

# TSO

Telecom Service One

## Telecom Service One Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 3997**



**2021/22**  
**INTERIM REPORT**

# THE FINANCIAL STATEMENTS

## INTERIM RESULTS

The board of Directors (the “Board”) of Telecom Service One Holdings Limited (the “Company”) announces the condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021 (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 2021

		Six months ended 30 September	
	Notes	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	14,681	21,298
Cost of sales		(8,012)	(12,261)
Gross profit		6,669	9,037
Other income and gain	6	1,731	4,639
Other operating expenses, net	7	(1,241)	(4,053)
Administrative expenses		(5,474)	(4,274)
Loss on changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(1,099)	—
Finance costs	8	(28)	(27)
Profit before tax		558	5,322
Income tax expense	9	(313)	(206)
Profit and total comprehensive income for the period	10	245	5,116
Earnings per share (HK\$)			
Basic	12	0.0019	0.0399
Diluted		0.0019	0.0399

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	13	31,372	437
Right-of-use assets	14	6,247	1,212
Investment properties	15	25,376	—
Deferred tax asset		—	312
Rental deposits	17	616	118
		<b>63,611</b>	2,079
<b>Current assets</b>			
Inventories		760	674
Financial assets at FVTPL	16	16,901	—
Trade and other receivables	17	7,653	7,267
Amounts due from related companies	21(a)	141	173
Pledged bank deposits		201	201
Bank balances and cash		13,746	89,728
		<b>39,402</b>	98,043
<b>Current liabilities</b>			
Trade and other payables	18	2,617	2,921
Lease liabilities		3,627	680
Tax payable		134	134
Amount due to a related company	21(b)	21	—
		<b>6,399</b>	3,735
Net current assets		<b>33,003</b>	94,308
Total assets less current liabilities		<b>96,614</b>	96,387
<b>Non-current liabilities</b>			
Lease liabilities		3,100	552
Long service payment obligations		54	54
Deferred tax liabilities		1	—
		<b>3,155</b>	606
Net assets		<b>93,459</b>	95,781
<b>Capital and reserves</b>			
Share capital	19	12,834	12,834
Reserves		80,625	82,947
Total equity		<b>93,459</b>	95,781

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 <small>Note</small>	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	12,834	36,900	70	(26)	46,433	96,211
Profit and total comprehensive income for the period	—	—	—	—	5,116	5,116
Dividends <small>Note 11</small>	—	—	—	—	(5,134)	(5,134)
At 30 September 2020 (unaudited)	12,834	36,900	70	(26)	46,415	96,193
At 1 April 2021 (audited)	<b>12,834</b>	<b>36,900</b>	<b>70</b>	<b>(26)</b>	<b>46,003</b>	<b>95,781</b>
Profit and total comprehensive income for the period	—	—	—	—	245	245
Dividends <small>Note 11</small>	—	—	—	—	(2,567)	(2,567)
At 30 September 2021 (unaudited)	<b>12,834</b>	<b>36,900</b>	<b>70</b>	<b>(26)</b>	<b>43,681</b>	<b>93,459</b>

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

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	558	5,322
Adjustments for:		
Depreciation of property, plant and equipment	293	113
Depreciation of right-of-use assets	786	338
Depreciation of investment properties	162	—
Interest income	(1,079)	(558)
Loss on changes in fair value of financial assets at FVTPL	1,099	—
Finance costs	28	27
Gain on disposal of financial assets at FVTPL	(56)	—
Operating cash flows before movements in working capital	1,791	5,242
(Increase)/decrease in inventories	(86)	16
Increase in trade and other receivables	(814)	(1,109)
Decrease in amounts due from related companies	32	109
Decrease in trade and other payables	(304)	(73)
Increase in amount due to a related company	21	14
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>640</b>	<b>4,199</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of financial assets at FVTPL	(51,012)	—
Purchase of property, plant and equipment	(31,228)	—
Purchase of investment properties	(25,538)	—
Proceeds from disposal of financial assets at FVTPL	33,068	—
Interest received	1,009	558
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(73,701)</b>	<b>558</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
FINANCING ACTIVITIES		
Dividends paid	(2,567)	(2,567)
Repayments of lease liabilities	(326)	(327)
Interest paid on lease liabilities	(28)	(27)
NET CASH USED IN FINANCING ACTIVITIES	(2,921)	(2,921)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(75,982)	1,836
CASH AND CASH EQUIVALENTS AT 1 APRIL	89,728	90,037
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	13,746	91,873

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL

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

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

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are provision of repair and refurbishment services for mobile phones and other personal electronic products as well as sales of related accessories and provision of supportive services.

