TSO
Telecom Service One

Telecom Service One Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8145

TSO
Telecom Service One

ANNUAL REPORT

2014/15

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (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, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report 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 annual report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Director
Cheung King Shek

Chief Executive Officer and Executive Director
Cheung King Fung Sunny

Non-executive Directors
Cheung King Shan
Cheung King Chuen Bobby

Independent Non-executive Directors
Fong Ping
Kwok Yuen Man Marisa
Chu Kin Wang Peleus

COMPANY SECRETARY

Tsang Kit Man

COMPLIANCE OFFICER

Cheung King Fung Sunny

BOARD COMMITTEES

Audit Committee
Chu Kin Wang Peleus *(chairman)*
Fong Ping
Kwok Yuen Man Marisa

Nomination Committee
Kwok Yuen Man Marisa *(chairman)*
Fong Ping
Chu Kin Wang Peleus

Remuneration Committee
Fong Ping *(chairman)*
Kwok Yuen Man Marisa
Chu Kin Wang Peleus

AUTHORISED REPRESENTATIVES UNDER GEM LISTING RULES

Cheung King Fung Sunny
Tsang Kit Man

COMPANY'S WEBSITE

www.tso.cc

AUDITOR

SHINEWING (HK) CPA Limited
43/F., Lee Garden One,
33 Hysan Avenue,
Causeway Bay, Hong Kong

LEGAL ADVISER

CFN Lawyers
27/F., Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong

COMPLIANCE ADVISER

China Everbright Capital Limited
17/F., Far East Finance Centre,
16 Harcourt Road, Hong Kong

REGISTERED OFFICE

Clifton House,
75 Fort Street,
P.O. Box 1350,
Grand Cayman KY1-1108,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1805–1807, 18/F.,
Riley House,
88 Lei Muk Road,
Kwai Chung, New Territories,
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower,
1 Garden Road,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House,
75 Fort Street,
P.O. Box 1350,
Grand Cayman KY1-1108,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F.,
Asia Orient Tower, Town Place,
33 Lockhart Road,
Wanchai, Hong Kong

PRINCIPAL PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8145

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2015.

The Group's revenue for the year ended 31 March 2015 was approximately HK$126,415,000 (2014: HK$94,292,000), representing an increase of 34.1%. Gross profit surged by 40.5% to approximately HK$59,150,000 (2014: HK$42,112,000). The increase was mainly due to increase in repair jobs and higher revenue generated from accessories business. The earnings attributable to the owners of the Company for the year ended 31 March 2015 was approximately HK$24,480,000 as compared to approximately HK$14,346,000 for the year ended 31 March 2014. The improvement in results was mainly attributable to the increase in revenue.

BUSINESS OVERVIEW

During the year, the Group made continuous efforts to strengthen its leading position in the industry by exploring potential new business opportunities and new products, and opening new service centres for its corporate customers out of Hong Kong.

Provision of Repair and Refurbishment Services

The Group set up its first service centre in China for provision of repair and refurbishment services to its largest corporate customer in December 2013 and its first service centre in Macau in December 2014. The new repair centres are situated at prime locations in Shenzhen and Macau respectively.

Sales of Accessories

The Group has continued to expand the scale of accessories business by introducing more types of accessories and selling at more points of sale. The revenue from accessories business increased 32.5% to approximately HK$11,134,000 for the year ended 31 March 2015 (2014: HK$8,403,000).

PROSPECT AND APPRECIATION

Looking forward, the Group will continue to focus on enhancing the core competence of its principal business, adhering to delivering the highest quality services, strengthening the product knowledge and technical capability, actively diversifying its customer base and accelerating its business growth. At the same time, it will continue to explore other business opportunities for development that could support the goal of maximizing long-term shareholder value.

On behalf of the Board, I would like to express sincere thanks to our customers, business partners, suppliers and shareholders for their persistent support to the Group, and our appreciation for the efforts and endeavors made by our management and staffs during the past year to achieve remarkable results for the Group.

Cheung King Shek
Chairman and Non-executive Director
Hong Kong, 23 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

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

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

BUSINESS REVIEW

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

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

FINANCIAL REVIEW

Revenue

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Net Operating Expenses and Administrative Expenses

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

(i) Decrease in service centres management fee income from a former corporate customer due to downsizing of business of that corporate customer since January 2013 and the cessation of business of the Group's service centre in Taiwan in November 2013;

(ii) Decrease in operating expenses due to the closure of Taiwan service centre and a parts centre in Hong Kong for that corporate customer; and

(iii) Increase in consignment commission paid for the consignment sale of accessories.

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

Profit before Tax

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

Material Acquisitions or Disposals and Significant Investments

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

Liquidity and Financial Resources

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

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

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

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

Contingent Liabilities

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

Foreign Currency Risk

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

Capital Commitments

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

Dividends

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

Capital Structure

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

The capital structure of the Group consists of bank borrowings and bank overdrafts net of bank balances and cash and equity attributable to owners of the Group, comprising issued share capital and reserves. The management 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.

Significant Investments Held

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

Employees and Remuneration Policies

As at 31 March 2015, the Group employed 245 (31 March 2014: 222) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

Outlook

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

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 23 May 2013 (the "Prospectus") with the Group's actual business progress for the year ended 31 March 2015 is set out below:

Business objectives for the year ended 31 March 2015	**Actual Business Progress for the year ended 31 March 2015**
Enhancing the scope of the repair and refurbishment services provided by the Group	
• meet with existing corporate customers or new customers which manufacture such personal electronic products so as to present to such customers the relevant existing competitive advantages of the Group in the industry and understand the primary demands of such customers on the repair and refurbishment services	• The Company met with its existing corporate customers and presented to them the relevant existing competitive advantages of the Group so as to explore any business opportunities.
• explore business opportunities (such as providing the repair and refurbishment services for parts and accessories which have not been provided to the existing customers) to enhance the scope of repair and refurbishment services provided to existing clients	• The Group keeps exploring potential new business opportunities and new products to enhance the scope of the repair and refurbishment services.
• evaluate and explore potential new personal electronic products (such as LCD monitors and other peripherals which consist of certain common parts and components and apply certain common technologies with the personal electronic products repaired and refurbished by the Group) for which the Group can provide repair and refurbishment services without incurring substantial additional labour costs and other operating expenses	• The Company has opened a new service centre for its largest corporate customer in Shenzhen and Macau in December 2013 and December 2014 respectively to provide repair and refurbishment services for mobile phones and other personal electronic products.
• prepare feasibility study and cost planning if there is any such potential business opportunity	
• negotiate terms of service agreement if the business opportunity arises	
• provide repair and refurbishment services for personal electronic products for which the Group has not provided services, if the relevant service agreement has been reached	

Business objectives for the year ended 31 March 2015 (continued)	**Actual Business Progress for the year ended 31 March 2015 (continued)**
Strengthening the product knowledge and technical capability of the Group	
• choose appropriate calibres in its technical team and customer service team	• Over 100 appropriate staff in the technical team and customer service team were chosen.
• train the selected customer service staff and technicians by providing on-job training on product knowledge and repair and refurbishment of mobile phones of other brands or other types of personal electronic products	• The selected customer service staff and technicians were trained by providing on-job training on product knowledge and repair and refurbishment of mobile phones of other brands or other types of personal electronic products.
Expanding the Group's sales on accessories	
• identify more types of quality accessories with high profit margin	• Bluetooth earphones, chargers and handset cases were identified by the Group as accessories with high profit margin.
• offer to sell the new accessories identified at the customer service centres of the Group and, on a consignment basis, at the retail shops owned by the group of Telecom Digital Holdings Limited ("TDHL", a connected person of the Company)	• During the year ended 31 March 2015, the Group has identified some new accessories, such as new types or models of handheld chargers, Bluetooth devices, camera lens and handset cases (with digital printed diagrams) and have been selling such new accessories at the Group's customer service centres and TDHL group's retail shops.
• study the sales figures of the accessories sold by the Group and identify the most profitable product mix	• The Company studied the sales figures of the accessories sold by the Group and identified the most profitable product mix.

Use of Proceeds

The net proceeds from the 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. 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.

As at the date of this annual report, 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. However, the Directors will 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.

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Cheung King Shek, aged 63, was appointed as a Director in August 2012 and appointed as chairman of the Company and re-designated as non-executive Director on 30 April 2013 and is responsible for advising on overall strategic planning and management of the Group. Mr. Cheung King Shek has been a director of Telecom Service One Limited ("TSO", a wholly-owned subsidiary of the Company) since April 1987. He was appointed as a director of TDHL (stock code: 8336, a company listed on the GEM) on 29 November 2002, and was appointed as its chairman and re-designated as its executive director in March 2014. He joined TDHL group in 1981 and is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of TDHL group. Mr. Cheung King Shek brings to TDHL group more than 30 years of experience in the telecommunications industry and has achieved a solid track record of achievements. Under his leadership and stewardship, TDHL group has grown to be a versatile service provider in the telecommunications industry. Mr. Cheung King Shek graduated with a bachelor's degree in commerce from the University of New South Wales in April 1976 and a master degree in business administration from the University of Melbourne in Australia in August 1981. Mr. Cheung King Shek is the chairman of Hong Kong Radio Paging Association Limited, and an honorary citizen of Swatow City. He is the elder brother of Mr. Cheung King Shan (non-executive Director), Mr. Cheung King Chuen Bobby (non-executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

EXECUTIVE DIRECTOR

Mr. Cheung King Fung Sunny, aged 47, was appointed as a Director in August 2012, re-designated as executive Director on 30 April 2013 and appointed as the chief executive officer of the Company on 11 August 2014, and is primarily responsible for managing the Group's relationship with the customers and exploring new business opportunities for the Group. Mr. Cheung King Fung Sunny has been a director of TSO since June 1999. He was appointed as a director of TDHL on 29 November 2002, re-designated as its executive director in March 2014 and is primarily responsible for overseeing the financial management of TDHL group. Mr. Cheung King Fung Sunny joined TDHL group in 1990. Mr. Cheung King Fung Sunny graduated from the University of Western Ontario in Canada with a bachelor's degree in administrative and commercial studies in October 1990. He is a committee member of Chinese People's Political Consultative Conference of Guangzhou City. Mr. Cheung King Fung Sunny is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director), Mr. Cheung King Shan (non-executive Director) and Mr. Cheung King Chuen Bobby (non-executive Director).

