



Telecom Service One

Telecom Service One Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8145

Interim Report

2015/16

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors of Telecom Service One Holdings Limited (the “Company”) collectively and individually accept full responsibility includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Directors”), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 report misleading.

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

THE FINANCIAL STATEMENTS

INTERIM RESULTS

The board of Directors (the “Board”) of the Company announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015 (the “Period”), together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	29,537	30,937	62,313	58,944
Cost of sales		(17,269)	(16,190)	(35,696)	(30,089)
Gross profit		12,268	14,747	26,617	28,855
Other income	5	882	668	1,335	1,251
Other operating expenses, net	6	(3,892)	(3,498)	(8,322)	(6,917)
Administrative expenses		(4,277)	(3,444)	(7,477)	(6,240)
Finance costs	7	(51)	(40)	(118)	(40)
Profit before tax		4,930	8,433	12,035	16,909
Income tax expense	8	(177)	(1,463)	(1,734)	(2,944)
Profit for the period	9	4,753	6,970	10,301	13,965
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(10)	19	(18)	5
Other comprehensive (expense)/income for the period		(10)	19	(18)	5
Total comprehensive income for the period		4,743	6,989	10,283	13,970
Earnings per share (HK\$)	11				
Basic		0.04	0.06	0.09	0.12
Diluted		0.04	0.06	0.08	0.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-current assets			
Plant and equipment	12	4,980	4,424
Deferred tax assets		504	437
		5,484	4,861
Current assets			
Inventories		8,154	4,295
Trade and other receivables	13	28,347	28,179
Amounts due from related companies	18	4,122	1,154
Pledged bank deposits		30,340	30,220
Bank balances and cash		2,002	14,265
		72,965	78,113
Current liabilities			
Trade and other payables	14	7,113	9,967
Amounts due to related companies	18	307	79
Tax payable		3,504	1,703
Bank overdrafts		10,357	349
Bank borrowings	15	9,133	15,736
		30,414	27,834
Net current assets		42,551	50,279
Net assets		48,035	55,140
Capital and reserves			
Share capital	16	12,001	12,000
Reserves		36,034	43,140
Total equity		48,035	55,140

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <i>Note (i)</i>	Translation reserve HK\$'000	Statutory reserve HK\$'000 <i>Note (i)</i>	Warrant reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	12,000	23,907	70	(60)	133	100	—	36,482	72,632
Profit for the period	—	—	—	—	—	—	—	13,965	13,965
Exchange differences arising on translation of foreign operations	—	—	—	5	—	—	—	—	5
Total comprehensive income for the period	—	—	—	5	—	—	—	13,965	13,970
Payment of dividend ^(Note 10)	—	—	—	—	—	—	—	(30,000)	(30,000)
At 30 September 2014 (unaudited)	12,000	23,907	70	(55)	133	100	—	20,447	56,602
At 1 April 2015 (audited)	12,000	23,907	70	(60)	137	100	—	18,986	55,140
Profit for the period	—	—	—	—	—	—	—	10,301	10,301
Exchange differences arising on translation of a foreign operation	—	—	—	(18)	—	—	—	—	(18)
Total comprehensive income for the period	—	—	—	(18)	—	—	—	10,301	10,283
Recognition of equity-settled share-based payments expenses ^(Note 19)	—	—	—	—	—	—	583	—	583
Issue of shares upon exercise of share options	1	37	—	—	—	—	(7)	—	31
Cancellation of share options	—	—	—	—	—	—	(6)	6	—
Payment of dividend ^(Note 10)	—	—	—	—	—	—	—	(18,002)	(18,002)
At 30 September 2015 (unaudited)	12,001	23,944	70	(78)	137	100	570	11,291	48,035

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2015

Notes:

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

In addition, other reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries during the year ended 31 March 2013.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	4,087	15,118
INVESTING ACTIVITIES		
Placement of pledged bank deposits	(120)	(18,795)
Purchase of plant and equipment	(2,055)	(876)
Interest received	514	470
NET CASH USED IN INVESTING ACTIVITIES	(1,661)	(19,201)
FINANCING ACTIVITIES		
Dividends paid	(18,002)	(30,000)
Repayments of bank borrowings	(6,603)	(1,250)
Interest paid	(118)	(40)
New bank borrowings raised	—	15,000
Proceeds from the exercise of share options	31	—
NET CASH USED IN FINANCING ACTIVITIES	(24,692)	(16,290)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,266)	(20,373)
CASH AND CASH EQUIVALENTS AT 1 APRIL	13,916	33,882
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(5)	(1)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(8,355)	13,508
ANALYSIS OF COMPONENTS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	2,002	13,508
Bank overdrafts	(10,357)	—
	(8,355)	13,508

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business is Units 1805–1807, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Directors consider the immediate holding company is East-Asia and the ultimate parent is the Cheung Family Trust, as defined in the section headed “Definition” to the prospectus of the Company dated 23 May 2013 (the “Prospectus”).

