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**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: 3997)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**INTERIM RESULTS**

The board of Directors (the “**Board**”) of Telecom Service One Holdings Limited (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 2023 (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 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
	<i>Notes</i>	<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>26,998</b>	26,593
Cost of sales		<u><b>(19,410)</b></u>	<u>(20,541)</u>
Gross profit		<b>7,588</b>	6,052
Other income and gain	6	<b>1,745</b>	2,795
Other operating expenses, net	7	<b>(2,623)</b>	(2,114)
Administrative expenses		<b>(6,789)</b>	(6,318)
Loss on changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		<b>(2,193)</b>	(4,005)
Finance costs	8	<u><b>(52)</b></u>	<u>(21)</u>
Loss before tax		<b>(2,324)</b>	(3,611)
Income tax credit	9	<u><b>29</b></u>	<u>37</u>
Loss and total comprehensive expense for the period	10	<u><b>(2,295)</b></u>	<u>(3,574)</u>
Loss per share ( <i>HK\$</i> )			
Basic and diluted	12	<u><b>(0.0179)</b></u>	<u>(0.0278)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2023*

		30 September 2023 <i>HK\$'000</i> <b>(unaudited)</b>	31 March 2023 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>13</i>	<b>28,939</b>	29,922
Right-of-use asset	<i>14</i>	<b>5,917</b>	1,344
Investment properties	<i>15</i>	<b>21,349</b>	21,800
Deferred tax asset		<b>609</b>	495
Rental deposits	<i>17</i>	<b>539</b>	—
		<b>57,353</b>	53,561
<b>Current assets</b>			
Inventories		<b>5,973</b>	6,201
Financial assets at FVTPL	<i>16</i>	<b>11,540</b>	13,984
Trade and other receivables	<i>17</i>	<b>17,635</b>	10,466
Amounts due from related companies	<i>22(a)</i>	<b>120</b>	78
Tax recoverable		<b>23</b>	23
Pledged bank deposits		<b>202</b>	201
Bank balances and cash		<b>1,847</b>	4,593
		<b>37,340</b>	35,546
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	<b>8,378</b>	6,937
Lease liability		<b>2,758</b>	1,489
Amounts due to related companies	<i>22(b)</i>	<b>76</b>	160
Bank borrowing	<i>20</i>	<b>2,200</b>	—
		<b>13,412</b>	8,586
Net current assets		<b>23,928</b>	26,960
Total assets less current liabilities		<b>81,281</b>	80,521
<b>Non-current liabilities</b>			
Lease liability		<b>3,159</b>	—
Other payables	<i>18</i>	<b>—</b>	189
Long service payment obligations		<b>243</b>	243
Deferred tax liability		<b>141</b>	56
		<b>3,543</b>	488
Net assets		<b>77,738</b>	80,033
<b>Capital and reserves</b>			
Share capital	<i>19</i>	<b>12,834</b>	12,834
Reserves		<b>64,904</b>	67,199
Total equity		<b>77,738</b>	80,033

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2023*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
			<small><i>Note</i></small>			
At 1 April 2022 (audited)	12,834	36,900	70	(26)	37,537	87,315
Loss and total comprehensive expense for the period	—	—	—	—	(3,574)	(3,574)
At 30 September 2022 (unaudited)	<u>12,834</u>	<u>36,900</u>	<u>70</u>	<u>(26)</u>	<u>33,963</u>	<u>83,741</u>
At 1 April 2023 (audited)	<u>12,834</u>	<u>36,900</u>	<u>70</u>	<u>(26)</u>	<u>30,255</u>	<u>80,033</u>
Loss and total comprehensive expense for the period	—	—	—	—	(2,295)	(2,295)
At 30 September 2023 (unaudited)	<u>12,834</u>	<u>36,900</u>	<u>70</u>	<u>(26)</u>	<u>27,960</u>	<u>77,738</u>