NON-EXECUTIVE DIRECTORS

Mr. Cheung King Shan, aged 56, was appointed as a Director in August 2012 and re-designated as non-executive Director on 30 April 2013 and is advising on marketing and sales strategies. Mr. Cheung King Shan has been a director of TSO since June 1999. He was appointed as a director of TDHL on 29 November 2002, re-designated as its non-executive director in March 2014 and is responsible for advising on sales and marketing and apps writing in relation to TDHL's information broadcasting services. Mr. Cheung King Shan joined TDHL group in 1985 and was responsible for the overall planning and formulation of the marketing and sales strategies in line with its sales and corporate targets, and played a major role in the growth of the sales volume and customer base before being re-designated as its non-executive director. Mr. Cheung King Shan graduated from the Carleton University in Ottawa, Canada with a bachelor's degree in art in November 1983. He is a committee member of Chinese People's Political Consultative Conference of Dongguan City. Mr. Cheung King Shan is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director), and the elder brother of Mr. Cheung King Chuen Bobby (non-executive Director) and Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

Mr. Cheung King Chuen Bobby, aged 56, was appointed as a Director in August 2012 and re-designated as non-executive Director on 30 April 2013 and is advising on administrative operation. Mr. Cheung King Chuen Bobby has been a director of TSO since April 1987. He was appointed as a director of TDHL on 29 November 2002, re-designated as its non-executive director in March 2014 and is responsible for advising on administration, human resources and special ad hoc projects. He joined TDHL group in 1985 and was responsible for the formulation and implementation of its administrative policies as well as overseeing its administrative operation in human resources, legal and administration, property management and China projects before being re-designated as its non-executive director. Mr. Cheung King Chuen Bobby obtained a bachelor degree in art in urban planning studies and a postgraduate diploma in urban planning implementation from the University of Westminster in London in 1983 and 1984 respectively. Mr. Cheung King Chuen Bobby is a committee member of Chinese People's Political Consultative Conference of Swatow City, and an honorary citizen of Swatow City. Mr. Cheung King Chuen Bobby is the younger brother of Mr. Cheung King Shek (chairman and non-executive Director) and Mr. Cheung King Shan (non-executive Director), and the elder brother of Mr. Cheung King Fung Sunny (chief executive officer and executive Director).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Ping, aged 65, was appointed as an independent non-executive Director on 30 April 2013. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. Fong has over 26 years of experience in garment and jewelry industries. Mr. Fong is the chairman of Kwai Tsing District Council and a committee member of Hong Kong Fight Crime Committee. Mr. Fong is also a committee member of Chinese People's Political Consultative Conference of Guangdong Province and a standing committee member of Chinese People's Political Consultative Conference of Swatow City. He was an independent non-executive director of TC Orient Lighting Holdings Limited (stock code: 515) from 15 June 2012 to 16 October 2014, the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Kwok Yuen Man Marisa, aged 60, was appointed as an independent non-executive Director on 30 April 2013. She is also the chairman of nomination committee and a member of the audit committee and remuneration committee of the Company. She has over 30 years of experience in holding senior managerial roles in telecommunication industry. She joined Cable & Wireless HKT Limited in April 1982 and left the company in February 2000 when she was the director of corporate market. In 2001, she joined Hong Kong CSL Limited as director, marketing and operations and left the company in June 2004. She later joined PCCW-HKT Limited as managing director, commercial group from June 2004 to February 2006. From June 2006 to March 2007, she was the managing director of Boyden China Limited, a global executive search firm. From March 2007 to March 2011, Ms. Kwok was the general manager, marketing unit Hong Kong & Macau, of Sony Ericsson Mobile Communications International AB. Currently, Ms. Kwok is a director of Rich Gain Worldwide Limited, which is principally engaged in retail of apparel, leather goods and accessories. She holds a bachelor of arts honours degree in business administration from the University of Western Ontario.

Mr. Chu Kin Wang Peleus, aged 50, was appointed as an independent non-executive Director on 30 April 2013. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company. Mr. Chu has over 20 years of experience in corporate finance, auditing, accounting and taxation. He has been the executive director of Chinese People Holdings Company Limited (stock code: 681), a company listed on the Main Board of the Stock Exchange, since 1 December 2008 and was appointed as its deputy chairman on 23 March 2015. During the period from September 2005 to March 2007, Mr. Chu was an executive director of Mastermind Capital Limited (stock code: 905), a company listed on the Main Board of the Stock Exchange and known as Haywood Investments Limited during the relevant period. He was the company secretary of Hong Long Holdings Limited (name changed to Sun Century Group Limited on 1 February 2012) (stock code: 1383), a company listed on the Main Board of the Stock Exchange, responsible for corporate finance, financial reporting and compliance and company secretarial matters from 2007 to 2010. Mr. Chu has been an independent non-executive director of the following companies listed on the Main Board or GEM of the Stock Exchange:

- EDS Wellness Holdings Limited (stock code: 8176) since 5 March 2012
- China Vehicle Components Technology Holdings Limited (stock code: 1269) since 19 October 2011
- Flyke International Holdings Limited (stock code: 1998) since 24 February 2010
- HUAYU Expressway Group Limited (stock code: 1823) since 21 May 2009
- EYANG Holdings (Group) Co., Limited (stock code: 117) since 16 April 2007

Mr. Chu graduated from The University of Hong Kong with a master's degree in business administration. Mr. Chu is a fellow practicing member of Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants, associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

SENIOR MANAGEMENT

Ms. Fong Kit Sze, aged 41, has been the general manager of TSO since October 2008 and is primarily responsible for client management and supervision of the daily operation of TSO. She joined TSO in May 2004 as business development manager. Ms. Fong was the business development manager of Telecom Digital Services Limited ("TDS") from October 2003 to April 2004 and was primarily responsible for the development of IDD business. Since May 2004, Ms. Fong has been under the Group's employment but not the other businesses of the controlling shareholders of the Company. Ms. Fong also worked for Wharf T&T Limited and New World Telephone Limited as account manager from June 2003 to September 2003 and from February 2002 to June 2003 respectively. Ms. Fong received her bachelor's degree in social science in East Asian studies from the City University of Hong Kong in November 1998.

Notes:

(I) East-Asia Pacific Limited ("East-Asia", of which Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the "Cheung Brothers") are directors) has disclosure interests in the Company under the provisions of the Securities and Futures Ordinance ("SFO").

(II) Each of the Cheung Brothers is a director of certain subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders (the "Shareholders"), customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the year ended 31 March 2015, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules, except the deviation as disclosed under the section headed "Functions of the Board" below.

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 Directors who were in office during the year ended 31 March 2015, all of them have confirmed that they have complied with the required standard of dealings during the year.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board currently comprises one executive Director, three non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Chairman and Non-executive Director

Mr. Cheung King Shek

Chief Executive Officer and Executive Director

Mr. Cheung King Fung Sunny

Non-executive Directors

Mr. Cheung King Shan
Mr. Cheung King Chuen Bobby

Independent Non-executive Directors

Mr. Fong Ping
Ms. Kwok Yuen Man Marisa
Mr. Chu Kin Wang Peleus

The biographical details of all Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 10 to 12 of this annual report. To the best knowledge of the Company, save as disclosed under the said section, there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

The principal function of the Board is to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

According to the Code Provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 March 2015, the chief executive officer of the Company has provided and will continue to provide all non-executive Directors (including independent non-executive Directors) with updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board since 7 November 2013. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and the presence of one female Director out of a total of seven Board members, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the articles of association of the Company (the "Articles of Association"). All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2015, one general meeting and four Board meetings were held. The attendance records of each Director at the said meetings are as follows:

Directors	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Chairman and Non-executive Director		
Mr. Cheung King Shek	1/1	4/4
Chief Executive Officer and Executive Director		
Mr. Cheung King Fung Sunny	1/1	4/4
Non-executive Directors		
Mr. Cheung King Shan	1/1	4/4
Mr. Cheung King Chuen Bobby	1/1	4/4
Independent Non-executive Directors		
Mr. Fong Ping	1/1	4/4
Ms. Kwok Yuen Man Marisa	1/1	4/4
Mr. Chu Kin Wang Peleus	1/1	4/4

Directors' Appointment, Re-election and Removal

Under the Code Provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term.

The executive Director has entered into a service agreement with the Company for an indefinite term commencing from 30 April 2013 until terminated by not less than three months notice in writing to the other party and subject to the early termination provisions contained therein. The fee payable to the executive Director is HK$336,000 per annum.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company, and is appointed for an initial term of three years commencing from 30 April 2013 subject to early removal from office in accordance with the Articles of Association, and retirement and re-election provisions in the Articles of Association. The non-executive Directors do not receive any remuneration.

In compliance with the Code Provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of Article 112 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the Code Provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to Article 108(a) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

In compliance with the Code Provision A.4.3 of the CG Code, the re-election of each of those independent non-executive Directors who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the Shareholders at the relevant annual general meeting; and (ii) further information being given to Shareholders together with the notice of meeting the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Independent Non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 5.05 of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Chu Kin Wang Peleus has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus to be independent. The fee payable to each independent non-executive Director was HK$100,000 per annum during the year ended 31 March 2015 and was increased to HK$120,000 per annum with effect from 1 April 2015.

Chairman and Chief Executive Officer

According to the Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2015, the role of the chairman of the Company is performed by Mr. Cheung King Shek and the executive functions of a chief executive are discharged by Mr. Cheung King Fung Sunny as the chief executive officer of the Company.

Delegation of Powers

The Board delegates day-to-day operations of the Group to the chief executive officer and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Continuing Professional Development

According to the Code Provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some training for the Directors to develop and explore their knowledge and skills.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on the Directors' training. During the year ended 31 March 2015, all the Directors have participated in continuous professional development and the relevant details are set out below:

Directors	Reading materials
Chairman and Non-executive Director	
Mr. Cheung King Shek	✓
Chief Executive Officer and Executive Director	
Mr. Cheung King Fung Sunny	✓
Non-executive Directors	
Mr. Cheung King Shan	✓
Mr. Cheung King Chuen Bobby	✓
Independent Non-executive Directors	
Mr. Fong Ping	✓
Ms. Kwok Yuen Man Marisa	✓
Mr. Chu Kin Wang Peleus	✓

Directors' and Officers' Liabilities

In compliance with the Code Provision A.1.8 of the CG Code, the Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and the company secretary of the Company that may arise out in the corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

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, among other things, are to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; to monitor integrity of the Company's financial statements and reports and accounts, and review significant financial reporting judgments contained in them; to oversee the financial reporting system and internal control procedures of the Company; and to review arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

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

During the year ended 31 March 2015, four Audit Committee meetings were held. The attendance records of each member of the Audit Committee at the said meetings are as follows:

Members	**Attendance/ Number of Audit Committee Meetings entitled to attend**
Mr. Chu Kin Wang Peleus *(chairman)*	4/4
Mr. Fong Ping	4/4
Ms. Kwok Yuen Man Marisa	4/4

The following is a summary of works performed by the Audit Committee, which have been reported to the Board, during the year ended 31 March 2015:

(a) reviewed the quarterly, half-year and annual financial statements before submission to the Board;

(b) reviewed the Group's financial controls, internal control and risk management systems;

(c) approved the remuneration and the appointment and the terms of engagement of the external auditor;

(d) reviewed the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(e) met with external auditor without the presence of management;

(f) reviewed and discussed the external auditor's report to the Audit Committee;

(g) reviewed the corporate governance disclosure in the quarterly, interim and annual reports; and

(h) reviewed the continuing connected transactions and their annual caps.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration 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 Remuneration Committee, among other things, are to make recommendation to the Board on the remuneration policy and structure relating to all Directors and senior management of the Group and to ensure that none of the Directors determines his own remuneration.