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

## 2. BASIS OF PREPARATION

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended 30 September 2021*

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below and other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRS”), the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2021.

### **Investment properties**

Investment properties are property held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of owner-occupation, the carrying amount of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

## 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Leasing

#### *The Group as lessor*

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

During the Period, the Group has applied, for the first time, the following amendments to HKFRSs and the Amendments to Reference to the Conceptual Framework issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 4. REVENUE

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15 Disaggregated major products or services lines</b>		
— Repairing service income	14,545	17,897
— Sales of accessories and provision of supportive services	136	3,401
	<b>14,681</b>	21,298

### 5. SEGMENT INFORMATION

The Group is engaged in a single segment, the provision of repair and refurbishment services for mobile phones and other personal electronic products as well as the sales of related accessories and provision of supportive services. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors as they collectively make strategic decision in allocating the Group's resources and assessing performance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 5. SEGMENT INFORMATION (CONTINUED)

#### Geographical information

During the Period and the corresponding period in 2020, the Group's operations were located in Hong Kong.

During the Period, 100% (2020: 100%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong and 100% (2020: 100%) of the non-current assets, based on the geographical location of the assets, were located in Hong Kong. Hence, no geographical information is presented.

#### Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer I	3,959	4,557
Customer II	5,581	3,815
Customer III	N/A*	2,818

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 6. OTHER INCOME AND GAIN

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Management fee income <sup>Note (i)</sup>	43	13
Consignment goods handling income <sup>Note (ii)</sup>	—	130
Bank interest income	46	558
Interest income from financial assets at FVTPL	1,033	—
Storage income <sup>Note (iii)</sup>	36	116
Exchange gain	389	1,211
Gain on disposal of financial assets at FVTPL	56	—
Government subsidies <sup>Note (iv)</sup>	—	2,591
Rental income (net of direct outgoings: nil)	93	—
Others	35	20
	<b>1,731</b>	<b>4,639</b>

Notes:

- (i) The amount represents management fee income received from manufacturers of mobile phones for the provision of management service such as inventory management and software upgrade to 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.
- (iii) The amount represents storage income for damaged mobile phones in Hong Kong.
- (iv) The amount represents salaries and wage subsidies related to Employment Support Scheme granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to September 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 7. OTHER OPERATING EXPENSES, NET

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Miscellaneous income charges	—	19
Less: Other operating expenses of service centres	<b>(1,241)</b>	(4,072)
Other operating expenses, net	<b>(1,241)</b>	(4,053)

### 8. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on lease liabilities	<b>28</b>	27

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax		
— current period	—	206
Deferred tax		
— current period	313	—
<b>Total income tax expense for the period</b>	<b>313</b>	<b>206</b>

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

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

### 10. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit for the period is arrived at after charging:		
Depreciation of property, plant and equipment	293	113
Depreciation of right-of-use assets	786	338
Depreciation of investment properties	162	—
Amount of inventories recognised as an expense	2,128	4,700
Lease expenses for short-term lease	232	915

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 11. DIVIDENDS

	Six months ended 30 September			
	2021		2020	
	HK\$ per share	HK\$'000 (unaudited)	HK\$ per share	HK\$'000 (unaudited)
Dividends recognised as distribution during the periods:				
2019/20 fourth interim dividend	—	—	0.02	2,567
2020/21 first interim dividend	—	—	0.02	2,567
2020/21 fourth interim dividend	<b>0.02</b>	<b>2,567</b>	—	—
		<b>2,567</b>		5,134

At a meeting held on 26 November 2021, the Board declared the first interim dividend of HK\$0.02 per share for the six months ended 30 September 2021 (2020: HK\$0.03 per share).

### 12. 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:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company	<b>245</b>	5,116

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 12. EARNINGS PER SHARE (CONTINUED)

	Six months ended 30 September	
	2021 '000 (unaudited)	2020 '000 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>128,342</b>	128,342

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

### 13. PROPERTY, PLANT AND EQUIPMENT

The Group paid approximately HK\$31,228,000 (2020: nil) on acquisition of property, plant and equipment during the Period.

