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Telecom Service One Holdings Limited
電訊首科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3997)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

The board of directors (the “**Board**” and “**Directors**”, respectively) of Telecom Service One Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	4	54,387	51,381
Cost of sales		(43,136)	(39,996)
Gross profit		11,251	11,385
Other income and gains	6	3,507	3,973
Other operating expenses, net	7	(4,315)	(3,200)
Administrative expenses		(14,477)	(14,554)
Impairment losses on property, plant and equipment		–	(2,399)
Impairment losses on investment properties		(196)	(2,098)
Loss on changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(4,749)	(432)
Finance cost	8	(255)	(33)
Loss before tax		(9,234)	(7,358)
Income tax credit	9	60	243
Loss for the year	10	(9,174)	(7,115)
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of long service payment obligations		(125)	(167)
Total comprehensive expense for the year		(9,299)	(7,282)
Loss per share (HK\$)			
Basic and diluted	12	(0.0715)	(0.0554)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		2,148	29,922
Right-of-use assets		4,438	1,344
Investment properties		46,400	21,800
Deferred tax asset		721	495
Rental deposit	13	539	–
		54,246	53,561
Current assets			
Inventories		4,405	6,201
Financial assets at FVTPL		8,984	13,984
Trade and other receivables	13	13,896	10,466
Amounts due from related companies		71	78
Tax recoverable		–	23
Pledged bank deposits		203	201
Bank balances and cash		3,811	4,593
		31,370	35,546
Current liabilities			
Trade and other payables	14	7,179	6,937
Lease liabilities		2,956	1,489
Tax payable		222	–
Amount due to a related company		82	160
Bank borrowing		2,200	–
		12,639	8,586
Net current assets		18,731	26,960
Total assets less current liabilities		72,977	80,521
Non-current liabilities			
Lease liabilities		1,600	–
Other payables	14	208	189
Deferred tax liability		–	56
Long service payment obligations		435	243
		2,243	488
Net assets		70,734	80,033
Capital and reserves			
Share capital	15	12,834	12,834
Reserves		57,900	67,199
Total equity		70,734	80,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

The 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 (“**Stock Exchange**”) (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. 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 consider the immediate holding company is East-Asia Pacific Limited (“**East-Asia**”), which is incorporated in the British Virgin Islands (the “**BVI**”). East-Asia has been under the control and beneficially owned by Cheung Family Trust, Mr. CHEUNG King Shek, Mr. CHEUNG King Shan, Mr. CHEUNG King Chuen Bobby and Mr. CHEUNG King Fung Sunny.

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 the 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. For the purpose of presenting the consolidated financial statements, the Group adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2023:

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

The application of the new and amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of Group’s significant accounting policies.

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after date to be determined.

The Directors anticipate that, except as described below, the application of the amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has:

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

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

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 year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
– Repairing service income	54,195	51,207
– Sales of accessories and provision of supportive services	192	174
	<u>54,387</u>	<u>51,381</u>

Disaggregation of revenue by geographical region

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Geographical region of revenue recognition		
Hong Kong	<u>54,387</u>	<u>51,381</u>
At a point in time	<u>54,387</u>	<u>51,381</u>

5. SEGMENT INFORMATION

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

Geographical information

During the years ended 31 March 2024 and 2023, the Group's operations were located in Hong Kong.

During the year ended 31 March 2024, 100% (2023: 100%) of the Group's revenue, based on the location of the operations, was generated in Hong Kong while as at 31 March 2024, 100% (2023: 100%) of the non-current assets, based on the geographical location of the assets, was located in Hong Kong. Hence, no geographical information is presented.

6. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grants (<i>Note i</i>)	177	1,674
Management fee income (<i>Note ii</i>)	2,205	748
Rental income (net of direct outgoings: nil)	663	560
Dividend income from financial assets at FVTPL	332	301
Interest income from financial assets at FVTPL	–	262
Gain on disposal of financial assets at FVTPL	49	222
Storage income (<i>Note iii</i>)	72	202
Bank interest income	5	3
Others	4	1
	<u>3,507</u>	<u>3,973</u>

Notes:

- (i) During the year ended 31 March 2024, the Group recognised government grants of HK\$ HK\$177,000 (2023: HK\$1,674,000) in respect of COVID-19-related subsidies, out of which HK\$177,000 (2023: HK\$1,674,000) were related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
- (ii) The amount represents management 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.
- (iii) The amount represents storage income for damaged mobile phones in Hong Kong.