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

During the year ended 31 March 2015, two Remuneration Committee meetings were held. The attendance records of each member of the Remuneration Committee at the said meetings are as follows:

Members	**Attendance/ Number of Remuneration Committee Meetings entitled to attend**
Mr. Fong Ping *(chairman)*	2/2
Ms. Kwok Yuen Man Marisa	2/2
Mr. Chu Kin Wang Peleus	2/2

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the year ended 31 March 2015:

(a) reviewed the remuneration packages and performance of the Directors; and

(b) reviewed the bonus payment to certain Directors.

Remuneration Policy for Directors and Senior Management

The executive Director, the independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Directors and senior management of the Company may also receive options to be granted under the share option scheme of the Company (the "Share Option Scheme"), details of which are set out on pages 28 to 30 of this annual report.

Nomination Committee

The Board is empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy on or, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The nomination committee of the Company (the "Nomination 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 Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding appointment of Directors and succession planning for Directors.

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

During the year ended 31 March 2015, two Nomination Committee meetings were held. The attendance records of each member of the Nomination Committee at the said meetings are as follows:

Members	**Attendance/ Number of Nomination Committee Meetings entitled to attend**
Ms. Kwok Yuen Man Marisa *(chairman)*	2/2
Mr. Fong Ping	2/2
Mr. Chu Kin Wang Peleus	2/2

The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the year ended 31 March 2015:

(a) reviewed and assessed the independence of all independent non-executive Directors;

(b) considered and made recommendation to the Board for approval the list of retiring directors for re-election at the annual general meeting;

(c) reviewed the structure, size and composition of the Board and the board diversity policy of the Company, with a recommendation to the Board for approval; and

(d) recommended to the Board the appointment of Mr. Cheung King Fung Sunny as the chief executive officer of the Company with effect from 11 August 2014.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledges their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2015, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit service	600
Non-audit services	115
Total	715

CORPORATE GOVERNANCE FUNCTIONS

According to Code Provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

(a) to develop and review the policies and practices on corporate governance of the Group;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report contained in the annual report of the Company.

During the year ended 31 March 2015, the Board held one meeting regarding the corporate governance functions of the Company.

INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the systems of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2015. Based on the result of the review in respect of the year ended 31 March 2015, the Directors considered that the internal control systems are effective and adequate.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with its Shareholders and investors. The Company uses two-way communication channels to account to its Shareholders and investors for the performance of the Company. Enquiries and suggestions from its Shareholders or investors are welcomed, and enquiries from its Shareholders and investors may be put to the Board through the following channels to the chief executive officer of the Company:

(a) by mail to the Company's principal place of business at Units 1805–1807, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong; or

(b) by email at enquiry@tso.cc.

The Company uses a number of formal communication channels to account to its Shareholders and investors for the performance of the Company. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meetings or extraordinary general meetings (if any) providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of quarterly, interim and annual reports and/or despatching circulars, notices and announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the general meetings. To comply with Code Provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to Article 64 of the Articles of Association, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company, have the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Written Notice") to the Company's principal place of business in Hong Kong at Units 1805–1807, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website (www.tso.cc) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY

Ms. Tsang Kit Man has been the company secretary of the Company since 11 February 2014. She is an associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

REPORT OF THE DIRECTORS

The Directors submit herewith their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2015.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Units 1805–1807, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of related accessories therefor. Details of the principal activities of the subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 March 2015 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 45 to 111.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

An interim dividend for 2014/15 of HK$0.1 per Share was paid on 28 November 2014.

The Board now recommends the payment of a final dividend of HK$0.15 per Share for 2014/15 on or about 22 September 2015 to the Shareholders on record as at 16 September 2015 subject to the approval by the Shareholders at the Annual General Meeting.

For the purpose of determining Shareholders who are entitled to the proposed final dividend for the year ended 31 March 2015 which is subject to approval by the Shareholders at the forthcoming Annual General Meeting, the register of members of the Company will be closed from 15 to 16 September 2015 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 14 September 2015.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming Annual General Meeting is scheduled to be held on 8 September 2015. A notice convening the Annual General Meeting will be issued and despatched to the Shareholders on or around 30 June 2015.

For the purpose of determining Shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 7 to 8 September 2015 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 4 September 2015.

DEED OF NON-COMPETITION

In accordance with the non-competition undertakings set out in the deed of non-competition dated 10 May 2013 ("Deed of Non-competition") entered into by East-Asia, Amazing Gain Limited ("Amazing Gain"), the Cheung Brothers and J. Safra Sarasin Trust Company (Singapore) Limited (trustee of the Cheung Family Trust) (collectively, the "Controlling Shareholders") regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company (for itself and for the benefit of each of the members of the Group) that, save and except the exceptional circumstances, the Controlling Shareholders have undertaken to the Company that they shall not carry on any business which is in competition with the business of the Group, the principal terms of which are set out in the paragraph headed "Deed of Non-competition" under the section headed "Relationship with Controlling Shareholders and Telecom Digital Group" of the Prospectus.

The following corporate governance measures have been adopted to monitor the compliance of the Deed of Non-competition during the year ended 31 March 2015:

(i) The Controlling Shareholders have confirmed that they have complied with the undertakings for the year ended 31 March 2015.

(ii) The Controlling Shareholders also confirmed that none of them had any interest in a business, other than business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 March 2015.

(iii) The independent non-executive Directors have reviewed the annual declaration of the Controlling Shareholders as referred to (i) and (ii) above as part of their annual review process.

(iv) The Company, as part of its business planning and development function, constantly monitors the trend of and business opportunities in the market in which the Group operates, and is familiar with the existing and potential players and competitors in the market. The Company is not aware of any situation which indicates that any of the Controlling Shareholders have breached the undertakings for the year ended 31 March 2015.

In view of the above, the independent non-executive Directors are satisfied that the undertakings were complied with by the Controlling Shareholders for the year ended 31 March 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2015, the Group's top five customers accounted for approximately 55.0% of the revenue. The top five suppliers accounted for approximately 84.8% of the cost of inventories recognised as expenses for the year. In addition, the Group's largest customer accounted for approximately 19.3% of the revenue and the Group's largest supplier accounted for approximately 59.7% of the cost of inventories recognised as expenses for the year.

For the year ended 31 March 2015, none of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of Shares) had any interest in these major customers and suppliers.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2015 are set out in the consolidated statement of changes in equity and in note 33 to the consolidated financial statements respectively.

As at 31 March 2015, the Company's reserves available for distribution to Shareholders amounted to HK$32,383,000 (2014: HK$33,595,000) as calculated in accordance with the Companies Law of the Cayman Islands.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2015 are set out in note 26 to the consolidated financial statements.

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 31 March 2015 and the date of this annual report, no warrants have been exercised by any registered warrant holders of the Company.

DIRECTORS

The Directors who held office during the year ended 31 March 2015 and up to the date of this annual report were:

Chairman and Non-executive Director

Mr. Cheung King Shek

Chief Executive Officer and Executive Director

Mr. Cheung King Fung Sunny (appointed as chief executive officer of the Company on 11 August 2014)

Non-executive Directors

Mr. Cheung King Shan
Mr. Cheung King Chuen Bobby

Independent Non-executive Directors

Mr. Fong Ping
Ms. Kwok Yuen Man Marisa
Mr. Chu Kin Wang Peleus

By virtue of article 108(a) of the Articles of Association, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Fong Ping will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the year ended 31 March 2015.

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

The executive Director has entered into a service agreement with the Company for an indefinite term commencing from 30 April 2013 until terminated by not less than three months notice in writing to the other party and subject to the early termination provisions contained therein.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company, and is appointed for an initial term of three years commencing from 30 April 2013 subject to early removal from office in accordance with the Articles of Association, and retirement and re-election provisions in the Articles of Association.

Save as disclosed above, none of the Directors (including those proposed for re-election at the Annual General Meeting) has or is proposed to have a service agreement or an appointment letter with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme adopted by the written resolutions of the all Shareholders passed on 2 May 2013 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the Qualifying Grantees (as defined below); and to promote the long term financial success of the Group by aligning the interests of option holders to Shareholders.

(b) Participants of the Share Option Scheme

On and subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, the Board may offer to grant an option to any Qualifying Grantees as the Board may in its absolute discretion select. "Qualifying Grantee" means:

(i) (1) any employee (whether full-time or part-time employee) and any person who is an officer of any members of the Group or any Affiliates;

(2) any person who is seconded to work for any member of the Group or any Affiliates;

(3) any consultant, agent, representative, adviser, customer, contractor of the Group or any Affiliates;

(4) any business partner/ally/alliance, joint venture partner, supplier of goods or services to the Group or any Affiliates or any employee thereof; or

(collectively the "Eligible Person")

(ii) any trust for the benefit of an Eligible Person or his immediate family members or any company controlled by an Eligible Person or his immediate family members.

"Affiliate" means a company that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an Associated Company of the holding company of the Company; or (i) an Associated Company of the Company; or (j) Associated Company of controlling shareholder of the Company;

"Associated Company" means a company in the equity share capital of which a company, directly or indirectly, has 20% or greater beneficial interest but excluding the subsidiaries of that company;

"immediate family members" means a spouse or person co-habiting as the spouse of an Eligible Person, and any child or step-child, parent or step-parent, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an Eligible Person;

"officer" means company secretary or director (whether executive or non-executive); and

"subsidiary" has the meaning set out in the GEM Listing Rules.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the number of Shares as at the Listing Date.

As at 31 March 2015, the outstanding number of options available for grant under the Share Option Scheme is 12,000,000 options to subscribe for Shares, representing 10% of the number of Shares in issue.

(d) The maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(e) Timing for exercising option

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the Adoption Date, a period of 10 years from the date of the granting of the option).

(f) Acceptance and payment on acceptance of option offer

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing).

HK$1 is payable by the grantee to the Company on acceptance of the option offer.

(g) The basis of determining the exercise price of option

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option;

(ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and

(iii) the nominal value of a Share.