In addition, the Group did not write off any property, plant and equipment during the Period (2020: nil).

### 14. RIGHT-OF-USE ASSETS

During the Period, the Group recognised additions to right-of-use assets of approximately HK\$5,821,000 due to new lease for buildings and premises (2020: nil).

### 15. INVESTMENT PROPERTIES

The Group paid approximately HK\$25,538,000 (2020: nil) on acquisition of investment properties during the Period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 16. FINANCIAL ASSETS AT FVTPL

Investment	Invested Amount HK\$'000	Carrying Amount 30 September 2021 HK\$'000 (unaudited)
Unlisted equity linked fixed coupon notes ("FCN")	18,000	16,901

During the Period, the Group acquired FCN from financial institutions in Hong Kong.

- The FCNs are non-guaranteed products, and their returns are linked to a basket of underlying shares.
- The structure of each FCN is to receive the fixed coupon on the/each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity.
- If the equity linked fixed coupon notes are held to the maturity date and the price(s) of the single underlying share or a basket of underlying share is/are below the strike price(s), the Group is required to redeem the laggard underlying at the put strike price.
- The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of each equity linked fixed coupon notes.
- The fair values are determined using with the quoted price provided by bank.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 16. FINANCIAL ASSETS AT FVTPL (CONTINUED)

The fair values of the FCN as at 30 September 2021 which amounted to HK\$16,901,000 (2020: nil), are determined based on the quoted price by banks. The FCN have maturity of six months.

The FCN are recognised as follows:

	HK\$'000
Additions	51,012
Fair value loss recognised in profit or loss	(1,099)
Redeemed	(24,002)
Transfer to listed equity securities <sup>Note</sup>	(9,010)
At 30 September 2021	16,901

Note:

One of the FCN's shares price closed below the strike price on 20 September 2021, the Group was obligated to take delivery of 226,800 shares of the underlying Wharf REIC (Stock Code: 01997 HK) shares at the strike price according to the terms of the FCN. All the shares were disposed on-market on 30 September 2021 and recognised a total gain of approximately HK\$56,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 17. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade receivables	3,013	4,196
Other receivables	100	65
Rental and other deposits	4,376	3,002
Prepayments	780	122
	<b>8,269</b>	7,385
Less: Rental deposits classified as non-current assets	<b>(616)</b>	(118)
Current portion included in trade and other receivables	<b>7,653</b>	7,267

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 30 days	1,235	2,120
31 to 60 days	1,442	1,976
61 to 90 days	206	—
91 to 120 days	9	65
Over 120 days	121	35
	<b>3,013</b>	4,196

### 18. TRADE AND OTHER PAYABLES

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade payables	748	536
Accrued expenses and other payables	1,869	2,385
	<b>2,617</b>	2,921

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 18. TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 30 days	564	377
31 to 60 days	28	2
61 to 90 days	—	—
Over 90 days	156	157
	<b>748</b>	<b>536</b>

### 19. SHARE CAPITAL

	30 September 2021		31 March 2021	
	Number of shares '000 (unaudited)	Share capital HK\$'000	Number of shares '000 (audited)	Share capital HK\$'000
<b>Ordinary shares of HK\$0.1 each</b>				
<b>Authorised</b>				
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	1,000,000	100,000	1,000,000	100,000
<b>Issued and fully paid</b>				
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	128,342	12,834	128,342	12,834

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)			
Financial assets at FVTPL – FCN	16,901	–	Level 2	Quoted asset value provided by banks (note)	N/A

Note: Quoted asset value provided by banks represents the fair value of the underlying investments

There were no transfers between Levels 1, 2 and 3 in the period/year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 21. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of company	Nature of transaction	Notes	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Recurring in nature:				
Telecom Service Network Limited	Logistic fee paid thereto	(i) & (iii)	153	265
Oceanic Rich Limited	Rental expenses paid thereto	(ii) & (iii)	232	915
Telecom Digital Services Limited	Consignment fee paid thereto	(i) & (iii)	41	2,493
	Received repairing service income therefrom	(i) & (iii)	66	214
Telecom Digital Data Limited	Received repairing service income therefrom	(i) & (iii)	523	632
Distribution One Limited	Received repairing service income therefrom	(i) & (iii)	140	148