7. OTHER OPERATING EXPENSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Miscellaneous income charges	1,509	380
Less: Other operating expenses of service centres	<u>(5,824)</u>	<u>(3,580)</u>
Other operating expenses, net	<u>(4,315)</u>	<u>(3,200)</u>

8. FINANCE COST

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
– Bank borrowing	120	–
– Lease liabilities	135	33
	<u>255</u>	<u>33</u>
	<u>255</u>	<u>33</u>

9. INCOME TAX CREDIT

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
– current year	38	–
– Underprovision in prior years	184	1
	<u>222</u>	<u>1</u>
Deferred tax	(282)	(244)
	<u>(60)</u>	<u>(243)</u>
	<u>(60)</u>	<u>(243)</u>

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

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

10. LOSS FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments		
– salaries, allowances and other benefits	2,408	2,248
– employer's contributions to retirement benefits schemes	44	54
	<u>2,452</u>	<u>2,302</u>
Other staff costs		
– salaries, allowances and other benefits	30,027	20,597
– employer's contributions to retirement benefits schemes	1,390	984
– long service payment obligations	67	70
	<u>31,484</u>	<u>21,651</u>
Total staff costs	<u>33,936</u>	<u>23,953</u>
Auditor's remuneration	530	650
Depreciation of property, plant and equipment	1,878	3,269
Depreciation of right-of-use assets	2,823	2,687
Depreciation of investment properties	2,004	985
Reversal of allowance for inventories (included in cost of sales)	(8)	(8)
Written off trade receivables (included in other operating expenses, net)	–	56
Allowance for inventories (included in cost of sales)	34	143
Amount of inventories recognised as an expense	<u>13,474</u>	<u>20,046</u>

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

12. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company	<u>(9,174)</u>	<u>(7,115)</u>
Number of shares		
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>128,342,000</u>	<u>128,342,000</u>

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during both years.

13. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	10,550	6,779
Other receivables	98	48
Rental and other deposits	3,644	3,499
Prepayments	<u>143</u>	<u>140</u>
	14,435	10,466
Less: Rental deposit classified as non-current assets	<u>(539)</u>	<u>–</u>
Current portion included in trade and other receivables	<u>13,896</u>	<u>10,466</u>

The Group does not hold any collateral over these balances.

As at 31 March 2024, the gross amount of trade receivables arising from contracts with customers amounted to HK\$10,550,000 (2023: HK\$6,779,000).

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

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

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	6,746	5,116
31 to 60 days	2,446	1,623
61 to 90 days	1,284	–
91 to 120 days	74	40
	<u>10,550</u>	<u>6,779</u>

The Group performs ongoing credit evaluations of its customers and credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (“ECL”). The ECL on trade receivables are assessed by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past years and adjusts for forward looking factors in calculating the ECL rates.

The Directors of the Company consider the ECL of trade receivables is insignificant, therefore no loss allowance on trade receivables was recognised as at 31 March 2024 and 2023.

As at 31 March 2023, the Group writes off trade receivable of approximately HK\$56,000 (2024: nil) which was past due over one year.

The Group entered in a tenancy agreement with related company, of which Directors of the Company have beneficial interests in related company, for leasing of property as service centre. As at 31 March 2024, the rental deposit paid to a related company of approximately HK\$418,000 (2023: HK\$418,000) have been recognised as current rental deposit.

14. TRADE AND OTHER PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables	4,542	4,464
Accrued expenses and other payables	2,845	2,662
	<u>7,387</u>	<u>7,126</u>
Total	7,387	7,126
Less: Other payables classified as non-current liabilities	(208)	(189)
	<u>7,179</u>	<u>6,937</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	4,445	4,414
31 to 60 days	78	16
61 to 90 days	–	–
Over 90 days	19	34
	<u>4,542</u>	<u>4,464</u>

15. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>128,342,000</u>	<u>12,834</u>

16. COMPARATIVE FIGURES

Comparative figures in relation to other operating expenses, net have been represented to conform with the current year's presentation. The reclassification had no financial effect on the amounts stated in the consolidated statement of financial position and therefore the consolidated statement of financial position as at 1 April 2022 is not presented.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Due to challenging macroeconomic environment and the slowly rebound of consumer demand, the worldwide smartphone market experienced a slow market recovery. As adoption of 5G technology continues to expand across all regions and markets, 5G smartphones continues to fuel the market and will account for 67.2% of smartphones shipped worldwide in 2024. The device replacement cycles and recent technological developments such as foldables and idea of next-gen AI on handheld device have brought new drivers to the global smartphone market for its long-term growth. It is forecasted that worldwide smartphone shipment will recover with 4.0% growth in 2024, according to IDC forecast.

The repair and refurbishment services market for mobile phones and other personal electronic products in Hong Kong is characterized by fierce competition. However, with the Group's vast industry experience, solid relationship with long-term customers and support from professional technical team, we are confident that the Group can maintain its market position and continue to consistently provide customers with exceptional and high-quality services.

