,000. Dealing of the Company’s shares on the GEM of the Stock Exchange commenced on 30 May 2013.

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

*For the nine months ended 31 December 2013*

## **1. GENERAL**

The Company was incorporated in 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 Units 1805–1807, 18th Floor, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while that of the subsidiaries established in the People’s Republic of China (“PRC”) and Taiwan are Renminbi and New Taiwan dollars respectively. For the purpose of presenting the unaudited 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 East-Asia and the ultimate parent is Cheung Family Trust.

Pursuant to a group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on the GEM of the Stock Exchange, the Company became the holding company of the Group on 29 October 2012. Details of the Reorganisation were set out in the section headed “History and Development — Reorganisation” to the prospectus of the Company dated 23 May 2013.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, these condensed consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies comprising the Group before the completion of Reorganisation, using the principles of merger accounting as prescribed in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity including the results of the companies comprises the Group have been prepared as if the current group structure had been in existence throughout the nine months ended 31 December 2012.

The Company is principally engaged in investment holding.

## **2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 issued by the HKICPA as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31 March 2013. 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 January 2013. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts 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 period is as follows:

|                          | Three months ended<br>31 December |                 | Nine months ended<br>31 December |                 |
|--------------------------|-----------------------------------|-----------------|----------------------------------|-----------------|
|                          | 2013                              | 2012            | 2013                             | 2012            |
|                          | <i>HK\$'000</i>                   | <i>HK\$'000</i> | <i>HK\$'000</i>                  | <i>HK\$'000</i> |
|                          | (Unaudited)                       | (Unaudited)     | (Unaudited)                      | (Unaudited)     |
| Repairing service income | <b>23,596</b>                     | 18,311          | <b>61,822</b>                    | 55,428          |
| Sales of accessories     | <u><b>1,252</b></u>               | <u>242</u>      | <u><b>7,223</b></u>              | <u>634</u>      |
|                          | <u><b>24,848</b></u>              | <u>18,553</u>   | <u><b>69,045</b></u>             | <u>56,062</u>   |

#### Segment information

The Group is engaged in a single segment, the provision of mobile phone and consumer electronic devices repair service. 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, the Group's operations are located in Hong Kong, China and Taiwan. More than 99% of the Group's revenue was generated in Hong Kong and substantially all of the non-current assets are located in Hong Kong during the two periods ended 31 December 2013.

Due to a reorganization plan of a corporate customer, the Group closed its Taiwan service centre in November 2013.

#### 4. OTHER INCOME

|   | Three months ended<br>31 December |              | Nine months ended<br>31 December |              |
|---|-----------------------------------|--------------|----------------------------------|--------------|
|   | 2013                              | 2012         | 2013                             | 2012         |
|   | HK\$'000                          | HK\$'000     | HK\$'000                         | HK\$'000     |
|   | (Unaudited)                       | (Unaudited)  | (Unaudited)                      | (Unaudited)  |
| Gain on disposal of plant and equipment ( <i>Note i</i> ) | 200                               | 1,325        | 200                              | 1,325        |
| Management fee income ( <i>Note ii</i> )                  | 37                                | 29           | 227                              | 134          |
| Consignment goods handling income ( <i>Note iii</i> )     | 227                               | 112          | 732                              | 298          |
| Bank interest income                                      | 47                                | 1            | 182                              | 3            |
| Exchange gain, net  | 29                                | 2            | 60                               | 31           |
| Others  | 130                               | 175          | 447                              | 419          |
|   | <u>670</u>                        | <u>1,644</u> | <u>1,848</u>                     | <u>2,210</u> |

Notes:

- (i) Represents gain on disposal of motor vehicle.
- (ii) Represents management fee income 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.
- (iii) Represents fee income received for handling consignment goods for certain manufacturers of mobile phones at the Group's service centres.

#### 5. OTHER OPERATING EXPENSES, NET

|  | Three months ended<br>31 December |                | Nine months ended<br>31 December |                 |
|--|-----------------------------------|----------------|----------------------------------|-----------------|
|  | 2013                              | 2012           | 2013                             | 2012            |
|  | HK\$'000                          | HK\$'000       | HK\$'000                         | HK\$'000        |
|  | (Unaudited)                       | (Unaudited)    | (Unaudited)                      | (Unaudited)     |
| Reimbursement of expenses for service center | 260                               | 929            | 774                              | 2,937           |
| Service center management income             | 933                               | 689            | 2,966                            | 2,019           |
| Logistic service income                      | 65                                | 66             | 195                              | 201             |
| Miscellaneous income charges                 | 57                                | 18             | 83                               | 68              |
|  | <u>1,315</u>                      | <u>1,702</u>   | <u>4,018</u>                     | <u>5,225</u>    |
| Other operating expenses of service centers  | <u>(4,712)</u>                    | <u>(4,749)</u> | <u>(14,354)</u>                  | <u>(13,172)</u> |
| Other operating expenses, net                | <u>(3,397)</u>                    | <u>(3,047)</u> | <u>(10,336)</u>                  | <u>(7,947)</u>  |