(h) Duration of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme for the year ended 31 March 2015 and there were no outstanding share options under the Share Option Scheme as at 31 March 2015 and the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, 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 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	Nature of interest	Number of issued ordinary Shares held	Percentage of the number of Shares in issue
Mr. Cheung King Shek	Beneficial owner	6,000,000	5%
	Beneficiary of a trust *(Note A)*	66,000,000	55%
Mr. Cheung King Shan	Beneficial owner	6,000,000	5%
	Beneficiary of a trust *(Note A)*	66,000,000	55%
Mr. Cheung King Chuen Bobby	Beneficial owner	6,000,000	5%
	Beneficiary of a trust *(Note A)*	66,000,000	55%
Mr. Cheung King Fung Sunny	Beneficial owner	6,000,000	5%
	Beneficiary of a trust *(Note A)*	66,000,000	55%

(ii) Associated corporations

Amazing Gain is one of the Controlling Shareholders 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	Nature of interest	Number of shares/ Amount of share capital	Approximate percentage of interests
Amazing Gain Limited	Beneficiary of a trust (Note A)	100	100%
East-Asia Pacific Limited	Beneficiary of a trust (Note A)	6	100%
Telecom Service Limited	Beneficiary of a trust (Note A)	2,000,000	100%
H.K. Magnetronic Company Limited	Beneficiary of a trust (Note A)	50,000	100%
Oceanic Rich Limited	Beneficiary of a trust (Note A)	10,000	100%
Glossy Investment Limited	Beneficiary of a trust (Note A)	10,000	100%
Glossy Enterprises Limited	Beneficiary of a trust (Note A)	10,000	100%
Yiutai Industrial Company Limited	Beneficiary of a trust (Note A)	1,000	100%
Txtcom Limited	Beneficiary of a trust (Note A)	100	100%
Telecom Properties Investment Limited (formerly known as "Telecom Digital Holdings Limited (HK)")	Beneficiary of a trust (Note A)	24	100%
Telecom Digital Limited (incorporated in Macau)	Beneficiary of a trust (Note A)	MOP100,000	100%
Hellomoto Limited	Beneficiary of a trust (Note A)	1,000	100%
Marina Trading Inc.	Beneficiary of a trust (Note A)	1	100%
Telecom Digital Limited	Beneficiary of a trust (Note A)	2	100%
Silicon Creation Limited	Beneficiary of a trust (Note A)	100	100%
Kung Wing Enterprises Limited	Beneficiary of a trust (Note A)	1,000,000	100%
東莞恭榮房地產管理服務有限公司	Beneficiary of a trust (Note A)	US$1,500,000	100%

Note A: The 66,000,000 Shares representing 55% of the number of 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 and in the shares/share capital of the associated corporations held by the Cheung Family Trust under the SFO.

Save as disclosed above, as at 31 March 2015, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year ended 31 March 2015 was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief 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).

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

As at 31 March 2015, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the number of 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

Names	Capacity/Nature of interest	Number of issued ordinary Shares held	Percentage of the number of Shares in issue
East-Asia Pacific Limited *(Note A above)*	Beneficial owner	66,000,000	55%
Amazing Gain Limited *(Note A above)*	Interest in a controlled corporation	66,000,000	55%
J. Safra Sarasin Trust Company (Singapore) Limited *(Note A above)*	Trustee (other than a bare trustee)	66,000,000	55%
Ms. Law Lai Ying Ida *(Note B)*	Interest of spouse	72,000,000	60%
Ms. Tang Fung Yin Anita *(Note B)*	Interest of spouse	72,000,000	60%
Ms. Yeung Ho Ki *(Note B)*	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 March 2015, 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.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2015 and up to the date of this annual report, the Company has maintained the public float required by the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 15 to the consolidated financial statements. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2015.

DIRECTORS' INTERESTS IN CONTRACTS

Save as otherwise disclosed, no transaction, arrangement or contract of significance to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year ended 31 March 2015 or at any time during that year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2015, none of the Directors or 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.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2015 are set out in note 23 to the consolidated financial statements.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2015 are set out in note 29 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The related party transactions of the Company for the year ended 31 March 2015 are set out in note 31 to the consolidated financial statements. Other than disclosed below, the related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

(A) Non-exempt Continuing Connected Transactions

During the year ended 31 March 2015, the Group has entered into the following transactions, each of which constituted a non-exempt continuing connected transaction for the Company subject to announcement, annual review and reporting requirements but exempt from independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules, particulars of which were previously disclosed in the Prospectus and announcements of the Company dated 31 July 2013, 13 December 2013, 22 May 2014, 30 June 2014, 31 July 2014 and 31 March 2015. The Company shall comply with the annual review and reporting requirements for all of the following non-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules.

(1) Tenancy Agreements with connected persons of the Company

The Group has been leasing properties in Hong Kong and Macau from certain companies wholly-owned by East-Asia, namely, Oceanic Rich Limited ("ORL"), Glossy Investment Limited ("GIL"), Glossy Enterprises Limited ("GEL") and H.K. Magnetronic Company Limited ("HKMag") for the use by the Group as head office, office premises, warehouse, repair centres and service centres. East-Asia is indirectly wholly-owned by the Cheung Family Trust which indirectly holds 55% of Shares of the Company. As such, each of East-Asia, ORL, GIL, GEL and HKMag is a connected person of the Company under the GEM Listing Rules. Accordingly, each of these tenancy agreements constitutes a continuing connected transaction for the Company.

	Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
(i)	Unit 1807, 18/F., Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	ORL	9 August 2012	one year from 1 April 2014 to 31 March 2015	HK$50,540 (exclusive of government rates, government rent and management fee)	head office, repair centre and warehouse saleable area: 5,511 sq. ft.
			31 March 2015	two years from 1 April 2015 to 31 March 2017	HK$72,200 (exclusive of government rates, government rent and building management fee)	

	Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
(ii)	Unit B, 23/F., Kyoto Plaza, No. 491–499 Lockhart Road, Causeway Bay, Hong Kong	ORL	30 June 2014	two years and nine months from 1 July 2014 to 31 March 2017	HK$38,520 (exclusive of management fee, air-conditioning charges, government rates and government rent)	repair centre saleable area: 1,284 sq. ft.
(iii)	Portion of Units 1202 & 1203, Units 1205–06, 12/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	29 November 2012	two years from 1 April 2013 to 31 March 2015	HK$79,296 (exclusive of management fee and air-conditioning charges but inclusive of government rates and government rent)	repair centre saleable area: 2,832 sq. ft.
(iv)	Unit 1805 & Portion B of Unit 1806, 18/F., Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	9 August 2012	one year from 1 April 2014 to 31 March 2015	HK$76,888 (exclusive of government rates, government rent and management fee)	head office, repair centre and warehouse saleable area: 8,380 sq. ft.
			31 March 2015	two years from 1 April 2015 to 31 March 2017	HK$109,840 (exclusive of government rates, government rent and management fee)	
(v)	Portion of Unit A, 23/F., Kyoto Plaza, No. 491–499 Lockhart Road, Causeway Bay, Hong Kong	GEL	30 June 2014	two years and nine months from 1 July 2014 to 31 March 2017	HK$18,480 (exclusive of management fee, air-conditioning charges, government rates and government rent)	repair centre saleable area: 616 sq. ft.

	Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
(vi)	Unit B, 15/F., Kyota Plaza, No. 491–499 Lockhart Road, Causeway Bay, Hong Kong	ORL	31 July 2013	two years from 1 August 2013 to 31 July 2015	HK$35,952 (exclusive of rates, management fees and all other outgoings)	repair centre saleable area: 1,284 sq. ft.
			31 March 2015	one year and eight months from 1 August 2015 to 31 March 2017	HK$38,520 (exclusive of government rates, government rent and management fee)	
(vii)	Unit 1201 and Portion of Unit 1202, 12/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	31 July 2013	one year and eight months from 1 August 2013 to 31 March 2015	HK$42,700 (inclusive of government rents and rates but exclusive of management fees and all other outgoings)	repair centre saleable area: 1,525 sq. ft.
(viii)	Unit 1808, 18/F., Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	GIL	31 July 2014	two years from 1 September 2014 to 31 August 2016	HK$50,760 (exclusive of government rates, government rent and building management fee)	head office, repair centre and warehouse saleable area: 3,875 sq. ft.
(ix)	Rua de Pequim, n°s 170–174, Edificio Centro Commercial Kong Fat, 16° andar portion of D1 and E1, em Macau	HKMag	31 July 2014	two years from 1 August 2014 to 31 July 2016	HK$12,810 (exclusive of building management fee)	repair centre saleable area: 915 sq. ft.

	Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
(x)	Unit 1005, 10/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Kowloon, Hong Kong	GEL	31 March 2015	two years from 1 April 2015 to 31 March 2017	HK$29,336 (exclusive of government rates, government rent and building management fee)	repair centre saleable area: 772 sq. ft.
(xi)	Unit 1006, 10/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Kowloon, Hong Kong	GIL	31 March 2015	two years from 1 April 2015 to 31 March 2017	HK$38,798 (exclusive of government rates, government rent and building management fee)	repair centre saleable area: 1,021 sq. ft.
(xii)	12/F., Ginza Plaza, No. 2A Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	ORL	31 March 2015	two years from 1 April 2015 to 31 March 2017	HK$165,566 (exclusive of management fee and air-conditioning charges but inclusive of government rates and government rent)	repair centre saleable area: 4,357 sq. ft.

Subsequent to the year ended 31 March 2015, the following tenancy agreement has been entered between the Group and Mr. Cheung King Shek, who is the chairman and non-executive Director of the Company, and thus a connected person of the Company under the GEM Listing Rules. Accordingly, this tenancy agreement constitutes a continuing connected transaction for the Company.

	Address	Landlord	Date of tenancy agreement	Term	Monthly rent	Usage and area
(xiii)	Rotunda De S. Joao Bosco, No. 63 Andar, J29 EDIF. Hoi Fu Garden, Macau	Cheung King Shek	29 May 2015	one year from 1 June 2015 to 31 May 2016	HK$11,000	staff quarter saleable area: 850 sq. ft.

The rentals under the above tenancy agreements were determined with reference to the prevailing market rentals of similar properties in the nearby locations. As disclosed in the announcements of the Company dated 31 July 2014 and 29 May 2015, the aggregate annual caps of the rentals payable under the above tenancy agreements for the three years ended/ending 31 March 2015, 2016 and 2017 are HK$4,345,000, HK$6,998,000 and HK$6,462,000 respectively. The aggregate rentals paid by the Group for the year ended 31 March 2015 in respect of the above leased properties to the above connected persons are approximately HK$4,344,000.

(2) Purchase of parts and components from SAP (and its subsidiaries)

Since 2006, TSO has been purchasing parts and components such as parts for repairing pagers and two-way mobile data communication devices and mobile phone accessories from Sun Asia Pacific Limited ("SAP") and its subsidiaries (collectively, the "SAP Group"). On 13 May 2013, SAP and TSO entered into an agreement in relation to such purchase of parts and components from the Listing Date to 31 March 2015. The price of the parts and components purchased from the SAP Group is at cost plus certain percentage of the value of the orders. The prices of the parts and components are determined by TSO and SAP with reference to the prevailing market rate of similar products.

As SAP is wholly-owned by the Cheung Brothers who are Directors and controlling shareholders of the Company, each of SAP and its subsidiaries is an associate of the Cheung Brothers and therefore is a connected person of the Company under the GEM Listing Rules. Accordingly, the above transactions constitute continuing connected transactions for the Company.

As disclosed in the Prospectus, the annual cap for the amount of parts and components to be purchased from the SAP Group by TSO for the year ended 31 March 2015 is HK$1,520,000. The amount of parts and components purchased from the SAP Group by TSO for the year ended 31 March 2015 is approximately HK$341,000.