The Company is principally engaged in investment holding.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values, as appropriate.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the consolidated financial statements for the year ended 31 March 2015. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 April 2015. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

3. REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Repairing service income	27,806	27,117	58,103	53,242
Sales of accessories	1,731	3,820	4,210	5,702
	29,537	30,937	62,313	58,944

4. SEGMENT INFORMATION

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

Geographical information

During the six months ended 30 September 2015, the Group's operations were located in Hong Kong, PRC and Macau (six months ended 30 September 2014: Hong Kong and PRC). During the six months ended 30 September 2015, more than 97% (six months ended 30 September 2014: 98%) of the Group's revenue was generated in Hong Kong while as at 30 September 2015, 94% (31 March 2015: 94%) of the non-current assets were located in Hong Kong .

Information about major customers

Details of the customers attributed over 10% of total revenue of the Group during the periods are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Customer I	N/A*	5,755	N/A*	13,996
Customer II	4,703	N/A*	N/A*	N/A*
Customer III	2,814	N/A*	11,782	N/A*

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

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Management fee income <i>Note (i)</i>	140	82	271	203
Consignment goods handling income <i>Note (ii)</i>	156	165	306	322
Bank interest income	465	281	514	470
Others	121	140	244	256
	882	668	1,335	1,251

Notes:

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

6. OTHER OPERATING EXPENSES, NET

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Reimbursement of expenses for service centres	218	133	428	300
Service centres management income	—	—	—	218
Logistic service income	3	90	5	199
Miscellaneous income	23	603	49	721
	244	826	482	1,438
Other operating expenses of service centres	(4,136)	(4,324)	(8,804)	(8,355)
Other operating expenses, net	(3,892)	(3,498)	(8,322)	(6,917)

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest on bank borrowings	51	40	118	40

8. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Hong Kong Profits Tax — current period	244	1,463	1,801	2,944
Deferred tax — current period	(67)	—	(67)	—
Total income tax expense for the period	177	1,463	1,734	2,944

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

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

The applicable income tax rate in Taiwan is 17% of the estimated taxable profits for the six months ended 30 September 2015 (2014: 17%). No provision for Taiwan profits tax has been made as there were no taxable profits for each period.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for EIT has been made as there were no taxable profits for each period.

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

9. PROFIT FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit for the period is arrived at after charging (crediting):				
Depreciation of plant and equipment	719	964	1,501	1,901
Allowance for inventories (included in cost of sales)	1	—	31	—
Reversal of allowance for inventories (included in cost of sales)	(1)	—	(1)	—
Cost of inventories recognised as an expense	6,753	5,710	14,517	9,994
Exchange loss, net	10	114	4	106
Operating lease rentals in respect of rented premises	2,688	2,251	5,604	4,314

10. DIVIDEND

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:				
2013/14 interim (HK\$0.25 per share)	—	30,000	—	30,000
2014/15 final (HK\$0.15 per share)	18,002	—	18,002	—
	18,002	30,000	18,002	30,000

At a meeting held on 9 November 2015, the Board declared an interim dividend of HK\$0.05 per share for the six months ended 30 September 2015 (2014: HK\$0.10).

11. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company	4,753	6,970	10,301	13,965

11. EARNINGS PER SHARE (Continued)

	Three months ended 30 September		Six months ended 30 September	
	2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	120,009,913	120,000,000	120,004,984	120,000,000
Effect of dilutive potential ordinary shares:				
— Warrants	2,779,116	—	3,762,327	818,182
— Share options	—	—	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	122,789,029	120,000,000	123,767,311	120,818,182

The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the share for the three months ended 30 September 2014.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the shares for the three months and six months ended 30 September 2015.

12. PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group paid approximately HK\$2,055,000 (2014: HK\$876,000) for the acquisition of plant and equipment.

In addition, the Group did not dispose of any plant and equipment during the six months ended 30 September 2015 and 2014.

13. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade receivables	18,851	20,519
Other receivables	8,760	7,201
Prepayments	736	459
	28,347	28,179

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 is an ageing analysis of trade receivables presented based on invoice dates at the end of the reporting period/year, which approximated the respective revenue recognition dates:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 30 days	6,117	5,962
31 to 60 days	7,394	12,441
61 to 90 days	3,465	9
91 to 120 days	896	1,063
Over 120 days	979	1,044
	18,851	20,519

14. TRADE AND OTHER PAYABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade payables	3,859	3,565
Accrued expenses and other payables	3,254	6,402
	7,113	9,967

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 time-frame.

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period/year:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 30 days	2,231	1,852
31 to 60 days	101	226
61 to 90 days	12	—
Over 90 days	1,515	1,487
	3,859	3,565

15. BANK BORROWINGS

During the six months ended 30 September 2015, the Group did not obtain any new bank borrowing (2014: HK\$15,000,000). As at 30 September 2015, the bank borrowings carried interest ranged from one-month Hong Kong Interbank Offered Rates plus 1.4% to 3.8% per annum. The proceeds were used for general working capital.

16. SHARE CAPITAL

	30 September 2015 (unaudited)		31 March 2015 (audited)	
	Number of shares	Share capital HK\$	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.1 each				
<u>Authorised</u>				
At the beginning and end of the period/year	1,000,000,000	100,000,000	1,000,000,000	100,000,000
<u>Issued and fully paid</u>				
At the beginning of period/year	120,000,000	12,000,000	120,000,000	12,000,000
Issue of shares under the share option scheme ^(Note)	12,000	1,200	—	—
At the end of the period/year	120,012,000	12,001,200	120,000,000	12,000,000

Note: During the six months ended 30 September 2015, 12,000 ordinary shares of HK\$0.1 each were issued at a price of HK\$2.59 per share upon exercise of share options granted on 7 July 2015.

All shares issued during the Period rank *pari passu* with existing shares in all respects.

17. OPERATING LEASE COMMITMENT

The Group as lessee

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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within one year	2,481	2,994
In the second to fifth year inclusive	592	1,532
	3,073	4,526

The Group leases its certain office premises and service outlets under operating lease arrangements. Leases are negotiated for a term ranging from one to three years with fixed rentals as at 30 September 2015 (31 March 2015: one to three years).

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of related parties	Nature of transactions	Notes	Three months ended		Six months ended	
			30 September		30 September	
			2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Recurring in nature:						
<u>Companies</u>						
Telecom Service Network Limited	Logistic fee paid thereto	(i) & (iii)	384	318	822	547
Oceanic Rich Limited	Rental expenses paid thereto	(ii) & (iii)	942	741	1,879	1,366
Glossy Enterprises Limited	Rental expenses paid thereto	(ii) & (iii)	144	55	287	55
Glossy Investment Limited	Rental expenses paid thereto	(ii) & (iii)	598	231	1,196	461
H.K. Magnetric Company Limited	Rental expenses paid thereto	(ii) & (iii)	38	26	77	26
Marina Trading Inc.	Rental expenses paid thereto	(ii) & (iii)	36	—	36	—
Telecom Digital Services Limited	Licensing fee paid thereto	(i) & (iii)	—	—	—	6
	Consignment fee paid thereto	(i) & (iii)	329	666	859	1,218
Radiotex International Limited	Purchases of goods therefrom	(iii) & (v)	—	66	22	226
Telecom Digital Data Limited	Received repairing service income therefrom	(i) & (iii)	4,703	1,794	5,515	3,115
Sun Mobile Limited	Sales of goods thereto	(iii) & (v)	653	1,043	1,365	1,055
Telecom (Macau) Limited	Received repairing service income therefrom	(i), (iii) & (iv)	4	6	13	15
<u>Director</u>						
Cheung King Shek	Rental expenses paid thereto	(ii)	33	—	44	—

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Details of amounts due from related companies are as follows:

	<i>Notes</i>	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Telecom Digital Data Limited	(iii) & (v)	3,527	254
Telecom Digital Services Limited	(iii) & (v)	64	362
Telecom (Macau) Limited	(iii), (iv) & (v)	—	2
Sun Mobile Limited	(iii) & (v)	531	536
		4,122	1,154