*Note:* During the year ended 31 March 2014, the Company 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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(2,324)	(3,611)
Adjustments for:		
Depreciation of property, plant and equipment	1,773	1,600
Depreciation of right-of-use asset	1,344	1,344
Depreciation of investment properties	451	493
Dividend income from financial assets at FVTPL	(177)	(152)
Bank interest income	(3)	—
Interest income from financial assets at FVTPL	—	(261)
Loss on changes in fair value of financial assets at FVTPL	2,193	4,005
Finance costs	52	21
Gain on disposal of financial assets at FVTPL	(49)	(4)
Government grants	(177)	(1,674)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	3,083	1,761
Decrease (increase) in inventories	228	(2,260)
(Increase) decrease in trade and other receivables	(7,708)	470
(Increase) decrease in amounts due from related companies	(42)	50
Increase in trade and other payables	1,252	1,239
(Decrease) increase in amounts due to related companies	(84)	48
	<hr/>	<hr/>
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(3,271)</b>	1,308
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Interest received	3	261
Dividend received	177	152
Proceeds from disposal of financial assets at FVTPL	300	40
Purchase of property, plant and equipment	(790)	—
Placement of pledge bank deposit	(1)	—
	<hr/>	<hr/>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(311)</b>	453
	<hr/>	<hr/>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>FINANCING ACTIVITIES</b>		
Government grants received	177	1,674
Bank borrowing raised	2,200	—
Repayments of lease liability	(1,489)	(1,472)
Interest paid on lease liability	(3)	(21)
Interest paid on bank borrowing	(49)	—
	<hr/>	<hr/>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>836</b>	181
	<hr/>	<hr/>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,746)</b>	1,942
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>4,593</b>	4,487
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD,</b>		
represented by bank balances and cash	<b>1,847</b>	6,429
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 1. GENERAL

The Company is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 August 2012 and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 March 2018 (Stock Code: 3997). The address of the registered office of the Company is at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and the principal place of business of the Company is at Unit C, 3/F, Sunshine Kowloon Bay Cargo Centre, 59 Tai Yip Street, Kowloon Bay, Kowloon, Hong Kong.

The directors of the Company (the “**Directors**”) consider the immediate holding company is East-Asia and indirectly wholly-owned by the Cheung Family Trust ultimately.

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 other personal electronic products as well as sales of related accessories and provision of supportive services.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) while the functional currencies for certain subsidiaries are 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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical costs basis and presented in HK\$, which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”), the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2023.

#### **Application of new and amendments to HKFRSs and an interpretation**

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contract
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework in the Period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 4. REVENUE

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Disaggregated major products or services lines</b>		
— Repairing service income	26,932	26,508
— Sales of accessories and provision of supportive services	66	85
	<u>26,998</u>	<u>26,593</u>

#### 5. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories and provision of supportive services. 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 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 2022, the Group's operations were located in Hong Kong.

During the Period, 100% (2022: 100%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong and 100% (2022: 100%) 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 is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Customer I	<b>7,265</b>	4,710
Customer II	<b>4,764</b>	8,130
Customer III	<b>3,659</b>	—
	<b><u>          </u></b>	<b><u>          </u></b>

### **6. OTHER INCOME AND GAIN**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Management fee income <i>Note (i)</i>	<b>1,020</b>	260
Bank interest income	<b>3</b>	—
Interest income from financial assets at FVTPL	<b>—</b>	261
Dividend income from financial assets at FVTPL	<b>177</b>	152
Storage income <i>Note (ii)</i>	<b>36</b>	166
Gain on disposal of financial assets at FVTPL	<b>49</b>	4
Government grants <i>Note (iii)</i>	<b>177</b>	1,674
Rental income (net of direct outgoings: nil)	<b>283</b>	278
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>1,745</u></b>	<b><u>2,795</u></b>

#### *Notes:*

- (i) The amount represents management fee income received from manufacturers of mobile phones for the provision of management service such as inventory management, redemption and software upgrade to their operation teams in Hong Kong.
- (ii) The amount represents storage income for damaged mobile phones in Hong Kong.
- (iii) The amount represents salaries and wage government grants related to Employment Support Scheme granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees.

## 7. OTHER OPERATING EXPENSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Miscellaneous income charges	642	26
Less: Other operating expenses of service centres	<u>(3,265)</u>	<u>(2,140)</u>
Other operating expenses, net	<u><u>(2,623)</u></u>	<u><u>(2,114)</u></u>

## 8. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest expenses on:		
— lease liability	3	21
— bank borrowing	<u>49</u>	<u>—</u>
	<u><u>52</u></u>	<u><u>21</u></u>

## 9. INCOME TAX CREDIT

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong Profits Tax		
— current period	—	16
Deferred tax		
— current period	<u>(29)</u>	<u>(53)</u>
Total income tax credit for the period	<u><u>(29)</u></u>	<u><u>(37)</u></u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

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

## 10. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period is arrived at after charging:		
Depreciation of property, plant and equipment	1,773	1,600
Depreciation of right-of-use asset	1,344	1,344
Depreciation of investment properties	451	493
Amount of inventories recognised as an expense	6,476	11,630
Lease expenses for short-term lease	836	—
	<u>12,870</u>	<u>25,067</u>

## 11. DIVIDENDS

At a meeting held on 29 November 2023, the Board declared not to declare interim dividend for the six months ended 30 September 2023 (2022: nil).