BUSINESS OVERVIEW

The Group is a well-established repair service provider in Hong Kong and is principally engaged in providing repair and refurbishment services for mobile phones and other consumer electronic devices as well as sales of related accessories for corporate customers, telecommunications services providers and global services companies.

Throughout the past year, the market environment of Hong Kong remained challenging due to tightening of monetary policy and the global geopolitical tension. However, the Hong Kong overall economy have started to recover in a steady pace. The Group will endeavor to keep abreast of the times and continuously adjust its market strategy to adapt with the latest development of the market trends and maintain our Group's competitive edge. For the year ended 31 March 2024, the Group's revenue increased to approximately HK\$54,387,000 (2023: HK\$51,381,000), representing a year-to-year increase of approximately 5.9% as compared to the year ended 31 March 2023, mainly due to (i) a new services contract secured from a corporate customer in 2023 regarding the provision of repair and refurbishment services for their electrical appliance and (ii) the steady repairing service income from existing customers. The Group's gross profit for the year ended 31 March 2024 was approximately HK\$11,251,000 (2023: HK\$11,385,000). Due to the thinner gross margin and the additional expenses incurred in the operation of a new repair centre, the Group recorded loss of approximately HK\$9,174,000 for the year (2023: HK\$7,115,000).

FINANCIAL REVIEW

Revenue

The Group's revenue comprises repairing service income and income from sales of accessories and provision of supportive services. The new service contract gained in 2023 led to the increase in repairing service income for the year ended 31 March 2024 at approximately HK\$54,195,000 (2023: HK\$51,207,000), representing a year-on-year increase of approximately 5.8%. Revenue from sales of accessories and provision of supportive services for the year ended 31 March 2024 increased approximately 10.3% to approximately HK\$192,000 as compared with approximately HK\$174,000 in the previous year.

Cost of Sales

The Group's cost of sales comprises mainly direct labour cost and parts cost. For the year ended 31 March 2024, cost of sales increased by approximately 7.9% over the previous year to approximately HK\$43,136,000 from approximately HK\$39,996,000. The increase in cost of sales was attributable to the increase in labour cost.

The Group's cost of inventories sold was approximately HK\$13,474,000 (2023: HK\$20,046,000), representing a decrease of approximately 32.8% over the previous year.

Direct labour cost for the year ended 31 March 2024 was approximately HK\$29,662,000 (2023: HK\$19,950,000), representing an increase of approximately 48.7%. The increase was mainly due to the increase in manpower for the expansion of warehouse facilities and a new repair centre opened in January 2023.

Other Income and Gains

Other income and gains for the year was approximately HK\$3,507,000 (2023: HK\$3,973,000). Other income mainly comprised of management fee income, rental income, storage income, bank interest income together with gain on disposal and dividend income from investment in financial assets. Details of the other income and gains are set out in Note 6 to the consolidated financial statements.

Net Operating Expenses and Administrative Expenses

Other operating expenses, net for the year ended 31 March 2024 were approximately HK\$4,315,000 (2022: HK\$3,200,000), representing an increase of approximately 34.8% over the previous year. The increase was mainly caused by the increase in direct cost, such as rental, building management fee, Government rent and rate, depreciation of property, plant and equipment and utilities incurred for the expansion of warehouse facilities and a repair centre opened in January 2023.

Administrative expenses for the year ended 31 March 2024 was approximately HK\$14,477,000 (2023: HK\$14,554,000), representing a decrease of approximately 0.5%. Administrative expenses comprises mainly depreciation, salaries, office rental and other office expenses.

Income Tax

Income tax credit for the year ended 31 March 2024 was approximately HK\$60,000 (2023: HK\$243,000).

Loss for the Year

Loss for the year ended 31 March 2024 was approximately HK\$9,174,000 (2023: HK\$7,115,000). The loss increase was mainly attributable to the combined effect of the following factors, (i) increase in loss on changes in fair value of financial assets at fair value through profit or loss to approximately HK\$4,749,000 (2023: HK\$432,000); (ii) increase in rental and related expenses for the expansion of warehouse facilities and operating of a new repair centre opened in January 2023; (iii) decrease in impairment loss on property, plant and equipment and investment properties in the total amount of approximately HK\$196,000 (2023: HK\$4,497,000).

INVESTMENTS IN FINANCIAL ASSETS

As at 31 March 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$8,984,000 (2023: HK\$13,984,000), representing approximately 10.5% of the total assets of the Group as at 31 March 2024.

