



**DIRECTEL HOLDINGS LIMITED**

**直通電訊控股有限公司**

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

**(Stock code: 8337)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED  
(THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Director(s)”) of Directel Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 was approximately HK\$150,555,000, representing a decrease of approximately 0.9% as compared with 2022.
- Loss attributable to shareholders of the Company for the year ended 31 December 2023 was approximately HK\$9,935,000, representing a decrease of approximately 19.3% when compared with 2022.
- Basic and diluted loss per ordinary share for the year ended 31 December 2023 was 5.37 HK cents respectively as compared with basic and diluted loss of 6.66 HK cents respectively for year ended 31 December 2022.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of Directors (the “Board”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

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

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	4,5	<b>150,555</b>	151,976
Cost of sales		<u>(146,317)</u>	<u>(147,805)</u>
<b>Gross profit</b>		<b>4,238</b>	4,171
Other income	6(a)	<b>225</b>	309
Other net income	6(b)	<b>164</b>	32
Administrative and other operating expenses		<u>(14,729)</u>	<u>(17,021)</u>
<b>Loss from operations</b>		<b>(10,102)</b>	(12,509)
Finance cost	7(a)	<u>(51)</u>	<u>(65)</u>
<b>Loss before taxation</b>	7	<b>(10,153)</b>	(12,574)
Income tax credit	8	<u>236</u>	<u>253</u>
<b>Loss for the year</b>		<u><b>(9,917)</b></u>	<u>(12,321)</u>
<b>Loss attributable to:</b>			
Equity shareholders of the Company		<b>(9,935)</b>	(12,317)
Non-controlling interest		<u>18</u>	<u>(4)</u>
		<u><b>(9,917)</b></u>	<u>(12,321)</u>

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Loss per share</b>	<i>10</i>		
– Basic and diluted		<b>(5.37) cents</b>	(6.66) cents
		<u>(9,917)</u>	<u>(12,321)</u>
Loss for the year			
<b>Other comprehensive income for the year</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Equity securities at fair value through other comprehensive income			
– net movement in the fair value reserve (non-recycling)		<b>522</b>	(1,153)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		<b>(206)</b>	(1,516)
		<u>(9,601)</u>	<u>(14,990)</u>
<b>Total comprehensive income for the year</b>			
		<b>(9,619)</b>	(14,986)
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>18</b>	(4)
Non-controlling interest		<b>(9,601)</b>	(14,990)
		<u>(9,601)</u>	<u>(14,990)</u>

There is no tax effect relating to the above components of other comprehensive income.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	1,071	2,677
Other non-current financial assets	13	1,014	2,613
<b>Total non-current assets</b>		<b>2,085</b>	5,290
<b>Current assets</b>			
Inventories	14	1,405	2,397
Trade receivables	15	16,283	21,413
Other receivables, deposits and prepayments	15	4,570	3,483
Pledged bank deposits	16	200	200
Cash and cash equivalents	16	14,594	15,858
<b>Total current assets</b>		<b>37,052</b>	43,351
<b>Current liabilities</b>			
Payables and accruals and contract liabilities	17	6,515	6,182
Lease liabilities	18	592	737
Taxation payable		–	6
<b>Total current liabilities</b>		<b>7,107</b>	6,925
<b>Net current assets</b>		<b>29,945</b>	36,426
<b>Total assets less current liabilities</b>		<b>32,030</b>	41,716
<b>Non-current liabilities</b>			
Lease liabilities	18	219	341
Deferred tax liabilities		105	341
Defined benefit plan obligations		332	–
<b>Total non-current liabilities</b>		<b>656</b>	682
<b>Net assets</b>		<b>31,374</b>	41,034
<b>Capital and reserves</b>			
Share capital		36,975	36,975
Share premium		74,517	74,517
Exchange reserve		(1,960)	(1,754)
Fair value reserve		(1,003)	(1,612)
Accumulated losses		(77,155)	(67,133)
<b>Total equity attributable to equity shareholders of the Company</b>		<b>31,374</b>	40,993
<b>Non-controlling interest</b>		–	41
<b>Total equity</b>		<b>31,374</b>	41,034