## 12. LOSS PER SHARE

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	<u>(2,295)</u>	<u>(3,574)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>128,342</u>	<u>128,342</u>

The dilutive loss per share was the same as the basic loss per share as there were no other potential dilutive ordinary shares outstanding during the Period.

**13. PROPERTY, PLANT AND EQUIPMENT**

The Group paid approximately HK\$790,000 (2022: nil) on acquisition of property, plant and equipment during the Period.

In addition, the Group did not write off any property, plant and equipment during the Period (2022: nil).

**14. RIGHT-OF-USE ASSET**

During the Period, the Group recognise additions to right-of-use asset and lease liability of approximately HK\$5,917,000 (2022: nil) due to renew lease for buildings and premises.

**15. INVESTMENT PROPERTIES**

The Group did not acquire any investment property during the Period (2022: nil).

**16. FINANCIAL ASSETS AT FVTPL**

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Financial assets mandatorily measured at FVTPL		
— Equity securities listed in Hong Kong at market value <sup>(Note)</sup>	<b>11,540</b>	13,984

*Note:* The fair values of the listed equity securities were determined based on the quoted market bid prices available on the Stock Exchange.

## 17. TRADE AND OTHER RECEIVABLES

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Trade receivables	<b>14,014</b>	6,779
Other receivables	<b>133</b>	48
Rental and other deposits	<b>3,586</b>	3,499
Prepayments	<b>441</b>	140
	<b>18,174</b>	10,466
Less: Rental deposits classified as non-current assets	<b>(539)</b>	—
Current portion included in trade and other receivables	<b>17,635</b>	10,466

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.

No loss allowance on trade receivables was recognised as at 30 September 2023 and 31 March 2023.

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:

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Within 30 days	<b>10,045</b>	5,116
31 to 60 days	<b>2,157</b>	1,623
61 to 90 days	<b>1,772</b>	—
91 to 120 days	<b>40</b>	40
	<b>14,014</b>	6,779

**18. TRADE AND OTHER PAYABLES**

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Trade payables	5,714	4,464
Accrued expenses and other payables	<u>2,664</u>	<u>2,662</u>
Total	8,378	7,126
Less: Other payables classified as non-current liabilities	<u>—</u>	<u>(189)</u>
Current portion included in trade and other payable	<u><u>8,378</u></u>	<u><u>6,937</u></u>

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

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

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Within 30 days	5,662	4,414
31 to 60 days	18	16
61 to 90 days	—	—
Over 90 days	<u>34</u>	<u>34</u>
	<u><u>5,714</u></u>	<u><u>4,464</u></u>

## 19. SHARE CAPITAL

	30 September 2023		31 March 2023	
	Number of shares '000 (unaudited)	Share capital HK\$'000	Number of shares '000 (audited)	Share capital HK\$'000
<b>Ordinary shares of HK\$0.1 each</b>				
<b>Authorised</b>				
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<b>1,000,000</b>	<b>100,000</b>	1,000,000	100,000
<b>Issued and fully paid</b>				
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	<b>128,342</b>	<b>12,834</b>	128,342	12,834

## 20. BANK BORROWING

During the period, the Group obtained a bank revolving loan amounting to HK\$2,200,000 (31 March 2023: nil). The bank borrowing carried interest at a floating interest rate of Hong Kong Interbank Offered Rate plus 2% p.a. and repayable within six months.

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of the financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)		
Financial instruments				
Financial assets at FVTPL				
— Equity securities listed in Hong Kong	<b>11,540</b>	13,984	Level 1	Quoted bid price in an active market

There were no transfers between Levels 1 and 2 in the period/year.

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) Save as disclose elsewhere in this announcement, the Group had the following material transactions and balances with related parties during the periods:

Name of company	Nature of transaction	Notes	Six months ended	
			30 September 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Telecom Service Network Limited	Logistic fee paid thereto	(i) & (iii)	554	354
Telecom Digital Services Limited	Consignment fee paid thereto	(i) & (iii)	—	1
	Received repairing service income therefrom	(i) & (iii)	37	47
	Purchase of goods therefrom	(i) & (iii)	—	11
Telecom Digital Data Limited	Received repairing service income therefrom	(i) & (iii)	289	441
Onbo International Limited	Rental expenses paid thereto	(ii) & (iii)	836	—
	Building management fee paid thereto	(ii) & (iii)	220	—
Distribution One Limited	Received repairing service income therefrom	(i) & (iii)	140	140

Details of amounts due from related companies are as follows:

	Notes	30 September		Maximum amount outstanding during the period/year ended	
		2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Telecom Digital Data Limited	(iii) & (iv)	45	50	52	89
Telecom Digital Services Limited	(iii) & (iv)	5	5	8	95
Distribution One Limited	(iii) & (iv)	70	23	70	47
		<u>120</u>	<u>78</u>		

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the related parties.
- (ii) The rental expenses and building management fee 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.