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- (a) Save as disclose elsewhere in this report, 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:

	Notes	Maximum amount outstanding during the period/year ended			
		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Telecom Digital Data Limited	(iii) & (iv)	80	83	92	191
Telecom Digital Services Limited	(iii) & (iv)	38	70	70	1,066
Distribution One Limited	(iii) & (iv)	23	20	43	69
		<b>141</b>	173		

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 controlling shareholders of the Company have beneficial interests in the related parties.
- (iv) The amounts were arisen from normal sales and purchase transactions. The amounts are unsecured, interest-free and expected to be settled according to their respective credit terms which are similar to those with third parties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) The amount due to a related company was arisen from normal sales and purchase transactions. The amount was unsecured, interest-free and repayable on demand. The Directors have beneficial interests in this related company.

#### (c) Compensation of key management personnel

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term benefits	2,246	2,450
Post-employment benefits	69	75
	<b>2,315</b>	2,525

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2021

### 22. OPERATING LEASE ARRANGEMENT

#### The Group as lessor

The Group leases out its investment properties during the Period. The lease is rented to a third party under operating leases with leases negotiated for a term of three years (2020: nil) as at 30 September 2021. None of the leases includes contingent rentals.

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within one year	565	—
After one year but within two years	565	—
Over two years	423	—
	<b>1,553</b>	—

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The shipments of smartphone dropped in the third quarter of 2021 after double-digit growth in early quarters of the year. According to IDC forecast, smartphone shipments in third quarter of 2021 experienced a decline of 6.7% year on year due to the issue of supply chain component shortage. Production targets of the fourth quarter have been adjusted downward despite of strong demand of products.

During six months ended 30 September 2021, the economic setbacks due to the COVID-19 outbreak still not fully recovered. The local economy and market environment remains highly challenging. In addition, repair and refurbishment services for mobile phones and other personal electronic products in Hong Kong remains highly competitive. The Group has, on one hand, maintained its market share and leadership by delivering quality services through our professional technical team, cultivating close customer relationships and providing value-added service in addition to enhancing our operational efficiency and service quality. In September 2021, the Group successfully gained a new service contract with an existing customer, a global services company to provide extra operation support services which will bring new revenue source to the Group. The demand of the Group's repair and refurbishment services for mobile phones and personal electronic products remains positive.

In August 2021, the Group acquired properties in Mongkok. Almost half of the properties have been occupying by the Group as its repair centre and the remaining portion leased to a third party. The acquisition would benefit the Group to reduce its rental expenses and to generate rental income.

## FINANCIAL REVIEW

### Revenue

The Group's revenue comprises repairing service income and income from sale of accessories and provision of supportive services. The Group's revenue for the Period was approximately HK\$14,681,000 (2020: HK\$21,298,000), representing a decrease of approximately 31.1% over the corresponding period of the previous year.

Repairing service income for the Period was approximately HK\$14,545,000 (2020: HK\$17,897,000), representing a decrease of approximately 18.7% over the corresponding period of the previous year. The decrease in repair service income was primarily as a result of the decrease in job orders. Revenue from sales of accessories and provision of supportive services for the Period was approximately HK\$136,000 (2020: HK\$3,401,000). The decrease was due to a screen protection program ended in the first quarter.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. During the Period, cost of sales decreased to approximately HK\$8,012,000 (2020: HK\$12,261,000), representing a decrease of approximately 34.7%. The decrease in cost of sales was attributable to the decrease in both parts cost and direct labour cost. The Group's parts cost for the Period was approximately HK\$2,128,000 (2020: HK\$4,700,000), representing a decrease of approximately 54.7%. The decrease was mainly due to the decrease in repair jobs. Direct labour cost for the Period was approximately HK\$5,884,000 (2020: HK\$7,561,000), representing a decrease of approximately 22.2%. The decrease was caused by the reduction of expenses for part-time workers.

### Gross Profit and Gross Profit Margin

The gross profit for the Period was approximately HK\$6,669,000 (2020: HK\$9,037,000), representing a decrease of approximately 26.2% over the corresponding period of previous year. Gross profit margin slightly increased by 3.0% to 45.4% from 42.4%.