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

## Attributable to equity shareholders of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Fair value reserve (non-recycling) <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2022	36,975	74,517	(238)	(459)	(54,816)	55,979	45	56,024
Changes in equity for 2022:								
Loss for the year	-	-	-	-	(12,317)	(12,317)	(4)	(12,321)
Other comprehensive income	-	-	(1,516)	(1,153)	-	(2,669)	-	(2,669)
Total comprehensive income	-	-	(1,516)	(1,153)	(12,317)	(14,986)	(4)	(14,990)
Balance at 31 December 2022 and 1 January 2023	36,975	74,517	(1,754)	(1,612)	(67,133)	40,993	41	41,034
Changes in equity for 2023:								
Loss for the year	-	-	-	-	(9,935)	(9,935)	18	(9,917)
Other comprehensive income	-	-	(206)	522	-	316	-	316
Total comprehensive income	-	-	(206)	522	(9,935)	(9,619)	18	(9,601)
Transfer to accumulated losses upon disposal of financial assets (note 13)	-	-	-	87	(87)	-	-	-
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	(59)	(59)
Balance at 31 December 2023	36,975	74,517	(1,960)	(1,003)	(77,155)	31,374	-	31,374

## NOTES TO THE FINANCIAL STATEMENTS

### 1 BACKGROUND OF THE COMPANY

Directel Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 28 July 2009 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its principal place of business in Hong Kong is at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong and its registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company and its subsidiaries are principally engaged in the provision of telecommunications services and distribution business.

### 2 BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group’s financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity securities at fair value through other comprehensive income (“FVOCI”).

### 3 CHANGES IN ACCOUNTING POLICIES

#### (i) New and amended IFRSs

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(ii) **New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism**

In June 2022 the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance. This change in accounting policy did not have any material impact on the opening balance of equity at 1 January 2022, and the cash flows and loss per share amounts for the year ended 31 December 2022. It also did not have a material impact on the consolidated statement of financial position as at 31 December 2022.

## 4 REVENUE

The principal activities of the Group are the telecommunications services and distribution business. Further details regarding the Group’s principal activities are disclosed in note 5.

(i) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by products or service lines is as follows:

	<b>2023</b>	2022
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Telecommunications services	<b>7,365</b>	2,619
Distribution business	<b>143,190</b>	149,357
	<b><u>150,555</u></b>	<u>151,976</u>

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by the timing of revenue recognition and by geographic markets is disclosed in notes 5(a) and 5(b) respectively.

Revenue from transactions with external customers, including revenue derived from individual customers amounting to 10% or more of the Group's aggregate revenue during the year, are as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Customer A – distribution business	<b>43,696</b>	54,103
Customer B – distribution business	<b>33,243</b>	26,747
Customer C – distribution business	<b>25,643</b>	19,346
Customer D – distribution business	<b>16,405</b>	18,846

**(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date**

The performance obligations arisen from telecommunications services contracts are for period of one year or less or are billed based on usage incurred. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for services which had an original expected duration of one year or less, and the transaction price allocated to these unsatisfied contracts has therefore not been disclosed.

## **5 SEGMENT INFORMATION**

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Company. The CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM assesses the performance of the operating segments based on the results attributable to each reportable segment. Interest income and expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The CODM has determined the operating segments based on these reports. The Group is organised into two business segments:

- (i) Telecommunications services: Provision of telecommunications services
- (ii) Distribution business: Distribution of mobile phones and electronic products and distribution of mobile and data top-up e-vouchers

No operating segments have been aggregated to form the reportable segments.

(a) **Segment results**

The CODM assesses the performance of the operating segments based on the revenue from external customers and reportable segment (loss)/profit (i.e. revenue less cost of sales). Segment (loss)/profit do not include other income, other net income, unallocated corporate expenses and finance cost.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	<b>Telecommunications services HK\$'000</b>	<b>2023 Distribution business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	–	143,190	143,190
Over time	7,365	–	7,365
<b>Revenue from external customers</b>	<u>7,365</u>	<u>143,190</u>	<u>150,555</u>
<b>Reportable segment revenue and consolidated revenue</b>	<u>7,365</u>	<u>143,190</u>	<u>150,555</u>
<b>Reportable segment profit</b>	2,452	1,786	4,238
Other income			225
Other net income			164
Unallocated corporate expenses			(14,729)
Finance cost			<u>(51)</u>
Consolidated loss before taxation			<u><u>(10,153)</u></u>

	Telecommunications services <i>HK\$'000</i>	2022 Distribution business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	–	149,357	149,357
Over time	2,619	–	2,619
<b>Revenue from external customers</b>	2,619	149,357	151,976
<b>Reportable segment revenue and consolidated revenue</b>	2,619	149,357	151,976
<b>Reportable segment (loss)/profit</b>	(154)	4,325	4,171
Other income			309
Other net income			32
Unallocated corporate expenses			(17,021)
Finance cost			(65)
Consolidated loss before taxation			(12,574)

Information of assets and liabilities for reportable segments are not provided to CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable segments are presented.

