

TARGET

Intelligence Report

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T H U R S D A Y

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TELECOM SERVICE ONE HOLDINGS LTD: IS YOUR MOBILE TELEPHONE IN NEED OF REPAIR ?

Telecom Service One Holdings Ltd (電訊首科控股有限公司) (Code: 3997, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its 2021/2022 Interim Report in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Thursday, December 16, 2021.

Whether or not minority shareholders of this Company were overjoyed on being apprised of the results, especially noting the Company's ever-dwindling financials, produced by this corporate entity in respect of the six months, ended September 30, 2021, **TARGET** (泰達財經) cannot comment, having no definitive intelligence or confabulatory knowledge of certain matters in order to make a determination.

However, be that as it may, on scanning the Five Year Financial Summary of the Company, it is hardly suggestive of any great expertise on the part of the Cheung Brothers Quartet of Directors that was supposed to be guiding the affairs of the Company through calm and choppy seas, a situation that befalls nearly every company, from time to time.

Telecom Service One Holdings Ltd is engaged in investment holdings and the provision of repair and refurbishment services of mobile telephones and other personal electronic products.

The Company's operations are confined to the HKSAR.

At Page One of the 2021/2022 Interim Report, the '**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**' was produced, as follows:

	For The Six Months, Ended September 30		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	14,681	21,298	(31.07)
Gross Profit	6,669	9,037	(26.20)
Gross Profit Margin*	45.43 percent	42.43 percent	7.07 percent
Other Income and Gain	1,731	4,639	(62.69)
Loss On Changes In Fair Value Of Financial	(1,099)	Nil	N/A

Assets At Fair Value Through Profit Or Loss (“FVTPL”)			
Profit Before Taxation	558	5,322	(89.52)
Profit And Total Comprehensive Income For The Period	245	5,116	(95.21)

* These are **TARGET**’s calculations.

At Page Two of the 2021/2022 Interim Report, under the heading, ‘**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**’, the following statistics were given in respect of ‘**Bank Balances and Cash**’:

*‘As at March 31, 2021: \$HK89,728,000.00
As at September 30, 2021: \$HK13,746,000.00.’*

The difference between the above two statistics: \$HK75,982,000.00, was equivalent to a decrease with regard to ‘**Bank Balances and Cash**’, of 84.68 percent.

Under the subheading, ‘**Net Assets** (Shareholders’ Funds)’, it was shown that there had been a decrease of 2.42 percent in respect of the September 30, 2021, figure of \$HK93,459,000.00, compared to the figure, as at March 31, 2021, of \$HK95,781,000.00.

With regard to ‘**OTHER INCOME AND GAIN**’, found at Page 11 of the 2021/2022 Interim Report, the following table was produced, the Bottom Line, being self-explanatory:

	For The Six Months, Ended September 30	
	2021	2020
	All Figures Are Denominated In \$HK’000	
Management Fee Income	43	13
Consignment Goods Handling Income	Nil	130
Bank Interest Income	46	558
Interest Income From Financial Assets At FVTPL	1,033	Nil
Storage Income	36	116
Exchange Gain	389	1,211
Gain On Disposal Of Financial Assets At FVTPL	56	Nil
Government Subsidies	Nil	2,591
Rental Income (Net Of Direct Outgoings: Nil)	93	Nil
Others	35	20
TOTAL	1,731	4,639

At Page 33 of the 2021/2022 Interim Report, under the heading, ‘**OUTLOOK**’, Senior Management had this to say:

‘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.'

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