As the above agreement in relation to purchase of parts and components has expired on 31 March 2015, on 31 March 2015, TSO and SAP have entered into a renewal parts and components purchase agreement to renew the existing parts and components purchase agreement for a further term of three years from 1 April 2015 to 31 March 2018 with annual caps fixed as follows:

- For the year ending 31 March 2016 — HK$5,000,000
- For the year ending 31 March 2017 — HK$2,500,000
- For the year ending 31 March 2018 — HK$1,500,000

(3) Mobile phone accessories sale agreement with Sun Mobile

TSO (a wholly-owned subsidiary of the Company) entered into a sale agreement with Sun Mobile Limited ("Sun Mobile") (formerly, "New World Mobility Limited") on 6 May 2013, pursuant to which TSO has agreed to sell mobile phone accessories to Sun Mobile from the Listing Date to 31 March 2015 at cost plus a certain percentage of markup. The price of such mobile phone accessories is determined by TSO and Sun Mobile with reference to the prevailing market rate of similar products.

Sun Mobile is indirectly 40%-owned by TDHL which is indirectly 55%-owned by the Cheung Family Trust. As the Cheung Family Trust indirectly holds 55% of the shares of the Company, Sun Mobile is a connected person of the Company under the GEM Listing Rules. Accordingly, the above transactions constitute continuing connected transactions for the Company.

As disclosed in the announcement dated 13 December 2013, the annual cap of the sales income receivable from Sun Mobile by TSO for the year ended 31 March 2015 is HK$7,000,000. The sales income received from Sun Mobile by TSO for the year ended 31 March 2015 is approximately HK$2,918,000.

Subsequently as disclosed in the announcement of the Company dated 31 March 2015, the annual caps of the sales income receivable from Sun Mobile by TSO for the year ending 31 March 2016, 2017 and 2018 are revised to HK$9,500,000 respectively.

(4) Master Agreement with TDHL

On 22 May 2014, TSO (a wholly-owned subsidiary of the Company) entered into a master agreement with TDHL (the "Master Agreement") setting out the governing terms and conditions in relation to the following continuing connected transactions with certain members of TDHL group for a term up to 31 March 2017. TDHL is indirectly 55%-owned by the Cheung Family Trust which indirectly holds 55% of the Shares, and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the below transactions constitute continuing connected transactions for the Company.

a. *Provision of repair and refurbishment services by TSO to TDHL Group*

TSO has been providing repair and refurbishment services for pagers and Mango Devices to the TDHL group. The service fees charged by TSO is on a "per device" basis. The service fees are determined by TSO and the TDHL group with reference to the prevailing market rate (in terms of, among others, profit margin) of similar services.

As disclosed in the announcement of the Company dated 22 May 2014, the aggregate annual caps for the repair and refurbishment service fees receivable from the TDHL group by TSO under the Master Agreement for the three years ended/ending 31 March 2015, 2016 and 2017 are HK$10,000,000 respectively. The repair and refurbishment service fee received from the TDHL group by TSO for the year ended 31 March 2015 is approximately HK$5,350,000.

b. *Consignment of accessories for mobile phones and personal electronic products of TSO*

TDS (a wholly-owned subsidiary of TDHL) has allowed TSO to sell the accessories for mobile phones and personal electronic products of certain brands at retail shops of TDHL group on a consignment basis in consideration of a consignment fee. The consignment fee, which is based on a fixed percentage of the sales of consigned goods, shall be paid by TSO to TDS for the consignment arrangement. Such consignment fee has been determined by TSO and TDS with reference to the prevailing market rate of similar consignment arrangements.

As disclosed in the announcement of the Company dated 22 May 2014, the annual caps for the consignment fees payable by TSO to TDS under the Master Agreement for the three years ended/ending 31 March 2015, 2016 and 2017 are HK$3,800,000, HK$4,000,000 and HK$4,200,000 respectively. The consignment fees paid by TSO to TDS under the Master Agreement for the year ended 31 March 2015 is approximately HK$2,278,000.

In respect of the connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements under the GEM Listing Rules in force from time to time.

(B) Confirmation of Independent Non-executive Directors

The Audit Committee, comprising three independent non-executive Directors, has reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(C) Confirmation from Auditor of the Company

Furthermore, the auditor of the Company has confirmed that nothing has come to their attention that causes them to believe that the above continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iv) have exceeded the relevant cap amounts during the year ended 31 March 2015.

The auditor of the Company has issued a letter containing their findings and conclusions in respect of the above non-exempt continuing connected transactions in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the letter has been provided by the Company to the Stock Exchange.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, China Everbright Capital Limited ("China Everbright"), other than disclosed below, as at 31 March 2015 and the date of this annual report, neither China Everbright nor any of its directors or employees or close associates had any interest in the shares of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules:

(i) the compliance adviser agreement entered into between the Company and China Everbright in May 2013; and

(ii) the non-listed warrants placing agreement entered into between the Company and China Everbright Securities (HK) Limited (an associate of China Everbright) on 17 February 2014.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 23. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out in the five years financial summary on page 112 of this annual report.

AUDITOR

The financial statements for the year ended 31 March 2015 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the Annual General Meeting.

By order of the Board
Cheung King Shek
Chairman
Hong Kong, 23 June 2015

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF TELECOM SERVICE ONE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Telecom Service One Holdings Limited (the "Company") and its subsidiaries set out on pages 45 to 111, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tang Kwan Lai
Practising Certificate Number: P05299

Hong Kong
23 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	8	**126,415**	94,292
Cost of sales		**(67,265)**	(52,180)
Gross profit		**59,150**	42,112
Other income	10	**2,308**	3,580
Other operating expenses, net	11	**(15,250)**	(14,257)
Administrative expenses		**(16,315)**	(13,214)
Finance costs	12	**(170)**	(84)
Profit before tax		**29,723**	18,137
Income tax expense	13	**(5,243)**	(3,791)
Profit for the year	14	**24,480**	14,346
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Remeasurement of long service payment obligations		**28**	228
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**—**	(163)
Other comprehensive income for the year		**28**	65
Total comprehensive income for the year		**24,508**	14,411
Earnings per share (HK$)	17		
Basic		**0.204**	0.133
Diluted		**0.203**	0.133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment	18	**4,424**	6,437
Deferred tax asset	25	**437**	—
		4,861	6,437
Current assets			
Inventories	19	**4,295**	7,255
Trade and other receivables	20	**28,179**	28,865
Amounts due from related companies	31	**1,154**	927
Pledged bank deposits	21	**30,220**	4,492
Bank balances and cash	21	**14,265**	33,882
		78,113	75,421
Current liabilities			
Trade and other payables	22	**9,967**	7,264
Amounts due to related companies	31	**79**	203
Tax payables		**1,703**	1,759
Bank overdrafts	21	**349**	—
Bank borrowings	23	**15,736**	—
		27,834	9,226
Net current assets		**50,279**	66,195
Total assets less current liabilities		**55,140**	72,632
Non-current liability			
Long service payment obligations	24	**—**	—
Net assets		**55,140**	72,632

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	26	12,000	12,000
Reserves		43,140	60,632
Total equity		55,140	72,632

The consolidated financial statements on pages 45 to 111 were approved and authorised for issue by the board of directors on 23 June 2015 and are signed on its behalf by:

Cheung King Shek
Director

Cheung King Fung, Sunny
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note a)*	Translation reserve HK$'000	Statutory reserve HK$'000 *(Note b)*	Warrant reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013	60	10,970	70	103	133	—	21,908	33,244
Profit for the year	—	—	—	—	—	—	14,346	14,346
Remeasurement of long service payment obligations	—	—	—	—	—	—	228	228
Exchange differences arising on translation of foreign operations	—	—	—	(163)	—	—	—	(163)
Total comprehensive (expense) income for the year	—	—	—	(163)	—	—	14,574	14,411
Capitalisation issue *(Note 26(c))*	8,940	(8,940)	—	—	—	—	—	—
Issue of ordinary shares in connection with the listing *(Note 26(d))*	3,000	27,000	—	—	—	—	—	30,000
Share issue expenses	—	(5,123)	—	—	—	—	—	(5,123)
Issue of non-listed warrants	—	—	—	—	—	120	—	120
Transaction costs attributable to issue of non-listed warrants	—	—	—	—	—	(20)	—	(20)
At 31 March 2014 and 1 April 2014	12,000	23,907	70	(60)	133	100	36,482	72,632
Profit for the year	—	—	—	—	—	—	24,480	24,480
Remeasurement of long service payment obligations	—	—	—	—	—	—	28	28
Total comprehensive income for the year	—	—	—	—	—	—	24,508	24,508
Payment of dividends *(Note 16)*	—	—	—	—	—	—	(42,000)	(42,000)
Transfer to statutory reserve	—	—	—	—	4	—	(4)	—
At 31 March 2015	12,000	23,907	70	(60)	137	100	18,986	55,140

Notes:

a. During the year ended 31 March 2014, Telecom Service One Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") acquired 100% of equity interest in Telecom Service One (Macau) Limited ("TSO Macau") from East-Asia Pacific Limited, the immediate holding company of the Company. The acquisition was accounted for using merger accounting as detailed in note 2 to the consolidated financial statements. 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.

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.

   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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before tax	29,723	18,137
Adjustments for:		
Depreciation of plant and equipment	3,822	4,115
Waiver of an amount due to a related company	—	(1,169)
Finance costs	170	84
Bank interest income	(776)	(415)
Gain on disposal of plant and equipment	—	(189)
Long service payment obligations	28	81
Allowance for inventories	1,404	102
Reversal of allowance for inventories	(111)	(102)
Operating cash flows before movements in working capital	34,260	20,644
Decrease (increase) in inventories	1,667	(2,951)
Decrease (increase) in trade and other receivables	695	(6,975)
(Increase) decrease in amounts due from related companies	(227)	4,317
Increase (decrease) in trade and other payables	2,710	(878)
Decrease in amounts due to related companies	(124)	(113)
Cash generated from operations	38,981	14,044
Hong Kong Profits Tax paid	(5,736)	(3,175)
NET CASH FROM OPERATING ACTIVITIES	33,245	10,869
INVESTING ACTIVITIES		
Placement of pledged bank deposits	(54,478)	(390)
Purchase of plant and equipment	(1,810)	(1,267)
Withdrawal of pledged bank deposits	28,750	—
Interest received	776	415
Proceeds from disposal of plant and equipment	—	380
NET CASH USED IN INVESTING ACTIVITIES	(26,762)	(862)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Dividends paid	**(42,000)**	—
Repayments of bank borrowings	**(5,000)**	(5,000)
Interest paid	**(170)**	(84)
New bank borrowings raised	**20,736**	—
Proceeds from issue of shares	**—**	30,000
Proceeds from issue of non-listed warrants	**—**	120
Transaction costs attributable to issue of non-listed warrants	**—**	(20)
Transaction costs attributable to issue of shares	**—**	(3,233)
Repayments to immediate holding company	**—**	(3,216)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(26,434)**	18,567
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(19,951)**	28,574
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**33,882**	5,319
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(15)**	(11)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13,916**	33,882
ANALYSIS OF COMPONENTS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**14,265**	33,882
Bank overdrafts	**(349)**	—
	13,916	33,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL

Telecom Service One Holdings Limited (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 Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 May 2013. The address of the registered office of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Units 1805–1807, 18/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

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

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are set out in note 34.