Details of amounts due to related companies are as follows:

	<i>Notes</i>	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Telecom Service Network Limited	(iii) & (v)	227	—
Sun Asia Pacific Limited	(iii) & (vi)	80	79
		307	79

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Notes:

- (i) These transactions were carried out at terms determined and agreed by the Group and the related parties.
- (ii) The rental expenses were charged on a monthly fixed amount mutually agreed by the Group and the related parties.
- (iii) The directors of the Company have beneficial interests in the related parties.
- (iv) Prior to 12 May 2014, Mr. Cheung King Shek, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny, directors of the Company, have beneficial interests in the related parties.
- (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 are unsecured, interest-free and repayable on demand.

(b) Banking facilities

During the Period, the Group's banking facilities of approximately HK\$12,883,000 (31 March 2015: HK\$35,740,000) were guaranteed by the Company.

As at 30 September 2015, the unutilised banking facilities guaranteed by the Company were HK\$10,000,000 (31 March 2015: HK\$30,000,000).

(c) Operating lease commitment

As at 30 September 2015, the Group had commitments for future minimum lease payments to certain related companies of approximately HK\$703,000 (31 March 2015: HK\$858,000) and nil (31 March 2015: HK\$51,000) under non-cancellable operating leases which fall due within one year and in the second to fifth year inclusive respectively.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Compensation of key management personnel

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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term benefits	405	451	809	828
Post-employment benefits	9	9	22	16
	414	460	831	844

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

19. SHARE-BASED PAYMENT

In July 2015, 1,426,000 share options were granted to employees under the Company's share option scheme. The exercise price of the share options of HK\$2.59 was being not less than the highest of (i) the closing price of HK\$2.18 per share on 7 July 2015 ("Date of Grant"); (ii) the average closing price of HK\$2.588 per share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of HK\$0.1 per share. The fair value at the Date of Grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual life of each share option granted is 3 years. There is no cash settlement of the share options. The fair value of share options granted during the six month ended 30 September 2015 was estimated on the Date of Grant using the following assumptions:

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

19. SHARE-BASED PAYMENT (Continued)

Expected volatility was determined by using the historical volatility of the comparable companies' share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of approximately HK\$583,000 for the six months ended 30 September 2015 (2014: nil) in the condensed consolidated statement of profit or loss and other comprehensive income in relation to share options granted by the Company.

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

	Expiry date	2015		2014	
		Exercise price in HK\$ per share	Number of share options	Exercise price in HK\$ per share	Number of share options
As at 1 April		—	—	—	—
Granted		2.59	1,426,000	—	—
Exercised		2.59	(12,000)	—	—
Lapsed		2.59	(410,000)	—	—
As at 30 September	6 July 2018	2.59	1,004,000	—	—

In respect of the share options exercised during the Period, the weighted average share price at the date of exercise is HK\$2.45 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a well-established repair service provider in Hong Kong, with an operating history since 1999. The Group is principally engaged in providing repair and refurbishment services for mobile phones and other personal electronic products as well as sale of related accessories therefor. 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.

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

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2015 was approximately HK\$62,313,000 (2014: HK\$58,944,000), representing an increase of 5.7% over the corresponding period of the previous year. The increase in the Group's revenue was mainly due to higher revenue generated from the repair and refurbishment business.

Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. During the six months ended 30 September 2015, cost of sales was approximately HK\$35,696,000 (2014: HK\$30,089,000), representing an increase of 18.6%. The increase in cost of sales was attributable to the increase in both parts cost and labour cost. The Group's parts cost for the six months ended 30 September 2015 was approximately HK\$14,517,000 (2014: HK\$9,994,000), representing an increase of 45.3%. The increase was because the Group received more work orders which required the Group to purchase spare parts and components and such costs were not reimbursed. The Group's direct labour cost for the six months ended 30 September 2015 was approximately HK\$21,175,000 (2014: HK\$20,088,000), representing an increase of 5.4%. The increase was mainly due to the pay raise.

Gross Profit and Gross Profit Margin

The gross profit for the six months ended 30 September 2015 was approximately HK\$26,617,000 (2014: HK\$28,855,000), representing a decrease of 7.8% over the corresponding period of previous year. Gross profit margin decreased by 6.3% to 42.7% from 49.0%.