### Other Income and Gain

Other income and gain for the Period was approximately HK\$1,731,000 (2020: HK\$4,639,000), representing a decrease of approximately 62.7%. The decrease was mainly attributable to the subsidies from Government of approximately HK\$2,591,000 in last year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the Period were approximately HK\$1,241,000 (2020: HK\$4,053,000), representing a decrease of approximately 69.4% over the corresponding period of the previous year. The decrease was mainly due to the decrease in commission paid for a mobile phone screen protection program which ended in the first quarter. The Group paid approximately HK\$41,000 commission for such program during the Period (2020: HK\$2,484,000).

Administrative expenses for the Period were approximately HK\$5,474,000 (2020: HK\$4,274,000), representing an increase of approximately 28.1% over the corresponding period of the previous year. The increase was mainly due to increase in depreciation of right-of-use assets, property, plant and equipment and investment properties.

### Profit for the Period

The profit for the Period approximately HK\$245,000 (2020: HK\$5,116,000), representing a decrease of approximately 95.2% from the corresponding period of the previous year. Apart from the decrease in repair income and other income, a fair value loss on FCN investment of approximately HK\$1,099,000 was recognised as at 30 September 2021. In addition, Government subsidies of approximately HK\$2,591,000 was received in last year.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENTS

As at 30 September 2021, the Group held in aggregate approximately HK\$16,901,000 of FCN, representing approximately 16.4% of the total assets of the Group as at 30 September 2021. The FCN are linked with securities listed on Main Board of the Stock Exchange. The Group acquired the FCN through on-market purchases with financial institutions in Hong Kong. The Group will from time to time monitor the movement of prices in securities and may adjust its investment portfolio as and when appropriate. The following table sets out the main investments of FCN held by the Group as at the end of the Period:

Issuer	Linked equity (Note 1)	Tenor (months)	Coupon rate per annum	Investment cost HK\$'000	Fair value	Percentage to	Realised income during the Period HK\$'000	Unrealised loss during the Period HK\$'000
					as at 30 September 2021 HK\$'000	total assets as of 30 September 2021		
Barclays Bank PLC (Note 2)	— HKEX — New World Dev — Wharf REIC	6	10% to 12%	12,000	11,118	10.8%	238	882
Citigroup Global Markets funding Luxembourg S.C.A.	— HKEX — Swire Pacific A	6	10%	2,000	1,885	1.8%	34	115
UBS AG	— HKEX — BOC Hong Kong	6	8%	4,000	3,898	3.8%	25	102
				18,000	16,901	16.4%	297	1,099

Note 1:

Stock short name	Stock code	Company name
HKEX	00388 HK	Hong Kong Exchanges and Clearing Limited
New World Dev	00017 HK	New World Development Company Limited
Wharf REIC	01997 HK	Wharf Real Estate Investment Company Limited
Swire Pacific A	00019 HK	Swire Pacific Limited
BOC Hong Kong	02388 HK	BOC Hong Kong (Holdings) Limited

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## INVESTMENTS (CONTINUED)

Note 2:

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 30 September 2021 are as follows:

### BARCLAYS BANK PLC

- (i) On 9 July 2021, the Company, through its wholly-owned subsidiary, invested in an equity-linked fixed coupon note ("FCN-BB1") issued by Barclays Bank PLC in the principal amounts of HK\$8,000,000. The FCN-BB1 was linked to shares in HKEX (stock code: 00388 HK) and New World Dev (stock code: 00017 HK) with a coupon rate of 12% per annum. The Group received a total interest income of approximately HK\$176,000 during the period under review. Details of the purchase were set out in the announcement of the Company dated 9 July 2021.
- (ii) On 20 July 2021, the Company, through its wholly-owned subsidiary, invested in an equity-linked fixed coupon note ("FCN-BB2") issued by Barclays Bank PLC in the principal amounts of HK\$4,000,000. The FCN-BB2 was linked to shares in HKEX (stock code: 00388 HK) and Wharf REIC (stock code: 01997 HK) with a coupon rate of 10% per annum. The Group received a total interest income of approximately HK\$62,000 during the period under review. The FCN-BB2 was entered into a period of 6 months from 3 August 2021 to 8 February 2022.