The following table sets out the investment held by the Group as at 31 March 2024:

Stock name:	HKEX
	<i>(Note 1 & 2)</i>
Number of securities held:	39,440
Approximate percentage held to the total issued share capital in the investment company:	0.0031%
Investment cost (<i>HK\$'000</i>):	15,785
Fair value as at 31 March 2024 (<i>HK\$'000</i>):	8,984
Approximate percentage of total assets of the Group as at 31 March 2024:	10.5%
Dividend income during the year ended 31 March 2024 (<i>HK\$'000</i>):	332
Gain on disposal during the year ended 31 March 2024 (<i>HK\$'000</i>):	49
Fair value loss for the year ended 31 March 2024 (<i>HK\$'000</i>):	<u><u>4,749</u></u>

Note 1:

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

Note 2:

The Group's significant investments (i.e. investment with carrying amount exceeding 5% of the total assets of the Group) held as at 31 March 2024 are as follows:

Information of HKEX:

HKEx is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 00388). HKEx is a recognised exchange controller under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). 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. For the year ended 31 December 2023, the audited consolidated profit attributable to shareholders of HKEX was approximately HK\$11,862 million.

The Group's Investment Strategy for These Investments

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had current assets of approximately HK\$31,370,000 (2023: HK\$35,546,000) and current liabilities of approximately HK\$12,639,000 (2023: HK\$8,586,000).

At present, the Group generally finances its operations with internally generated cash flows. Net cash generated from operating activities for the year was approximately HK\$215,000. Net cash used in investing activities was approximately HK\$269,000.

The Group maintained a healthy liquidity position as at 31 March 2024. Apart from providing working capital to support its business development, the Group also has available banking facilities to meet potential needs for business expansion and development. As at 31 March 2024, the Group has unutilised banking facilities of approximately HK\$8,000,000 available for further drawdown should it have any further capital needs. The Group had cash and cash equivalents of approximately HK\$3,811,000 as at 31 March 2024 (2023: HK\$4,593,000).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group has no material contingent liabilities (2023: nil).

FOREIGN CURRENCY RISK

The Group's business are in Hong Kong and are denominated in Hong Kong dollars and United States dollars. The Group currently does not has 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 COMMITMENTS

As at 31 March 2024, the Group did not has any significant capital commitments (2023: nil).

CAPITAL STRUCTURE

There was no change in the capital structure during the year ended 31 March 2024.

The capital structure of the Group consists of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves. The management reviews the capital structure regularly. As part of the review, they consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of existing debt.

MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not make any material acquisition or disposal of subsidiaries or associated companies during the year ended 31 March 2024 (2023: nil).

Save as disclosed in the paragraph headed "Investment in Financial Assets" above and the investment properties held, the Group did not has any significant investment held as at 31 March 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 109 (2023: 91) full-time employees including management, administration, operation and technical staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

OUTLOOK

The Group is dedicated to enhancing its core business foundation by continuously improving service quality and integrating various resources to achieve efficiency gains. Additionally, the Group will actively explore new business opportunities to enhance its business model and diversify its operations, aiming to expand income sources and optimize returns for Shareholders.

Looking forward, the Group holds an optimistic view on the overall business environment and the prospects of the economy. The Group will continue to strengthen our core business, leverage its resources and network, enhance service quality, optimize management and explore new business opportunities in order to maximize the return to the Shareholders.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 March 2024 (the “**Financial Year**”), the Company had complied with the code provisions in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and, where appropriate, adopted the recommended best practices as set out in the CG Code, except the deviation as disclosed below:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. In response to the specific enquires made by the Company on all Directors, they have confirmed that they had complied with the required standard set out in the Model Code throughout the Financial Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Financial Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2024 nor has any dividend been proposed since the end of the reporting period (2023: nil).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**AGM**”) will be held on Friday, 20 September 2024. The notice of the AGM will be despatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The register of members of the Company will be closed from Monday, 16 September 2024 to Friday, 20 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, the non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, 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 Friday, 13 September 2024.

AUDIT COMMITTEE’S REVIEW

The Company has established an audit committee of the Board (the “**Audit Committee**”) in accordance with the Listing Rules to fulfill the functions of reviewing and providing supervision over the Company’s financial reporting process, internal control and risk management. The Audit Committee recently comprises three independent non-executive Directors (“**INEDs**”), and one of the INEDs acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated final results as well as the internal control and risk management of the Group for the Financial Year, which have been audited by the Group’s auditor, Messrs. SHINEWING (HK) CPA Limited.

PUBLICATION OF 2023/2024 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the respective websites of the Company (www.tso.cc) and the Stock Exchange (www.hkexnews.hk). The 2023/2024 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange above in due course in the manner as required by the Listing Rules.

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

Hong Kong, 26 June 2024

As at the date of this announcement, the chairman and non-executive Director is Mr. CHEUNG King Shek; the chief executive officer and executive Director is Mr. CHEUNG King Fung Sunny; non-executive Directors are Mr. CHEUNG King Shan and Mr. CHEUNG King Chuen Bobby; and independent non-executive Directors are Mr. FONG Ping, Ms. KWOK Yuen Man Marisa and Mr. TSO Ka Yi.

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