Other Income

Other income for the six months ended 30 September 2015 was approximately HK\$1,335,000 (2014: HK\$1,251,000), representing an increase of 6.7%. Other income is mainly contributed by management fee and consignment goods handling income and bank interest. The increase was mainly attributable to the increase in management fee and bank interest income.

Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the six months ended 30 September 2015 were approximately HK\$8,322,000 (2014: HK\$6,917,000), representing an increase of 20.3% over the corresponding period of the previous year. The increase was mainly due to the increase in rental for the expansion of the Group's repair centres and increase in market rental.

Administrative expenses for the six months ended 30 September 2015 were approximately HK\$7,477,000 (2014: HK\$6,240,000), representing an increase of 19.8% over the corresponding period of previous year. The increase was mainly due to increase in office rental and transportation expenses.

Profit before Tax

The Group had recorded a profit before tax of approximately HK\$12,035,000 for the six months ended 30 September 2015 (2014: HK\$16,909,000), representing a decrease of 28.8% from the corresponding period of the previous year. The decrease was mainly due to increase in cost of sales.

Material Acquisitions or Disposals and Significant Investments

The Group did not make any material acquisition or disposal of subsidiaries or significant investments during the six months ended 30 September 2015 (2014: nil).

Liquidity and Financial Resources

As at 30 September 2015, the Group had current assets of approximately HK\$72,965,000 (31 March 2015: HK\$78,113,000) and current liabilities of approximately HK\$30,414,000 (31 March 2015: HK\$27,834,000).

As at 30 September 2015, the Group's gearing ratio was 41.2% as compared to 29.3% as at 31 March 2015, which is calculated based on the Group's total borrowings of approximately HK\$19,797,000 (31 March 2015: HK\$16,164,000) and the Group's total equity of approximately HK\$48,035,000 (31 March 2015: HK\$55,140,000).

At present, the Group generally finances its operations with internally generated cash flows and banking facilities. Net cash generated from operating activities for the Period was approximately HK\$4,087,000. Net cash used in investing activities was approximately HK\$1,661,000.

The Group maintained a healthy liquidity position as at 30 September 2015. The Group had bank balances and cash of HK\$2,002,000 and bank overdrafts of HK\$10,357,000 as at 30 September 2015 (31 March 2015: bank balances and cash of HK\$14,265,000 and bank overdrafts of HK\$349,000). Apart from providing working capital to support its business development, the Group also has available banking facilities and the net proceeds from the placing and listing of the issued ordinary shares of the Company on the GEM on 30 May 2013 to meet potential needs for business expansion and development. As at 30 September 2015, the Group has bank borrowings of approximately HK\$19,490,000 and the unutilised banking facilities of approximately HK\$8,743,000 available for further drawdown should it have any further capital needs.

Contingent Liabilities

As at 30 September 2015, the Group did not have any material contingent liabilities (31 March 2015: nil).

Foreign Currency Risk

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

Capital Commitment

As at 30 September 2015, the Group did not have any significant capital commitment (31 March 2015: nil).

Interim Dividend

An interim dividend of HK\$0.05 per share (2014: HK\$0.1) will be paid on or about 30 November 2015 to shareholders on record as at 25 November 2015.

Capital Structure

Except for the issue of new shares upon the exercise of certain share options as disclosed in note 16 to the condensed consolidated financial statements, there was no change in the capital structure during the Period. The capital structure of the Group consists of bank overdrafts, bank borrowings net of bank balances and cash and equity attributable to owners of the Group, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, 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, the Group did not hold any significant investment in equity interest in any other company and did not own any properties during the six months ended 30 September 2015 (2014: nil).

Employees and Remuneration Policies

As at 30 September 2015, the Group employed 235 (31 March 2015: 245) 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

After an exceptionally strong 2014/15, we see several challenges in 2015/16. Given the uncertainties and challenges faced by the global economies, coupled with the foreseeable credit crunch and inflationary pressures, the Group shall continue on streamlining management process, integrating external and internal resources, enhancing business process and management models. Looking forward, 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.

USE OF PROCEEDS

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

Up to the date of this 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. The Directors will also constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

OTHER INFORMATION

Interim Dividend and Closure of Register of Members

The Board declares the payment of an interim dividend of HK\$0.05 per share for the Period. The interim dividend will be payable in cash to shareholders on the register of members as at 25 November 2015.