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

2. BASIS OF PREPARATION

On 28 January 2014, one of the subsidiaries of the Group, Telecom Service One Investment Limited ("TSO BVI") acquired 100% of equity interest in Telecom Service One (Macau) Limited ("TSO Macau") from East-Asia, the immediate holding company of the Company. Since the Company, TSO BVI and TSO Macau are ultimately controlled by East-Asia both before and after this acquisition. Accordingly, the consolidated financial statements of the Group has been prepared on the basis as if the Company had always been the holding company of TSO Macau for the year ended 31 March 2014, using the principles of merger accounting as set out in note 4 below.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which includes HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)*-Int 21	Levies

* HK(IFRIC) represents Hong Kong (IFRS Interpretations Committee)

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the agreements and concluded that the application of the amendments to HKAS 32 has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC)-Int 21 Levies

The Group has applied HK(IFRIC)-Int 21 Levies for the first time in the current year. HK(IFRIC)-Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC)-Int 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidation financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. A finalised version of HKFRS 9 issued in 2014 has incorporated all the requirements of HKFRS 9 that were issued in previous years and mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 (2014) Financial Instruments *(continued)*

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the consolidated financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the consolidated financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 Disclosure Initiative *(continued)*

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its consolidated financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost,
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Annual Improvements to HKFRSs 2010–2012 Cycle *(continued)*

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Annual Improvements to HKFRSs 2011–2013 Cycle *(continued)*

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held or distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations under common control *(continued)*

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or business first came under common control at a later date.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from related companies, where the carrying amounts are reduced through the use of an allowance account. When a trade and other receivable or an amount due from a related company is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Warrants

Warrants issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

The fair value of warrants on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrant. Where the warrants remain unexercised at the expiry date, the amount initially recognised in warrant reserve will be released to the retained profits.

Financial liabilities

Financial liabilities are classified as other liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, bank overdrafts and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated statement of financial position when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income, handling income, logistic service income and management fee income are recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme") and other defined contribution retirement scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken at the end of the reporting period is permitted to be carried forward and utlilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Long service payment obligations

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Defined benefit costs are categorised as follows:

— service cost;

— net interest expense; and

— remeasurement.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of plant and equipment

The Group reviews the carrying amounts of the plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 March 2015, the carrying values of plant and equipment of the Group were approximately HK$4,424,000 (2014: HK$6,437,000). No impairment was recognised for both years.

Income taxes

As at 31 March 2015, a deferred tax asset of approximately HK$437,000 (2014: nil) in relation to accelerated tax depreciation has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK$2,470,000 (2014: HK$1,459,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of the reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2015, the carrying amounts of inventories of the Group were approximately HK$4,295,000 (2014: HK$7,255,000), net of allowance for inventories of approximately HK$1,974,000 (2014: HK$681,000).

Estimated impairment of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 March 2015, the carrying amounts of trade and other receivables of the Group were approximately HK$28,179,000 (2014: HK$28,865,000). No impairment loss was recognised during both years.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Long service payment obligations

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance. An obligation is recognised in respect of the probable future long service payments expected to be made. The Group's long service payment obligations is determined with reference to statutory requirements, the employees' remuneration, their years of service and age profile, and demographic assumptions. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes to these assumptions will impact the carrying amount of long service payment obligations and the results and financial position of the Group. As at 31 March 2015, the carrying amount of long service payment obligations of the Group is nil (2014: nil).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consist of bank borrowings and bank overdrafts net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, 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.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**73,359**	67,848
Financial liabilities		
Amortised cost	**25,203**	6,699

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related companies, bank overdrafts and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. During the year ended 31 March 2015, approximately 29% (2014: 26%) of the Group's sales and approximately 67% (2014: 60%) of total cost of sales are denominated in United States dollars ("US$") which is different from the functional currencies of the group entities carrying out the transactions.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

Also, certain trade and other receivables, bank balances and cash, trade and other payables and bank overdrafts are denominated in US$, RMB, HK$ and Japanese Yen ("JPY") which are currencies other than the functional currencies of the relevant group entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**16,385**	17,036	**1,910**	2,778
RMB	**29,630**	28,835	**—**	—
HK$	**53**	1,027	**—**	—
JPY	**—**	—	**153**	153

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to US$, RMB, HK$ and JPY.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase or decrease in the functional currencies of the relevant group entities, HK$, RMB, NT$ and MOP, against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where respective functional currency strengthens 5% (2014: 5%) against the relevant foreign currency. For a 5% (2014: 5%) weakening of respective functional currency against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit and the balances below would be positive.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis *(continued)*

	Effect on profit or loss	
	2015	2014
	HK$'000	HK$'000
Respective functional currency strengthen against:		
US$	**(621)**	(595)
RMB	**(1,280)**	(1,204)
HK$	**(2)**	(43)
JPY	**6**	6

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and bank balances for the years ended 31 March 2015 and 2014. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate bank overdrafts and bank borrowings carried at prevailing market rates. It is the Group's policy to keep its borrowing at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on other financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of (i) prevailing market rates arising from the Group's bank balances denominated in HK$, US$, RMB and NT$; and (ii) one-month Hong Kong Interbank Offered Rate or HK$ prime rate arising from the Group's HK$ or US$ denominated bank overdrafts and bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2015 would decrease/increase by approximately HK$8,000 (2014: increase/decrease by HK$53,000).

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit quality of the counterparties in respect of amounts due from related companies is assessed by taking into account their financial position, credit history and other factors. The directors of the Company are of the opinion that the risk of default by these counterparties is low.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 25% (2014: 28%) of the total trade receivables at 31 March 2015 was due from the Group's largest customers.

The Group has concentration of credit risk as 87% (2014: 77%) of the total trade receivables at 31 March 2015 was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 99% (2014: 100%) of the total trade receivables as at 31 March 2015.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	On demand or within 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2015			
Non-derivative financial liabilities			
Trade and other payables	9,039	9,039	9,039
Amounts due to related companies	79	79	79
Bank overdrafts	349	349	349
Bank borrowings	15,905	15,905	15,736
	25,372	25,372	25,203

	On demand or within 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2014			
Non-derivative financial liabilities			
Trade and other payables	6,496	6,496	6,496
Amounts due to related companies	203	203	203
	6,699	6,699	6,699

Note: Bank borrowing with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2015, the aggregate undiscounted principal amount of this bank borrowing amounted to approximately HK$2,500,000 (2014: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$2,505,000.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

8. REVENUE

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

	2015	2014
	HK$'000	HK$'000
Repairing service income	**115,281**	85,889
Sales of accessories	**11,134**	8,403
	126,415	94,292

9. SEGMENT INFORMATION

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

Geographical information

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

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

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

9. SEGMENT INFORMATION *(continued)*

Information about major customers

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

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

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

10. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Gain on disposal of plant and equipment	—	189
Management fee income *(Note i)*	470	333
Consignment goods handling income *(Note ii)*	545	895
Bank interest income	776	415
Waiver of an amount due to a related company	—	1,169
Others	517	579
	2,308	3,580

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.

11. OTHER OPERATING EXPENSES, NET

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

12. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on:		
Bank borrowings	**139**	84
Discounted bills	**31**	—
	170	84

13. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax		
— current year	**5,686**	4,122
— over-provision in prior years	**(92)**	—
	5,594	4,122
Taiwan Profits Tax		
— under-provision in prior years	**—**	103
Macau Complementary Income Tax		
— under-provision in prior years	**86**	—
Deferred tax		
— current year *(Note 25)*	**(437)**	(434)
Total income tax expense for the year	**5,243**	3,791

13. INCOME TAX EXPENSE *(continued)*

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. During the year of assessment 2014/15, Hong Kong Profits Tax concession was amounted to HK$20,000 (2013/14: HK$10,000).

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

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

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

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **HK$'000**	2014 HK$'000
Profit before tax	**29,723**	18,137
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**5,034**	3,451
Tax effect of income not taxable for tax purpose	**(64)**	(68)
Tax effect of expenses not deductible for tax purpose	**46**	128
Hong Kong Profits Tax concession	**(20)**	(10)
(Over) under-provision in prior years	**(6)**	103
Tax effect of tax loss not recognised	**253**	57
Tax effect of temporary difference not recognised	**—**	130
	5,243	3,791

Details of deferred taxation are set out in note 25.

14. PROFIT FOR THE YEAR

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

Note: Included in other operating expenses of service centres, salaries and other allowances of approximately HK$49,000 (2014: HK$386,000) and retirement benefits scheme contributions of approximately HK$1,000 (2014: HK$11,000) for the year ended 31 March 2015 were incurred for the service centres and wholly reimbursed by the customers. Such amounts were not included in the other staff costs.

15. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the seven (2014: eight) directors and the chief executive were as follows:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Employer's contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 March 2015					
Executive director					
Mr. Cheung King Fung Sunny	—	824	500	16	1,340
Non-executive directors					
Mr. Cheung King Chuen Bobby	—	500	500	2	1,002
Mr. Cheung King Shan	—	500	500	2	1,002
Mr. Cheung King Shek	—	500	500	2	1,002
Independent non-executive directors					
Mr. Chu Kin Wang Peleus	100	—	—	—	100
Mr. Fong Ping	100	—	—	—	100
Ms. Kwok Yuen Man Marisa	100	—	—	—	100
Total	300	2,324	2,000	22	4,646

Note:

The performance related incentive payments is determined by reference to the attainment of predetermined level of the Group's profit after tax (before deducting the performance related incentive payments) for the year ended 31 March 2015.

15. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' and chief executive's emoluments *(continued)*

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Employer's contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 March 2014				
Executive director				
Mr. Cheung King Fung Sunny	—	324	15	339
Non-executive directors				
Mr. Cheung King Chuen Bobby	—	—	—	—
Mr. Cheung King Shan	—	—	—	—
Mr. Cheung King Shek	—	—	—	—
Independent non-executive directors				
Mr. Chu Kin Wang Peleus (Appointed on 30 April 2013)	100	—	—	100
Mr. Fong Ping (Appointed on 30 April 2013)	100	—	—	100
Mr. Hui Ying Bun (Appointed on 30 April 2013 and resigned on 21 March 2014)	100	—	—	100
Ms. Kwok Yuen Man Marisa (Appointed on 30 April 2013)	100	—	—	100
Total	400	324	15	739

Mr. Cheung King Fung Sunny has been appointed as the chief executive of the Company on 11 August 2014 and his emoluments disclosed above include those for services rendered by him as the chief executive for the year ended 31 March 2015. The Group did not appoint a chief executive during the year ended 31 March 2014.

Neither the chief executive nor any of the directors waived or agreed to waive any emolument paid by the Group during the two years ended 31 March 2015. No emoluments were paid or payable by the Group to the chief executive nor any of the directors as an inducement to join or upon joining the Group, or as compensation for loss of office during the two years ended 31 March 2015.

15. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2014: none) were the directors and chief executive of the Company whose emoluments are included in the disclosures presented above. The emoluments of the remaining one (2014: five) individuals were as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries, allowances and other benefits	**1,041**	2,857
Contributions to retirement benefits scheme	**18**	75
	1,059	2,932

Their emoluments were within the following bands:

	2015 **No. of employees**	2014 No. of employees
Nil to HK$1,000,000	**—**	4
HK$1,000,001–HK$1,500,000	**1**	1
	1	5

No emoluments were paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the two years ended 31 March 2015.

16. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividends recognised as distribution during the year:		
2014 and 2015 interim, paid — HK$0.35 per share (2014: nil)	**42,000**	—

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

17. EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company	**24,480**	14,346

Number of shares

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**120,000,000**	107,557,808
Effect of dilutive potential ordinary shares:		
Warrants	**754,286**	363,464
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**120,754,286**	107,921,272

18. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Computers HK$'000	Total HK$'000
COST							
At 1 April 2013	11,868	3,982	1,819	3,202	6,279	3,520	30,670
Exchange realignment	(13)	—	—	—	—	(4)	(17)
Additions	1,005	28	71	—	—	163	1,267
Disposals/written off	(2,577)	(42)	—	(3,202)	—	(457)	(6,278)
At 31 March 2014 and 1 April 2014	10,283	3,968	1,890	—	6,279	3,222	25,642
Exchange realignment	—	—	—	—	—	(1)	(1)
Additions	749	83	244	—	—	734	1,810
At 31 March 2015	**11,032**	**4,051**	**2,134**	**—**	**6,279**	**3,955**	**27,451**
ACCUMULATED DEPRECIATION							
At 1 April 2013	7,051	1,801	894	3,202	6,245	1,997	21,190
Exchange realignment	(9)	—	—	—	—	(4)	(13)
Provided for the year	2,745	613	275	—	14	468	4,115
Eliminated on disposals/written off	(2,433)	(38)	—	(3,202)	—	(414)	(6,087)
At 31 March 2014 and 1 April 2014	7,354	2,376	1,169	—	6,259	2,047	19,205
Provided for the year	2,327	611	300	—	14	570	3,822
At 31 March 2015	**9,681**	**2,987**	**1,469**	**—**	**6,273**	**2,617**	**23,027**
CARRYING VALUES							
At 31 March 2015	**1,351**	**1,064**	**665**	**—**	**6**	**1,338**	**4,424**
At 31 March 2014	2,929	1,592	721	—	20	1,175	6,437

The above items of plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	Over the shorter of lease term or 5 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Machinery	5 years
Computers	3–5 years

19. INVENTORIES

	2015 HK$'000	2014 HK$'000
Merchandises	**4,295**	7,255

During the two years ended 31 March 2015, certain impaired inventories were sold at a gross profit. As a result, a reversal of write-down of merchandises of approximately HK$111,000 (2014: HK$102,000) has been recognised and included in cost of sales.

20. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**20,519**	20,858
Other receivables	**7,201**	7,697
Prepayments	**459**	310
	28,179	28,865

The Group does not hold any collateral over these balances.

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

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

	2015 HK$'000	2014 HK$'000
Within 30 days	**5,962**	7,066
31 to 60 days	**12,441**	11,528
61 to 90 days	**9**	4
91 to 120 days	**1,063**	1,130
Over 120 days	**1,044**	1,130
	20,519	20,858

20. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2015	2014
	HK$'000	HK$'000
31 to 60 days	**9,541**	6,318
61 to 90 days	**9**	4
91 to 120 days	**1,063**	1,130
Over 120 days	**1,044**	1,130
Total	**11,657**	8,582

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

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

	2015	2014
	HK$'000	HK$'000
HK$	**39**	—
US$	**9,989**	9,920

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH/BANK OVERDRAFTS

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK$30,220,000 (2014: HK$4,492,000) have been pledged to secure bank overdrafts, bank borrowing and letter of credit and are therefore classified as current assets.

Bank balances carried interest at fixed rate of nil (2014: 3.00%) per annum and market rates ranged from 0.01% to 0.35% (2014: 0.01% to 0.17%) per annum. The pledged bank deposits carried interest at fixed rate ranged from 0.04% to 3.70% (2014: 0.02% to 2.00%) per annum. Bank overdrafts carry interest at market rates of 2.25% (2014: nil) per annum.

The Group's pledged bank deposits and bank balances and cash and bank overdrafts that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 **HK$'000**	2014 HK$'000
Pledged bank deposits and bank balances and cash		
HK$	**14**	1,027
US$	**6,607**	7,116
RMB	**29,630**	28,835

	2015 **HK$'000**	2014 HK$'000
Bank overdrafts		
US$	**316**	—

22. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	3,565	4,276
Accrued expenses and other payables	6,402	2,988
Total	9,967	7,264

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

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

	2015 HK$'000	2014 HK$'000
Within 30 days	1,852	2,490
31 to 90 days	226	364
Over 90 days	1,487	1,422
	3,565	4,276

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

	2015 HK$'000	2014 HK$'000
US$	1,594	2,778
JPY	153	153

23. BANK BORROWINGS

	2015 HK$'000	2014 HK$'000
Carrying amount repayable*:		
Within one year	13,236	—
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	2,500	—
	15,736	—
Secured	10,000	—
Unsecured	5,736	—
	15,736	—

* The amount due was based on scheduled repayment dates set out in the loan agreements.

The Group's bank borrowings were all denominated in HK$.

During the year ended 31 March 2015, the Group obtained new borrowings with an aggregate amount of approximately HK$20,736,000 (2014: nil). The proceeds were used for general working capital.

As at 31 March 2015, the bank borrowings carried interest ranged from 1.40% to 1.85% plus one-month Hong Kong Interbank Offered Rates per annum.

During the year ended 31 March 2014, the bank borrowing was fully repaid in July 2013.

As at 31 March 2015, the Group has unutilised banking facilities of approximately HK$33,751,000 (2014: HK$9,100,000).

As at 31 March 2015, included in the bank borrowings was an amount of HK$10,000,000 (2014: nil) which is secured by pledged bank deposits of approximately HK$18,961,000 (2014: nil).

24. LONG SERVICE PAYMENT OBLIGATIONS

The Group made provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further in note 4. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. The provision represented the management's best estimate of the Group's liability at the end of each reporting period.

The Group exposes to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

— Interest risk A decrease in the bond interest rate will increase the plan liability.

— Salary risk The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 31 March 2015 by Asset Appraisal Limited. The present value of the defined benefit obligation, and the related service cost, were measured using the projected unit credit method.

Movement of present value of provision for long service payment is as follows:

	2015 **HK$'000**	2014 HK$'000
At 1 April	**—**	147
Charged to profit or loss	**28**	81
Actuarial gains recognised in other comprehensive income	**(28)**	(228)
At 31 March	**—**	—

Movement of present value of the defined benefit obligations is as follows:

	2015 **HK$'000**	2014 HK$'000
At 1 April	**—**	147
Current service cost	**28**	81
Remeasurement gains:		
Actuarial gains recognised in other comprehensive income	**(28)**	(228)
At 31 March	**—**	—

24. LONG SERVICE PAYMENT OBLIGATIONS *(continued)*

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows.

	2015 **HK$'000**	2014 HK$'000
Current service cost	**28**	81
Components of defined benefit costs recognised in profit or loss (included in staff costs)	**28**	81

Remeasurement on the net defined benefit liability

	2015 **HK$'000**	2014 HK$'000
Actuarial gains arising from changes in financial assumptions	**(28)**	(228)
Components of defined benefit costs recognised in other comprehensive income	**(28)**	(228)

The amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2015 **HK$'000**	2014 HK$'000
Cumulative amount of actuarial gains at the beginning of the year	**(228)**	—
Net actuarial gains during the year	**(28)**	(228)
Cumulative amount of actuarial gains at the end of the year	**(256)**	(228)

At 31 March 2015 and 2014, the amount is calculated based on the principal assumptions stated as below:

	2015	2014
Annual salary increment	**7.70%**	10.71%
Annual turnover rate	**21.60% to 52.90%**	19.24% to 41.10%
MPF return rate	**4.3%**	4.4%
Discount rate	**0.1% to 1.6%**	0.2% to 2.6%

The principal assumptions used for the determination of the long service payment obligations are MPF return rate and annual salary increment.

24. LONG SERVICE PAYMENT OBLIGATIONS *(continued)*

In the opinions of the directors of the Company, the expected change in the principal assumptions will not have significant impact on the long service payment obligations for the years ended 31 March 2015 and 2014. Hence, no sensitivity analysis is presented.

25. DEFERRED TAX ASSET

The following are the major deferred tax (liabilities)/assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 April 2013	(434)
Credited to profit or loss *(Note 13)*	434
At 31 March 2014 and 1 April 2014	—
Credited to profit or loss *(Note 13)*	437
At 31 March 2015	437

At 31 March 2015, the Group had unused tax losses of approximately HK$2,470,000 (2014: HK$1,459,000) available for offset against future profits. At 31 March 2015, no deferred tax assets has been recognised in respect of such tax losses of approximately HK$2,470,000 (2014: HK$1,459,000) due to the unpredictability of future profit streams. At 31 March 2015, tax losses of approximately HK$456,000 (2014: HK$456,000), HK$1,223,000 (2014: HK$420,000) and HK$407,000 (2014: HK$199,000), may be carried forward to 2018, 2019 and 2020 respectively. The remaining tax losses of approximately HK$384,000 (2014: HK$384,000) may be carried forward to 2023.

At 31 March 2015, the Group had deductible temporary differences of approximately HK$2,648,000 (2014: HK$787,000). At 31 March 2015, deferred tax asset has been recognised in respect of such temporary differences of approximately HK$2,648,000. As at 31 March 2014, no deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

26. SHARE CAPITAL

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

Notes:

(a) On 3 August 2012, the Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.1 each. At the date of incorporation, 1 fully paid share of HK$0.1 each was issued.

(b) Pursuant to the resolutions in writing of the shareholders of the Company passed on 2 May 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by creation of 996,200,000 new shares of HK$0.1 each.

(c) Pursuant to the written resolutions passed by the shareholders of the Company on 2 May 2013, the directors of the Company were authorised to capitalise a sum of HK$8,940,000 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 89,400,000 shares for allotment and issue to the then shareholders of the Company as at 2 May 2013 in proportion to their then respective shareholdings in the Company.

(d) In connection with the Company's placing and listing, the Company issued 30,000,000 ordinary shares of HK$0.1 each at a price of HK$1.0 each for a total consideration (before expenses) of HK$30,000,000. Dealing of the Company's shares on the GEM of the Stock Exchange commenced on 30 May 2013.

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

27. NON-LISTED WARRANTS

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

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

28. OPERATING LEASES COMMITMENT

The Group as lessee

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

	2015 **HK$'000**	2014 HK$'000
Within one year	**2,994**	6,525
In the second to fifth year inclusive	**1,532**	318
	4,526	6,843

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

29. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

Hong Kong

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees makes monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the employer and employees are subject to a cap of HK$1,250 per month before 1 June 2014 and HK$1,500 per month from 1 June 2014 onwards.

During the year ended 31 March 2015, the total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,904,000 (2014: HK$1,559,000) represents contributions payable to the scheme by the Group in respect of the year.