## 6. FINANCE COSTS

|                                      | Three months ended |             | Nine months ended |             |
|--------------------------------------|--------------------|-------------|-------------------|-------------|
|                                      | 31 December        |             | 31 December       |             |
|                                      | 2013               | 2012        | 2013              | 2012        |
|                                      | HK\$'000           | HK\$'000    | HK\$'000          | HK\$'000    |
|                                      | (Unaudited)        | (Unaudited) | (Unaudited)       | (Unaudited) |
| Interest on:                         |                    |             |                   |             |
| Bank borrowings                      |                    |             |                   |             |
| — wholly repayable within five years | —                  | 161         | 84                | 161         |
| Finance leases                       | —                  | 24          | —                 | 78          |
|                                      | <u>—</u>           | <u>185</u>  | <u>84</u>         | <u>239</u>  |

## 7. INCOME TAX EXPENSES/(CREDITS)

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% (for the nine months ended 31 December 2012: 16.5%) of the estimated assessable profits for the Period.

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

Pursuant to the Enterprise Income Tax Law which became effective on 1 January 2008, the PRC enterprise income tax rate applicable to the subsidiary in the PRC is 25%. No provision for Enterprise Income Tax had been made as the PRC subsidiary has not yet commenced business.

## 8. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the nine months ended 31 December 2013 (2012/13: Nil).



## 9. 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:

|  | Three months ended<br>31 December |               | Nine months ended<br>31 December |               |
|--|-----------------------------------|---------------|----------------------------------|---------------|
|  | 2013                              | 2012          | 2013                             | 2012          |
|  | HK\$'000                          | HK\$'000      | HK\$'000                         | HK\$'000      |
|  | (Unaudited)                       | (Unaudited)   | (Unaudited)                      | (Unaudited)   |
| <b>Earnings</b>  |                                   |               |                                  |               |
| Earning for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company | <u>3,940</u>                      | <u>3,070</u>  | <u>9,713</u>                     | <u>493</u>    |
| <b>Number of shares ('000)</b>   |                                   |               |                                  |               |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share                       | <u>120,000</u>                    | <u>57,228</u> | <u>113,455</u>                   | <u>49,090</u> |

The weighted average number of 113,455,000 ordinary shares were in issue during the nine months ended 31 December 2013 after taking into account the capitalisation issue pursuant to the Reorganisation.

The weighted average number of ordinary shares in issue during the three months and nine months ended 31 December 2012 was based on the assumption that (i) 45,000,000 shares of HK\$0.1 each were in issue after the capitalisation issue pursuant to the Reorganisation; and (ii) an additional 45,000,000 shares of HK\$0.1 each were issued after the share subscription pursuant to the subscription agreement between the Company and East-Asia.

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the three months and the nine months ended 31 December 2012 and 2013.

## OTHER INFORMATION

### 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.

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

As at 31 December 2013, the interests and 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                                 | Percentage of                               |   |
|-----------------------------|--|---|---|
|                             |  | Number of<br>issued ordinary<br>shares held | the issued<br>share capital of<br>the Company |
| Mr. Cheung King Shek        | Beneficial owner                         | 6,000,000                                   | 5%  |
|                             | Beneficiary of a trust ( <i>Note A</i> ) | 66,000,000                                  | 55%   |
| Mr. Cheung King Shan        | Beneficial owner                         | 6,000,000                                   | 5%  |
|                             | Beneficiary of a trust ( <i>Note A</i> ) | 66,000,000                                  | 55%   |
| Mr. Cheung King Chuen Bobby | Beneficial owner                         | 6,000,000                                   | 5%  |
|                             | Beneficiary of a trust ( <i>Note A</i> ) | 66,000,000                                  | 55%   |
| Mr. Cheung King Fung Sunny  | Beneficial owner                         | 6,000,000                                   | 5%  |
|                             | Beneficiary of a trust ( <i>Note A</i> ) | 66,000,000                                  | 55%   |

**(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 Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (the “Cheung Brothers”) is deemed to have 100% interest in the said associated corporations under the SFO.

