



大誠電訊科技有限公司

T S Telecom Technologies Limited

Stock Code: 8003



First Quarterly Report 2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of T S Telecom Technologies Limited 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 for the purpose of giving information with regard to T S Telecom Technologies Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS HIGHLIGHTS

- Turnover was approximately HK\$3,849,000 for the first quarter ended 30th June 2008 compared with a turnover of approximately HK\$4,060,000 for the same period of last year.
- The Group posted a loss attributable to equity holders of the Company of approximately HK\$1,186,000 for the first quarter ended 30th June 2008, which was 85% lower than the loss attributable to equity holders of the Company incurred for the first quarter of last year.
- As at 30th June 2008, the Group has approximately HK\$2,821,000 or HK\$0.008 per share of cash on hand.

RESULTS

The Board of Directors (the "Board") of T S Telecom Technologies Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30th June 2008, together with the comparative unaudited figures for the corresponding period in 2007 as follows:

		Three months ended 30th June	
	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	2	3,849	4,060
Cost of sales		(1,641)	(1,943)
Gross profit		2,208	2,117
Other revenue and net income	2	882	3
Selling and distribution costs		(380)	(101)
Administrative and other operating expenses		(2,757)	(9,874)
Operating loss		(47)	(7,855)
Finance costs		(2)	(231)
Share of results of associate		193	173
Profit/(loss) before tax	3	144	(7,913)
Income tax	4	(22)	-
Profit/(loss) for the period		122	(7,913)
Profit/(loss) attributable to:			
Equity holders of the Company		(1,186)	(7,913)
Minority interests		1,308	-
		122	(7,913)
Loss per share – Basic	5	(0.4) cents	(2.3) cents
Loss per share – Diluted	5	N/A	N/A

NOTES:

(1) Basis of preparation

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2008. The accounts are unaudited but have been reviewed by the Company's audit committee.

(2) Turnover, revenue and segment information

The Group is principally engaged in the assembly, distribution and integration of telecommunications products. Revenues recognized during the three months are as follows:

	Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Turnover		
Sale of goods, net of discounts and value-added tax	3,849	4,060
Other income		
Interest income	2	3
Sundry income	178	-
Other service income	702	-
	882	3
Total revenue	4,731	4,063

(3) Profit/(loss) before tax

Profit/(loss) before tax is stated after charging the followings:-

	Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Provision for impairment loss of inventories	238	1,815
Provision for impairment loss of trade receivables	-	882
Provision for impairment loss of other receivables	-	136
Merger difference written off	250	-

(4) **Income tax**

	Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax	-	-
Income tax for other jurisdictions	22	-
	<u>22</u>	<u>-</u>

- (i) No Hong Kong profits tax has been provided as the companies operating in Hong Kong did not have any assessable profits arising in Hong Kong for the three months ended 30th June 2008 (three months ended 30th June 2007: nil).
- (ii) Income tax for other jurisdictions has been calculated on the estimated assessable profit for the period at the rate(s) of taxation prevailing in the relevant jurisdictions in which the Group operates.

(5) **Loss per share**

The calculation of the Group's basic loss per share for the three months ended 30th June 2008 are based on the Group's loss attributable to equity holders of the Company of approximately HK\$1,186,000 (three months ended 30th June 2007: approximately HK\$7,913,000) and the number of 338,596,000 ordinary shares in issue during the period (three months ended 30th June 2007: 338,596,000 ordinary shares).

Diluted loss per share is not disclosed because the effect of the Company's share options outstanding during the period is considered anti-dilutive.

(6) **Reserves**

	Attributable to equity holders of the Company								
	Share premium HK\$'000	Share option reserve HK\$'000	PRC statutory reserves HK\$'000	Merger difference HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1st April 2008	96,898	706	3,808	(250)	3,112	(129,999)	(25,725)	-	(25,725)
Exchange differences arising on translation of foreign operations	-	-	-	-	409	-	409	135	544
Merger difference written off	-	-	-	250	-	-	250	-	250
Profit/(loss) for the period	-	-	-	-	-	(1,186)	(1,186)	1,308	122
	<u>96,898</u>	<u>706</u>	<u>3,808</u>	<u>-</u>	<u>3,521</u>	<u>(131,185)</u>	<u>(26,252)</u>	<u>1,443</u>	<u>(24,809)</u>

The People's Republic of China (the "PRC") statutory reserves represent transfers made to the general reserve fund and the enterprise development fund set up by an associate in the PRC, pursuant to the relevant regulations. According to the regulations, the general reserve fund may be used for making up losses, if any, and increasing capital while the enterprise development fund may be used for increasing capital.