(b) The amounts due to related companies were arisen from normal sales and purchase transactions. The amounts were unsecured, interest-free and repayable on demand. The Directors have beneficial interests in these related companies.

(c) **Banking facilities**

As at 30 September 2023, the unutilised banking facilities were HK\$8,000,000 (31 March 2023: HK\$10,200,000).

As at 30 September 2023, the unutilised banking facilities for investment purpose were US\$3,000,000 (31 March 2023: US\$3,000,000).

(d) **Compensation of key management personnel**

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term benefits	2,453	2,201
Post-employment benefits	70	71
	<u>2,523</u>	<u>2,272</u>

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

**23. OPERATING LEASE ARRANGEMENT**

**The Group as lessor**

The Group leases out its investment properties during the Period. The lease is rented to a third party under operating leases with leases negotiated for a term of three years (2022: three years) as at 30 September 2023. None of the leases includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Within one year	424	565
After one year but within two years	—	141
	<u>424</u>	<u>706</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in providing repair and refurbishment services for mobile phones and other consumer electronic devices as well as sales of related accessories in Hong Kong. Its customer base includes corporate customers, telecommunications services providers and global services companies.

During the Period, in face of global political instability and the hike of interest rate, the Hong Kong consumer confidence remained weak and the overall business environment remained challenging and difficult. During the six months ended 30 September 2023, the Group's revenue remained relatively stable at approximately HK\$26,998,000, as compared to HK\$26,593,000 for the corresponding period of last year, thanks to the steady revenue generated from two existing service contracts to provide extra operation support and repair and refurbishment services for mobile phones for two existing customers. Due to the better gross profit margin and the decrease in loss on changes in fair value of financial assets, the loss for the year of the Group has been reduced to HK\$2,295,000 for the Period as compared the corresponding period of last year.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue comprises repairing service income and income from sales of accessories and provision of supportive services. Repairing service continued to contribute stable source of income to the Group. Repairing service has generated revenue of approximately HK\$26,932,000 (2022: HK\$26,508,000), representing a slight increase of approximately 1.6% over the corresponding period of previous year. Revenue from sales of accessories and provision of supportive services for the Period decreased approximately 22.4% to approximately HK\$66,000 as compared with approximately HK\$85,000 in 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 Period, cost of sales decreased by approximately 5.5% to approximately HK\$19,410,000 from approximately HK\$20,541,000.

The Group's cost of inventories sold was approximately HK\$6,476,000 (2022: HK\$11,630,000), representing a decrease of approximately 44.3% from that of the previous year. Direct labour cost for the Period was approximately HK\$12,934,000 (2022: HK\$8,911,000), representing an increase of approximately 45.1% over the corresponding period of previous year. The Group gained a new service contact from a corporate customer for the provision of repair service for televisions and cameras and opened a new service centre in January 2023 which led the increase in direct labour cost.

### **Other Income and Gains**

Other income and gains for the Period was approximately HK\$1,745,000 (2022: HK\$2,795,000). Other income mainly comprised of management fee income, rental income, storage income, Government grants and dividend income and interest income generated from investment in financial assets. The difference was mainly due to the reduction of Government grants from approximately HK\$1,674,000 to HK\$177,000 offset with the increase in management fee income.

### **Net Operating Expenses and Administrative Expenses**

Other operating expenses, net for the Period were approximately HK\$2,623,000 (2022: HK\$2,114,000), representing an increase of approximately 24.1% over the corresponding period of previous year. The increase was mainly caused by the increase in operating expenses incurred for a new service centre, such as building management fee, Government rent and rates and utilities.

Administrative expenses for the Period was approximately HK\$6,789,000 (2022: HK\$6,318,000), representing an increase of approximately 7.5%. The increase was mainly due to the expenses incurred for the expanded warehouse facilities.