*Long Position:*

| Name of associated corporations                 | Nature of interest                       | Number of shares/Amount of share capital | Approximate percentage of interests |
|---|--|--|-------------------------------------|
| Amazing Gain Limited                            | Beneficiary of a trust ( <i>Note A</i> ) | 100                                      | 100%                                |
| East-Asia Pacific Ltd.                          | Beneficiary of a trust ( <i>Note A</i> ) | 6  | 100%                                |
| Telecom Service Ltd.                            | Beneficiary of a trust ( <i>Note A</i> ) | 2,000,000                                | 100%                                |
| H.K. Magnetronic Co. Ltd.                       | Beneficiary of a trust ( <i>Note A</i> ) | 50,000                                   | 100%                                |
| Oceanic Rich Ltd.                               | Beneficiary of a trust ( <i>Note A</i> ) | 10,000                                   | 100%                                |
| Glossy Investment Limited                       | Beneficiary of a trust ( <i>Note A</i> ) | 10,000                                   | 100%                                |
| Glossy Enterprises Ltd.                         | Beneficiary of a trust ( <i>Note A</i> ) | 10,000                                   | 100%                                |
| Yiu Tai Industrial Ltd.                         | Beneficiary of a trust ( <i>Note A</i> ) | 1,000                                    | 100%                                |
| Txtcom Ltd.                                     | Beneficiary of a trust ( <i>Note A</i> ) | 100                                      | 100%                                |
| Telecom Digital Holdings Ltd.                   | Beneficiary of a trust ( <i>Note A</i> ) | 24                                       | 100%                                |
| Telecom Digital Ltd.<br>(incorporated in Macau) | Beneficiary of a trust ( <i>Note A</i> ) | MOP100,000                               | 100%                                |
| Telecom Services One (Macau) Ltd.               | Beneficiary of a trust ( <i>Note A</i> ) | MOP100,000                               | 100%                                |
| Telecom Service Network Ltd.                    | Beneficiary of a trust ( <i>Note A</i> ) | 1,000                                    | 100%                                |
| Hellomoto Ltd.                                  | Beneficiary of a trust ( <i>Note A</i> ) | 1,000                                    | 100%                                |
| Maria Trading Inc.                              | Beneficiary of a trust ( <i>Note A</i> ) | 1  | 100%                                |
| Telecom Digital Ltd.                            | Beneficiary of a trust ( <i>Note A</i> ) | 2  | 100%                                |
| Silicon Creation Ltd.                           | Beneficiary of a trust ( <i>Note A</i> ) | 100                                      | 100%                                |
| Kung Wing Enterprises Ltd.                      | Beneficiary of a trust ( <i>Note A</i> ) | 1,000,000                                | 100%                                |
| 東莞恭榮房地產管理服務有限公司                                 | Beneficiary of a trust ( <i>Note A</i> ) | US\$1,500,000                            | 100%                                |

*Note A:*

The 66,000,000 shares of the Company (the “Shares”), representing 55% of the issued share capital of the Company are held by East-Asia. East-Asia is wholly-owned by Amazing Gain. The sole shareholder of Amazing Gain is Asia Square Holdings Ltd., which holds the shares in Amazing Gain as nominee for J. Safra Sarasin Trust Company (Singapore) Limited, the 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 in the Company and the associated corporations held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executives of the Company had any interests and 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 standards of dealing by Directors as referred to Rules 5.48 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 Company’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 the GEM of the Stock Exchange. No share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 December 2013 and the date of this announcement.

## **DIRECTORS’ RIGHT TO ACQUIRE SHARES**

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

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

As at 31 December 2013, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company 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 on the Stock Exchange:

### *Long Position:*

| Name of shareholders  | Capacity                                | Number of<br>issued<br>ordinary<br>shares held | Percentage of<br>the issued<br>share capital<br>of the<br>Company |
|---|---|--|---|
| East-Asia Pacific Limited ( <i>Note A above</i> )                             | Beneficial owner                        | 66,000,000                                     | 55%   |
| Amazing Gain Limited ( <i>Note A above</i> )                                  | Interest in a controlled<br>corporation | 66,000,000                                     | 55%   |
| J. Safra Sarasin Trust Company<br>(Singapore) Limited ( <i>Note A above</i> ) | Trustee<br>(other than a bare trustee)  | 66,000,000                                     | 55%   |
| Ms. Law Lai Ying Ida ( <i>Note B</i> )  | Interest of spouse                      | 72,000,000                                     | 60%   |
| Ms. Tang Fung Yin Anita ( <i>Note B</i> )                                     | Interest of spouse                      | 72,000,000                                     | 60%   |
| Ms. Yeung Ho Ki ( <i>Note B</i> )   | Interest of spouse                      | 72,000,000                                     | 60%   |

### *Note B:*

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

Save as disclosed above, as at 31 December 2013, 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**

As at 31 December 2013, none of the Directors or their respective 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.

#### **INTEREST OF COMPLIANCE ADVISER**

As notified by China Everbright Capital Limited (“China Everbright”), the Company’s compliance adviser, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital 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 China Everbright in May 2013) as at 31 December 2013 and the date of this announcement.

#### **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules throughout the Period.

## AUDIT COMMITTEE

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 are to review the financial information of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company’s external auditor.

The Audit Committee comprises four Independent Non-executive Directors namely, Mr. Hui Ying Bun, 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 third quarterly results for the Period.

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

Hong Kong, 10 February 2014

*As at the date of this announcement, the Chairman and Non-executive Director is Mr. Cheung King Shek; the 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. Hui Ying Bun, Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page 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](http://www.tso.cc).*