The register of members of the Company will be closed from 24 to 25 November 2015 (both dates inclusive), for the purpose of determining shareholders' entitlement to the interim dividend, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares of the Company 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 23 November 2015.

The payment date of the interim dividend is expected to be on or about 30 November 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

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

As at 30 September 2015, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *The Company*
Long Position

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue
Mr. Cheung King Shek	Beneficial owner	6,000,000	5%
	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%

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

(ii) Associated corporations

Amazing Gain Limited ("Amazing Gain") is one of the controlling shareholders of the Company and the holding company of the Company. The companies listed in the table below (apart from Amazing Gain) are wholly-owned subsidiaries of Amazing Gain. Hence, Amazing Gain and the rest of the companies listed in the table below are associated corporations of the Company under the SFO. Each of Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, 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 Co. 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	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%

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

(ii) *Associated corporations (Continued)*

Note A:

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

Save as disclosed above, as at 30 September 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.

Share Option Scheme

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

During the Period, share options to subscribe for a total of 1,426,000 ordinary shares of HK\$0.1 each of the Company were granted under the Scheme.

As at 30 September 2015, an aggregate of 1,004,000 shares are issuable for the outstanding share options granted under the Scheme, representing approximately 0.84% of the Company's shares in issue.

Share Option Scheme (Continued)

Details of the movement of the share options under the Scheme during the Period are as follows:

Grantees	Date of grant	Exercise price	Exercise period	Changes during the Period			Balance as at 30 September 2015	
				Balance as at 1 April 2015	Granted	Exercised		Lapsed
Eligible employees ^{Note (i)}	7 July 2015	HK\$2.59 ^{Note (ii)}	7 July 2015– 6 July 2018 ^{Note (iii)}	—	1,426,000	(12,000) ^{Note (iv)}	(410,000)	1,004,000

Notes:

- (i) Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance.
- (ii) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 6 July 2015) was HK\$2.22.
- (iii) All share options granted do not have any vesting period.
- (iv) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$2.45.

Except as disclosed above, no share option lapsed or was granted, exercised or cancelled by the Company under the Scheme during the Period and there were no outstanding share options under the Scheme as at 30 September 2015.

Non-listed Warrants

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

As at 30 September 2015 and the date of this report, no warrants have been exercised by any registered warrant holders of the Company.

Directors' Rights to Acquire Shares

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

Directors' Securities Transactions

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

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

As at 30 September 2015, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue
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 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 30 September 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.

Directors' Interests in Competing Business

As at 30 September 2015, none of the Directors nor their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Interests of Compliance Adviser

As notified by the Company's compliance adviser, China Everbright Capital Limited ("China Everbright"), other than disclosed below, as at 30 September 2015, 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 Practices

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the Period except the deviation mentioned in the following paragraph.

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

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

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

- On 25 June 2015, Mr. Chu Kin Wang Peleus was appointed as the independent non-executive director of National Agricultural Holdings Limited (stock code: 1236, a company listed on the Main Board of the Stock Exchange) and he subsequently resigned on 11 September 2015.
- On 8 September 2015, Mr. Cheung King Shan and Mr. Cheung King Chuen Bobby were re-designated as the executive directors of Telecom Digital Holdings Limited ("TDHL", stock code: 8336, a company listed on GEM of the Stock Exchange) and Mr. Cheung King Fung Sunny was appointed as the chief executive officer of TDHL.
- On 21 September 2015, Mr. Chu Kin Wang Peleus was appointed as the independent non-executive director of Madison Wine Holdings Limited (stock code: 8057, a company listed on GEM of the Stock Exchange on 8 October 2015).

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

Review of Results

The audit committee of the Company (the “Audit Committee”) was established on 2 May 2013 with written terms of reference in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee, among other things, are to make recommendations to the Board on the appointment, reappointment and removal of external auditor; to monitor integrity of the Company’s financial statements and reports and accounts, and review significant financial reporting judgments contained in them; to oversee the financial reporting system and internal control procedures of the Company; and to review arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Fong Ping, Ms. Kwok Yuen Man Marisa and Mr. Chu Kin Wang Peleus. Mr. Chu Kin Wang Peleus is the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited interim results for the Period.

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

Hong Kong, 9 November 2015

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