### **Income Tax**

Income tax credit for the Period was approximately HK\$29,000 (2022: HK\$37,000). No provision for taxation has been made as the Group had no taxable profit derived during the Period.

### **Loss for the Period**

Loss for the Period was approximately HK\$2,295,000 (2022: HK\$3,574,000). The loss was mainly caused by the loss on changes in fair value of financial assets at fair value through profit or loss of approximately HK\$2,193,000 (2022: HK\$4,005,000).

### **INVESTMENTS IN FINANCIAL ASSETS**

As at 30 September 2023, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$11,540,000 (31 March 2023: HK\$13,984,000), representing approximately 12.2% of the total assets of the Group as at 30 September 2023.

## Securities Investment

The following table sets out the investment held by the Group as at the end of the Period:

Stock name:	HKEX <i>(Note 1 &amp; 2)</i>
Number of securities held:	39,440
Approximate percentage held to the total issued share capital in the investment company:	0.0031%
Investment cost <i>(HK\$'000)</i> :	15,785
Fair value as at 30 September 2023 <i>(HK\$'000)</i> :	11,540
Approximate percentage of total assets of the Group as at 30 September 2023:	12.2%
Dividend income during the Period <i>(HK\$'000)</i> :	177
Gain on disposal during the Period <i>(HK\$'000)</i> :	49
Fair value loss for the period ended 30 September 2023 <i>(HK\$'000)</i> :	2,193

*Note 1:*

Stock short name	Stock code	Company name
HKEX	00388HK	Hong Kong Exchange and Clearing Limited

*Note 2:*

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 30 September 2023 are as follows:

### Information of HKEX:

HKEX is a company incorporated in Hong Kong with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 00388 HK). HKEX is a recognised exchange controller under the Securities and Futures Ordinance. HKEX operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong. In collaboration with the Shanghai and Shenzhen stock exchanges, HKEX operates Stock Connect, which gives investors in the Hong Kong and Mainland securities markets access to each other's markets. HKEX also operates recognised clearing houses in Hong Kong and provides integrated clearing and settlement services as well as depository and nominee services to their participants. HKEX also provides market data through its data dissemination entity. For the nine months ended 30 September 2023, the unaudited consolidated profit attributable to owners of HKEX was approximately HK\$9,265 million.

## **The Group's Investment Strategy for These Investments**

The Company's investment objective is to generate stable additional interest or dividend income.

Our strategy of these investment is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for shareholders of the Company (the “**Shareholders**”), with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group takes into account the following criteria for investment decision: (i) potential return on investment in terms of capital appreciation and dividend payment; (ii) risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2023, the Group had current assets of approximately HK\$37,340,000 (31 March 2023: HK\$35,546,000) and current liabilities of approximately HK\$13,412,000 (31 March 2023: HK\$8,586,000).

At present, the Group generally finances its operations with internally generated cash flows. The Group maintained a healthy liquidity position as at 30 September 2023. The Group had cash and cash equivalents of approximately HK\$1,847,000 as at 30 September 2023 (31 March 2023: HK\$4,593,000).

Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 30 September 2023, the Group has unutilised banking facilities of approximately HK\$8,000,000 available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group has no material contingent liabilities (31 March 2023: 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.

## **DIVIDEND**

At a meeting held on 29 November 2023, the Board has resolved not to declare interim dividend for the six months ended 30 September 2023 (2022: nil).

## **CAPITAL COMMITMENTS**

As at 30 September 2023, the Group did not have any significant capital commitments (31 March 2023: nil).

## **CAPITAL STRUCTURE**

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

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, 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, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

## **MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS**

The Group had no material acquisitions or disposal of subsidiaries or associated companies during the Period (31 March 2023: nil). Save as disclosed in the paragraph headed “Investment in Financial Assets” above, the Group did not have any significant investment held as at 30 September 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2023, the Group employed 111 (31 March 2023: 91) 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**

Looking ahead, the global easing of travel restrictions following the COVID-19 pandemic has brought positive momentum to the worldwide economy. However, uncertainties stemming from geopolitical risk, rising interest rates and escalating inflation continue to cloud the prospect of global economic growth. Those factors coupled with the weak consumer sentiments in Hong Kong, it is expected that the business environment will continue to be challenging.

The Group is committed to enhance its competitiveness through continuous improvements in service quality and optimize operational efficiency to strengthen its market position and adapt to evolving conditions. The Group will also explore suitable potential business and investment opportunities or cooperation to broaden the sources of income and generate better return to the Group and the Shareholders.