The merger difference of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired pursuant to the Group's reorganization which took place during the year ended 31st March 2000 over the nominal value of the share capital of the Company issued in exchange thereof.

INTERIM DIVIDEND

The directors do not recommend the payment of a dividend for the three months ended 30th June 2008 (three months ended 30th June 2007: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Turnover was approximately HK\$3,849,000 for the first quarter ended 30th June 2008 compared with a turnover of approximately HK\$4,060,000 for the same period of last year.

The gross margin was 57% for the current quarter as compared to a gross profit margin of 52% for the corresponding period in 2007 due to keen competition.

The other income represented bank interest income of approximately HK\$2,000, sundry income of HK\$178,000 and other service income of HK\$702,000.

During the period, the Group continued to control the selling and distribution costs and the administrative and other operating expenses tightly which collectively declined by 69% as compared to the same period of last year.

The decrease in finance costs was attributable to the decrease in interest-bearing borrowings as compared to the same period of last year.

The Group posted a loss attributable to equity holders of the Company of approximately HK\$1,186,000 for the first quarter ended 30th June 2008, which was 85% lower than the loss attributable to equity holders of the Company incurred for the first quarter of last year.

Segment Information

Business from telecommunications products accounts for 100% of the turnover of the Group for the three months period ended 30th June 2008.

Telecommunications Products

During this quarter, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time to close and sign contracts. It was quite clear that the business environment of the telecom monitoring equipment industry of China has become unfavorable and competitive.

Liquidity, Financial Resources and Capital Structure

As at 30th June 2008, our cash balance of approximately HK\$2,821,000 has increased by approximately 243% when comparing with the cash balance of approximately HK\$824,000 as of 31st March 2008.

As at 30th June 2008, the Group had net current liabilities of approximately HK\$8,031,000 and the Directors have taken active measures to improve the liquidity and financial position of the Group. On 23rd June 2008 the Company entered into a Placing Agreement with the Placing Agent, Sun Hung Kai Financial, on a best effort basis to place up to 67,718,000 Placing Shares at a price of HK\$0.30 per Placing Share to the Placees, who together with their ultimate beneficial owner(s) will be Independent Third Parties. On 30th June 2008, Sun Hung Kai Financial has received confirmations from 13 placees in relation to the acquisition of 67,718,000 new shares at the subscription price of HK\$0.30 each. The net proceeds from this placement amounts to HK\$19,717,400. Therefore, the directors are of the view that the Group will have sufficient working capital for the foreseeable future.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 30 June 2008, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

For the three months ended 30th June 2008, there was no change in the capital structure and issued capital of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme (the "2002 Share Option Scheme") under which the directors, employees, customers or any individual business or entity providing goods or services may take up options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. The maximum number of shares which can be granted under the Scheme may not exceed 10% of the issued share capital of the Company at the time of granting of the option or at the date of approval by the shareholders in general meeting where the limit is refreshed.

Except as disclosed below, no option was granted under the 2002 Share Option Scheme during the period under review or outstanding as at 30th June 2008.

The following table discloses movements of the Company's share options granted under the 2002 Share Option Scheme for the year ended 31st March 2008.

Grantee	Date of grant	Exercise price HK\$	Exercise period	Outstanding as at 30th June 2008 '000
Directors				
Ms. NG Mui King, Joky	29/2/2008	0.319	29/2/2008 to 2/8/2012	338
Mr. WONG Kai Tat	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380
Ms. HUI Sin Man, Alice	29/2/2008	0.319	29/2/2008 to 2/8/2012	338
		<hr/>		<hr/>
Sub-total				4,056
		<hr/>		<hr/>
Employees	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380
		<hr/>		<hr/>
Total				7,436
				<hr/>

The closing share price immediately before the date on which the share options were granted was HK\$0.29.