The structure of FCN-BB2 is to receive the fixed coupon on the/each scheduled coupon payment date until the relevant note is redeemed due to (i) knock-out event (if applicable) or early termination event occurred or (ii) at maturity. If the FCN-BB2 is held to the maturity date and the price(s) of the two underlying shares are below the strike prices, the Group is obligated to take delivery of the laggard underlying shares at the strike price.

Information of HKEX:

HKEX is a company incorporated in Hong Kong with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 00388 HK). HKEX is a recognised exchange controller under the SFO. HKEX operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong. In collaboration with the Shanghai and Shenzhen stock exchanges, HKEX operates Stock Connect, which gives investors in the Hong Kong and Mainland securities markets access to each other's markets. HKEX also operates recognised clearing houses in Hong Kong and provides integrated clearing and settlement services as well as depository and nominee services to their participants. HKEX also provides market data through its data dissemination entity.

For the nine months ended 30 September 2021, the unaudited consolidated profit attributable to owners of HKEX was approximately HK\$9,861 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENTS (CONTINUED)

Note 2: (continued)

Information of Wharf REIC:

Wharf REIC is a company incorporated in Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 01997 HK). The principal activities of Wharf REIC and its subsidiaries are investing and operating iconic properties and hotels in Hong Kong and Singapore.

For the six months ended 30 June 2021, the unaudited consolidated profit attributable to owners of Wharf REIC was approximately HK\$2,970 million.

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

The Company's investment objective is to generate stable additional interest income. Our strategy of these investment is to make investments in the prospects of primarily reputable sizeable issuers on recognisable stock exchange for creating values for Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had current assets of approximately HK\$39,402,000 (31 March 2021: HK\$98,043,000) and current liabilities of approximately HK\$6,399,000 (31 March 2021: HK\$3,735,000).

At present, the Group generally finances its operations with internally generated cash flows. Net cash generated from operating activities for the Period was approximately HK\$640,000. Net cash used in investing activities was approximately HK\$73,701,000.

The Group maintained a healthy liquidity position as at 30 September 2021. As at 30 September 2021, the Group had bank balances and cash of approximately HK\$13,746,000 (31 March 2021: HK\$89,728,000) and pledged bank deposits of approximately HK\$201,000 (31 March 2021: HK\$201,000). As at 30 September 2021, the Group has no outstanding bank borrowing.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: 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 2021, the Group did not have any significant capital commitment (31 March 2021: nil).

### **INTERIM DIVIDEND**

At a meeting held on 26 November 2021, the Board declared the first interim dividend of HK\$0.02 per share for the six months ended 30 September 2021 (2020: HK\$0.03 per share).

### **CAPITAL STRUCTURE**

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, issue of new shares as well as the issue of new debt or the redemption of existing debt.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Period, the Group acquired properties for commercial use amounted to HK\$56,740,000 (31 March 2021: nil).

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the Period (31 March 2021: nil).

Save as disclosed in the paragraph headed “Investments” above, the Group did not have any significant investment held as at 30 September 2021.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed 56 (31 March 2021: 59) 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

During the six months ended 30 September 2021, one of the Group’s customers has assigned us a new service contract, which will expand the Group’s revenue in the second half of the year. The Group continues to look for possible sources of income in order to maximise return to the Group and the shareholders. We started to invest in equity linked fixed coupon notes in early 2021. We have been closely monitoring their performance and taking appropriate actions including disposal where necessary. We will always invest in a prudent and judicious manner with detailed planning and evaluation.

As the COVID-19 pandemic situation has been stabilizing and the Hong Kong population is adapting to live with the pandemic, the Group is positive about the future prospect of the economy and prepared for any business opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 of the Company (the "Prospectus"), the Group will apply such net proceeds as follows:

Use	Planned use of proceeds as stated in the Prospectus HK\$ million	Actual use of proceeds HK\$ million
Acquisition of a commercial property in Hong Kong for use as a customer service centre	13.4	13.4
General working capital	1.5	1.5
	14.9	14.9

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. During the Period, the net proceeds of HK\$13.4 million has been used for the acquisition of commercial properties. The proceeds were applied in accordance with the actual development of the market. As at the date of this report, all the net proceeds from the listing has been used in the manner as stated in the Prospectus.

## OTHER INFORMATION

### FIRST INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared the payment of the first interim dividend of HK\$0.02 per share for the Period. The first interim dividend will be payable in cash to shareholders whose names appear on the register of members of the Company on Friday, 17 December 2021.