Taiwan

As stipulated by Labour Pension Act in Taiwan, the subsidiary of the Company is required to contribute to a defined contribution scheme for all its employees at 6% of the basic salaries of its employees. The state-sponsored retirement plan is responsible for the entire pension obligations payable to all retired employees.

During the year ended 31 March 2015, the total cost charged to the consolidated statement of profit or loss and other comprehensive income of nil (2014: HK$104,000) represents contributions payable to the plan by the Group in respect of the year.

PRC

As stipulated by the rules and regulations in the PRC, the Group maintains defined contribution retirement plans for its employees of the subsidiary in the PRC. The Group contributes to a state-managed retirement plan at a range from 14.9% to 22.3% (2014: 20.0% to 27.8%) of the basic salary of its employees, and has no further obligation for actual pension payments or post-retirement benefits beyond the annual contributions. The state-managed retirement plan is responsible for the entire pension obligations payable to retired employees.

During the year ended 31 March 2015 , the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was approximately HK$115,000 for the year ended 31 March 2015 (for the period from date of commencement to 31 March 2014: HK$19,000).

Macau

Employees employed by the Group's operations in Macau Special Administration Region ("MSAR") are members of government-managed retirement benefits schemes operated by the MSAR government. The MSAR operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the MSAR government is to make the required contributions under the schemes.

During the year ended 31 March 2015, the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was nil (2014: nil) for the year ended 31 March 2015.

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option schemes of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution of the Company passed on 2 May 2013 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. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, consultants, business partners or other eligible person as stated in the Scheme, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue during any 12-month period, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up within twenty-eight days from the date of the offer, upon payment of HK$1 per option. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options are granted since the adoption of the Scheme and during the years ended 31 March 2015 and 2014.

31. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transactions	*Notes*	**2015 HK$'000**	2014 HK$'000
Recurring in nature:				
Telecom Service Network Limited	Logistic fee paid thereto	*(i) & (iii)*	**834**	725
Oceanic Rich Limited	Rental expenses paid thereto	*(ii) & (iii)*	**2,849**	2,369
Glossy Enterprises Limited	Rental expenses paid thereto	*(ii) & (iii)*	**166**	492
Glossy Investment Limited	Rental expenses paid thereto	*(ii) & (iii)*	**1,227**	923
H.K. Magnetronic Company Limited	Rental expenses paid thereto	*(ii) & (iii)*	**102**	—
Telecom Digital Services Limited	Licensing fee paid thereto	*(i) & (iii)*	**6**	26
	Consignment fee paid thereto	*(i) & (iii)*	**2,278**	720
Radiotex International Limited	Purchases of goods thereto	*(i) & (iii)*	**341**	1,343
Telecom Digital Data Limited	Received repairing service income therefrom	*(i) & (iii)*	**5,322**	9,944
	Telecommunication service fee paid thereto	*(i) & (iii)*	**—**	33
Telecom Digital Mobile Limited	Purchases of goods thereto	*(i) & (iii)*	**—**	1
	Consignment fee paid thereto	*(i) & (iii)*	**—**	823
Sun Mobile Limited (formerly known as "New World Mobility Limited")	Sales of goods therefrom	*(i) & (iii)*	**2,918**	1,058
Telecom (Macau) Limited	Received repairing service income therefrom	*(i) & (iv)*	**28**	36

31. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(a) *(continued)*

Details of amounts due from related companies are as follows:

				Maximum amount outstanding during the year ended 31 March	
		2015	2014	**2015**	2014
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Related companies					
Telecom Digital Mobile Limited	*(iii), (v) & (vi)*	**—**	—	**—**	719
Telecom Digital Data Limited	*(iii) & (v)*	**254**	411	**1,107**	4,124
Telecom Digital Services Limited	*(iii) & (v)*	**362**	509	**978**	635
Telecom (Macau) Limited	*(iv) & (v)*	**2**	2	**5**	19
Sun Mobile Limited	*(iii) & (v)*	**536**	5	**615**	945
TSN (Macau) Limited	*(iii) & (vi)*	**—**	—	**—**	13
		1,154	927		

Notes:

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) The rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the relevant parties.

(iii) The directors of the Company have beneficial interests in the company.

(iv) Mr. Cheung King Shek, Mr. Cheung King Fung, Mr. Cheung King Chuen, Bobby, the directors of the Company, have beneficial interests in the company.

(v) 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.

(vi) The amounts due from related parties were fully settled in May 2013.

31. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) The amount due to immediate holding company as at 31 March 2013 was arisen from (to) temporary fund transfer of non-trade nature. The amounts are unsecured, interest-free and repayable on demand. The amount has been fully settled during the year ended 31 March 2014.

(c) The amounts due to related companies are unsecured, interest-free and repayable on demand.

(d) Banking facilities

During the year ended 31 March 2015, the Group's banking facilities of HK$35,740,000 (2014: HK$5,000,000) were guaranteed by the Company.

As at 31 March 2015, the unutilised banking facilities guaranteed by the Company were HK$30,000,000 (2014: HK$5,000,000).

(e) Operating leases commitment

At the end of the reporting period, the Group had commitment for future minimum lease payments to certain related companies of approximately HK$858,000 (2014: HK$3,512,000) and approximately HK$51,000 (2014: HK$138,000) under non-cancellable operating leases which fall due within one year and in the second to fifth year inclusive respectively.

(f) Compensation of key management personnel

The remuneration of key management during the year was as follow:

	2015 HK$'000	2014 HK$'000
Short-term benefits	5,665	1,737
Post-employment benefits	40	30
	5,705	1,767

The remuneration of the key management personnel is determined by the board of directors of the Company having regards to the performance of individuals and market trends.

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated statement of financial position.

As at 31 March 2015 and 2014, the Group currently has a legally enforceable right to set off the trade receivables from its customers and the trade payables to the same counterparties that are due to be settled on the same date and the Group intended to settle these balances on a net basis.

				Related amounts not set off in the consolidated statement of financial position	
	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Financial instruments HK$'000	Net amount HK$'000
As at 31 March 2015					
Trade and other receivables	**32,288**	**(4,109)**	**28,179**	**(22,472)**	**5,707**
As at 31 March 2014					
Trade and other receivables	34,014	(5,149)	28,865	(24,125)	4,740

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING *(continued)*

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position — Financial instruments HK$'000	Net amount HK$'000
As at 31 March 2015					
Trade and other payables	**(14,076)**	**4,109**	**(9,967)**	**9,967**	**—**
As at 31 March 2014					
Trade and other payables	(12,413)	5,149	(7,264)	5,396	(1,868)

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2015** **HK$'000**	2014 HK$'000
Non-current asset			
Investment in a subsidiary		**21,563**	21,563
Current assets			
Other receivables and prepayments		**176**	129
Amount due from a subsidiary		**42,000**	23,785
Pledged bank deposits		**18,961**	—
Bank balances and cash		**127**	118
		61,264	24,032
Current liabilities			
Other payables		**100**	—
Amount due to a subsidiary		**28,344**	—
Secured bank borrowing		**10,000**	—
		38,444	—
Net current assets		**22,820**	24,032
Net assets		**44,383**	45,595
Capital and reserves			
Share capital		**12,000**	12,000
Reserves	*(a)*	**32,383**	33,595
Total equity		**44,383**	45,595

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

(a) Reserves

	Share premium HK$'000	Other reserve HK$'000 *(Note)*	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	10,970	21,533	—	(8,440)	24,063
Loss for the year and total comprehensive expense for the year	—	—	—	(3,505)	(3,505)
Capitalisation issue *(Note 26(c))*	(8,940)	—	—	—	(8,940)
Issue of ordinary shares in connection with the listing *(Note 26(d))*	27,000	—	—	—	27,000
Share issue expenses	(5,123)	—	—	—	(5,123)
Issue of non-listed warrants	—	—	120	—	120
Transaction costs attributable to issue of non-listed warrants	—	—	(20)	—	(20)
At 31 March 2014 and 1 April 2014	23,907	21,533	100	(11,945)	33,595
Profit for the year and total comprehensive income for the year	—	—	—	40,788	40,788
Payment of dividends *(Note 16)*	—	—	—	(42,000)	(42,000)
At 31 March 2015	23,907	21,533	100	(13,157)	32,383

Note: Other reserve represents the difference between the nominal value of the shares issued for the acquisition of TSO BVI and the consolidated net asset values of TSO BVI and its subsidiaries at the date of acquisition.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 March 2015 and 2014, particulars of the Company's subsidiaries are as follows:

Name of subsidiaries	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company				Principal activities
			2015		2014		
			Direct	Indirect	Direct	Indirect	
TSO BVI	BVI	US$1,000	**100%**	**—**	100%	—	Investment holding
Telecom Service One Limited	Hong Kong	HK$1,000	**—**	**100%**	—	100%	Provision of mobile phones and consumer electronic devices repair service and sale of mobile phone accessories
TSO TW	Taiwan	NT$500,000	**—**	**100%**	—	100%	Provision of mobile phone repair services
深圳市電訊首科電子維修有限公司 *(Note)*	PRC	HK$2,000,000	**—**	**100%**	—	100%	Provision of mobile phones and consumer electronic devices repair service and sale of mobile phone accessories
TSO Macau	Macau	MOP100,000	**—**	**100%**	—	100%	Provision of mobile phone repair services

Note: The company established in the PRC is a wholly foreign-owned enterprise.

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)	(Restated)	
Revenue	**126,415**	94,292	78,513	69,597	37,905
Cost of sales	**(67,265)**	(52,180)	(46,158)	(38,942)	(24,390)
Gross profit	**59,150**	42,112	32,355	30,655	13,515
Other income	**2,308**	3,580	2,467	936	679
Other operating expenses, net	**(15,250)**	(14,257)	(11,894)	(7,627)	(3,402)
Administrative expenses	**(16,315)**	(13,214)	(19,203)	(7,172)	(6,610)
Finance costs	**(170)**	(84)	(373)	(106)	—
Profit before tax	**29,723**	18,137	3,352	16,686	4,182
Income tax expense	**(5,243)**	(3,791)	(1,940)	(2,645)	—
Profit for the year	**24,480**	14,346	1,412	14,041	4,182
Other comprehensive income (expense)					
Items that will not be reclassified to profit or loss:					
Remeasurement of long service payment obligations	**28**	228	—	—	—
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	**—**	(163)	(52)	(65)	394
Other comprehensive income (expense) for the year	**28**	65	(52)	(65)	394
Total comprehensive income for the year	**24,508**	14,411	1,360	13,976	4,576
Earnings per share (HK$)					
Basic	**0.204**	0.133	0.024	0.31	0.09
Diluted	**0.203**	0.133	0.024	0.31	0.09
ASSETS AND LIABILITIES					
Total assets	**82,974**	81,858	52,485	40,915	24,301
Total liabilities	**(27,834)**	(9,226)	(19,241)	(20,031)	(16,387)
	55,140	72,632	33,244	20,884	7,914
Equity attributable to owners of the Company	**55,140**	72,632	33,244	20,884	7,914