The fair value of the share options granted was HK\$0.095 per option and the Group recognized a share option expense of approximately HK\$706,420 during the year ended 31st March 2008.

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs into the model used for the year ended 31st March 2008:

Expected volatility:	60.39%
Risk-free interest rate:	1.888%
Expected life of option:	4.43 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

CHANGE OF COMPANY NAME

The Company issued a circular on 12th June 2008, to convene an extraordinary general meeting which was held on 7th July 2008 and a special resolution was passed to change the name of the Company from "TS Telecom Technologies Limited (大誠電訊科技有限公司)" to "Great World Holdings Ltd. (世大控股有限公司)".

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 30th June 2008.

REMUNERATION COMMITTEE

A remuneration committee was established on 11th November 2005 with written terms of reference in accordance with the code provision B.1.1 of the CG Code. The remuneration committee comprises one executive director, namely Ms. Ng Mui King, Joky (Mr. Wong Kai Tat as her alternate) and the two independent non-executive directors, namely, Mr. Chung Kam Fai, Raymond and Ms. Hui Sin Man, Alice (chairman of the remuneration committee).

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chung Koon Yan (chairman of the audit committee) and Mr. Chung Kam Fai, Raymond who were both appointed to the Committee on 30th June 2008 and Ms. Hui Sin Man, Alice, an existing member. On 11th November 2005, the Company adopted new terms of reference for the audit committee to include such duties as stipulated in code provision C.3.3 of the CG Code.

The primary duties of the audit committee are to review and supervise the financial report process and internal control system of the Group and to review the Company's annual reports and financial statements, interim and quarterly reports and connected transactions. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30th June 2008, the interests and short positions of the Directors and Chief Executive of the Company in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in shares of the Company

Director	Number of ordinary shares of HK\$0.1 each				Total number of shares	Approximate percentage holding of shares %
	Personal interest	Family interest	Corporate interest	Other interest		
Ms. Ng Mui King, Joky (Note 1)	-	-	168,960,000	-	168,960,000	49.90

Note:

- These shares are held by Gold City Assets Holdings Ltd., a substantial shareholder of the Company, which is owned as to 100% by Ms. Ng Mui King, Joky.

Long position in shares of associated corporation

Director	Associated corporation	Nature of interest	Total number of shares	Approximate percentage holding of shares %
Ms. Ng Mui King, Joky	Gold City Assets Holdings Ltd.	Personal	100	100

As at 30th June 2008 and save as disclosed above, none of the Directors and the Chief Executive of the Company or their associates had any interests or short positions in the shares or underlying shares of the Company or 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 required standard of dealings by Directors as in Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the period under review was any of the Company, its subsidiaries or holding company a party to any arrangements to enable the directors or chief executives (including their spouses or children under 18 years of age) of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTEREST DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30th June 2008, the interest of the shareholders in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Long position in shares of the Company

Name of shareholder	Capacity	Total number of shares of HK\$0.1 each	Approximate percentage holding of shares %
Gold City Assets Holdings Ltd. (Note 1)	Beneficial owner	168,960,000	49.90
Ms. Ng Mui King, Joky (Note 1)	Interest of a controlled corporation	168,960,000	49.90

Note:

1. These shares are held by Gold City Assets Holdings Ltd. which is owned as to 100% by Ms. Ng Mui King, Joky, a substantial shareholder of the Company.

Save as disclosed above, as at 30th June 2008, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

COMPETING INTEREST

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has, at any material time, an interest in a business that competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirmed that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the three months ended 30th June 2008.

By Order of the Board
T S Telecom Technologies Limited
Ng Mui King, Joky
Chairman

Hong Kong, 13th August 2008

As at the date of this report, the Directors of the Company are as follows:

Executive directors:

Ng Mui King Joky (*Chairman*)
Wong Kai Tat
He Zhi Ming

Independent non-executive directors:

Chung Koon Yan
Hui Sin Man, Alice
Chung Kam Fai, Raymond

Non-Executive director:

Pong Shing Ngai