For the purpose of determining shareholders' entitlement to the first interim dividend, the register of members of the Company will be closed from Thursday, 16 December 2021 to Friday, 17 December 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the first 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 15 December 2021.

The first interim dividend is expected to be paid on or about Friday, 24 December 2021.

### 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.

## OTHER INFORMATION (CONTINUED)

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

As at 30 September 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

#### (i) The Company

##### *Long Position*

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the Company's shares in issue <sup>Note A</sup>
Mr. Cheung King Shek <sup>Note B</sup>	Beneficial owner	6,528,000	5.09%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. Cheung King Shan <sup>Note B</sup>	Beneficial owner	6,484,000	5.05%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. Cheung King Chuen Bobby <sup>Note B</sup>	Beneficial owner	6,748,000	5.26%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%
Mr. Cheung King Fung Sunny <sup>Note B</sup>	Beneficial owner	7,362,000	5.74%
	Beneficiary of a trust <sup>Note C</sup>	66,000,000	51.43%

## OTHER INFORMATION (CONTINUED)

### 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 the Cheung Brothers is deemed to have 100% interests in the said associated corporations under the SFO.

#### Long Position

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

## OTHER INFORMATION (CONTINUED)

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

#### (ii) Associated corporations (CONTINUED)

*Note A:* The calculation is based on 128,342,000 shares of the Company in issue as at 30 September 2021.

*Note B:* Mr. Cheung King Shek, Mr. Cheung King Shan, Mr. Cheung King Chuen Bobby and Mr. Cheung King Fung Sunny (collectively, the "Cheung Brothers")

*Note C:* The 66,000,000 shares representing approximately 51.43% 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 2021, 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 Model Code.

### 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 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. The Scheme was adopted by the shareholders of the Company on 2 May 2013 which will remain in force for a period of 10 years from the effective date of the Scheme.

During the Period, the Company has no share option under the Scheme lapsed or was granted, exercised or cancelled and there were no outstanding share options under the Scheme as at 30 September 2021.

## **OTHER INFORMATION (CONTINUED)**

### **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).

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors who were in office during the Period, all of them have confirmed that they have complied with the required standard of dealings during the Period.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at 30 September 2021, 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.

## OTHER INFORMATION (CONTINUED)

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

As at 30 September 2021, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the Company's shares in issue which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

#### Long Position

Name of substantial shareholders	Capacity/Nature of interest	Number of issued ordinary shares held	Approximate percentage of the Company's Shares in issue <sup>Note A</sup>
East-Asia Pacific Limited <sup>Note C</sup>	Beneficial owner	66,000,000	51.43%
Amazing Gain Limited <sup>Note C</sup>	Interest in a controlled corporation	66,000,000	51.43%
J. Safra Sarasin Trust Company (Singapore) Limited <sup>Note C</sup>	Trustee (other than a bare trustee)	66,000,000	51.43%
Ms. Tang Fung Yin Anita <sup>Note D</sup>	Interest of spouse	72,484,000	56.48%
Ms. Yeung Ho Ki <sup>Note D</sup>	Interest of spouse	73,362,000	57.16%

Note D: 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. Tang Fung Yin Anita and Ms. Yeung Ho Ki is deemed to be interested in 72,484,000 shares and 73,362,000 shares of the Company respectively in which their respective husbands are interested.

Save as disclosed above, as at 30 September 2021, 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.

## OTHER INFORMATION (CONTINUED)

### CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the 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 13.51B OF THE LISTING RULES

Changes of Directors’ information since the Company’s last published annual report required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

- On 30 July 2021, discretionary bonuses determined with reference to the Group’s operating results and individual performance were paid to the following Directors:

Name of Director	Discretionary bonus
Mr. Cheung King Shek	HK\$36,000
Mr. Cheung King Shan	HK\$36,000
Mr. Cheung King Chuen Bobby	HK\$36,000
Mr. Cheung King Fung Sunny	HK\$36,000

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 13.51B of the Listing Rules.

## OTHER INFORMATION (CONTINUED)

### 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. The terms of reference 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, risk management and internal control systems 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. Tso Ka Yi. Mr. Tso Ka Yi 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, 26 November 2021

*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. Tso Ka Yi.*

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