## OTHER INFORMATION

### INTERIM DIVIDEND

On 29 November 2023, the Board resolved not to declare the interim dividend for the six months ended 30 September 2023.

### 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 2023, 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 the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

#### (i) Long position in ordinary shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue <sup>Note A</sup>
Mr. CHEUNG King Shek <sup>Note B</sup>	Beneficial owner	6,528,000	5.09%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. CHEUNG King Shan <sup>Note B</sup>	Beneficial owner	7,008,000	5.46%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. CHEUNG King Chuen Bobby <sup>Note B</sup>	Beneficial owner	6,748,000	5.26%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. CHEUNG King Fung Sunny <sup>Note B</sup>	Beneficial owner	7,602,000	5.92%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%

(ii) **Long position in the shares of 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. In accordance with the SFO, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company, as well as, each of the Cheung Brothers is deemed to have 100% interests in the said associated corporations.

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

*Note A:* The calculation is based on 128,342,000 shares of the Company in issue as at 30 September 2023.

*Note B:* Messrs. CHEUNG King Shek, CHEUNG King Shan, CHEUNG King Chuen Bobby and CHEUNG King Fung Sunny (collectively, the “**Cheung Brothers**”).

*Note C:* 66,000,000 ordinary shares of the Company (representing approximately 51.43% of the issued Shares) were held by East-Asia, EastAsia is a wholly-owned subsidiary of 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 Brothers are the beneficiary owner of the Cheung Family Trust, and the directors of East-Asia. Therefore, each of the Cheung Brothers is deemed to be interested in the shares of the Companies (shown in the table above) which held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 30 September 2023, the Company is not aware of any of the Directors or their respective associates or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or associated companies (as defined in 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 Model Code.

## **SHARE OPTION SCHEME**

Pursuant to a share option scheme (the “**Scheme**”) adopted on 2 May 2013 (“**Adoption Date**”), the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share option will be granted. The Scheme expired on 1 May 2023. The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Group’s businesses; provide additional incentives to the qualifying grantees; and promote the long-term financial success of the Group by aligning the interests of option holders to Shareholders.

As at 30 September 2023 and the date of this interim report, there was no outstanding share option under the Scheme.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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).

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 to the 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.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at 30 September 2023, 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.

## **UPDATE ON THE DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Pursuant to Rule 13.51B(1) of the Listing Rules, none of changes in the information of the directors of the Company since the date of the 2022/23 annual report of the Company required to be disclosed in this Interim Report.

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

As at 30 September 2023, 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 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 <sup>Note A</sup>
East-Asia Pacific Limited <sup>Note C</sup>	Beneficial owner	66,000,000	51.43%
Amazing Gain Limited <sup>Note C</sup>	Interest in a controlled corporation	66,000,000	51.43%
J. Safra Sarasin Trust Company (Singapore) Limited <sup>Note C</sup>	Trustee (other than a bare trustee)	66,000,000	51.43%
Ms. TANG Fung Yin Anita <sup>Note D</sup>	Interest of spouse	73,008,000	56.89%
Ms. YEUNG Ho Ki <sup>Note D</sup>	Interest of spouse	73,602,000	57.35%

*Note D:* Ms. TANG Fung Yin Anita and Ms. YEUNG Ho Ki, spouse of Messrs. CHEUNG King Shan and CHEUNG King Fung Sunny respectively, in which are deemed to be interested in 73,008,000 shares and 73,602,000 shares, the Shares held by Messrs. CHEUNG King Shan and CHEUNG King Fung Sunny respectively, under the SFO.

Save as disclosed above, as at 30 September 2023, 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.

## CORPORATE GOVERNANCE PRACTICES

### Compliance with the Corporate Governance Code

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for enhancing the level of transparency and accountability. The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements from time to time.

Save and except as disclosed below, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules and, where appropriate, adopted the recommended best practices as set out in the CG Code throughout the Period.

According to the Code Provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the chief executive officer and chief financial officer of the Group have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company, which is considered with sufficient details to provide the general updates of the Company 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 D.1.2 of CG Code and/or the respective Listing Rules.

### **AUDIT COMMITTEE**

The Board has formed an audit committee of the Company (the “**Audit Committee**”) in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The Audit Committee members currently comprise all of the INEDs of the Company, namely Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi (the Chairman of Audit Committee) with written terms of reference in compliance with the CG Code. The Audit Committee and the Board have reviewed and approved the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 September 2023.

### **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.tso.cc](http://www.tso.cc)). The Company’s 2023 interim report will be despatched to Shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 29 November 2023

*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. TSO Ka Yi.*

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