**(b) Geographical information**

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	97,266	85,678	1,071	4,016
Mainland China	9,593	12,195	–	–
Singapore	43,696	54,103	–	–
	<u>150,555</u>	<u>151,976</u>	<u>1,071</u>	<u>4,016</u>

## 6 OTHER INCOME AND OTHER NET INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(a) Other income</b>		
Interest income on financial assets measured at amortised cost	69	32
Government grants ( <i>note</i> )	–	216
Gain on disposal of subsidiaries	3	–
Sundry income	153	61
	<u>225</u>	<u>309</u>

*Note:* In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding was to retain their current employees or even employ more staff when the business revives as soon as the epidemic situation permits. Under the terms of the grant, the Group should undertake to employ sufficient number of employees in each subsidy month.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(b) Other net income</b>		
Net foreign exchange gain	164	32
	<u>164</u>	<u>32</u>

## 7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

<b>(a) Finance cost</b>		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities ( <i>Note 11</i> )	51	65
	<u>51</u>	<u>65</u>
<b>(b) Staff costs*</b>		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries, wages and other benefits	4,393	4,325
Contributions to retirement benefit schemes	159	155
	<u>4,552</u>	<u>4,480</u>

(c) **Other items**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation*		
– owned property, plant and equipment	1,448	1,537
– right-of-use assets	658	660
Impairment losses on trade receivables*	731	599
Impairment losses on property plant and equipment*	147	168
Operating lease expense*	652	1,158
Auditors' remuneration*		
– audit services	1,114	1,106
– tax services	10	10
– other services	5	5
Cost of inventories	141,608	144,543
Licence charges*	750	838
Repair and maintenance*	978	971
Data processing and billing management fee*	530	600
Legal and professional fee*	811	823

\* These items are included in “administrative and other operating expenses” in the consolidated statement of profit or loss and other comprehensive income.

## 8 **INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(a) **Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax – Outside Hong Kong</b>	–	(1)
<b>Deferred tax</b>	(236)	(252)
	(236)	(253)

(i) **Hong Kong Profits Tax**

The Company's Hong Kong subsidiaries are subject to Hong Kong Profits Tax. In addition, whilst the Company and Elitel Limited, a direct wholly-owned subsidiary of the Company, are incorporated in the Cayman Islands, they are considered as having a presence in Hong Kong for tax purpose since they are primarily managed and controlled in Hong Kong. Accordingly, they are subject to tax on an entity basis on income arising in or derived from Hong Kong. The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2023 (2022: Nil) as the Group's operations in Hong Kong sustained a loss for taxation purpose during the year.

(ii) **Tax outside Hong Kong**

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 9 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

## 10 LOSS PER SHARE

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Loss for the year attributable to the ordinary equity shareholders of the Company for the purpose of basic and diluted loss per share	<u>(9,935)</u>	<u>(12,317)</u>
<b>Weighted average number of ordinary shares (Basic and diluted)</b>		
	<b>2023</b> <b>Number of</b> <b>shares</b>	2022 Number of shares
Issued ordinary shares at 1 January	<u>184,875,000</u>	<u>184,875,000</u>
Weighted average number of ordinary shares at 31 December	<u>184,875,000</u>	<u>184,875,000</u>

The calculation of the basic and diluted loss per share was based on the loss for the year attributable to the equity shareholders of the Company of approximately HK\$9,935,000 (2022: approximately HK\$12,317,000), and the weighted average number of 184,875,000 ordinary shares (2022: 184,875,000 ordinary shares) in issue during the year.

Diluted loss per share was the same as basic loss per share for the years ended 31 December 2023 and 2022 as there were no dilutive potential ordinary shares during these years.

## 11 PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Facilities equipment <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:							
At 1 January 2022	1,343	402	1,860	35,134	667	2,637	42,043
Additions	<u>272</u>	<u>-</u>	<u>-</u>	<u>547</u>	<u>5</u>	<u>-</u>	<u>824</u>
<b>At 31 December 2022 and 1 January 2023</b>	<b>1,615</b>	<b>402</b>	<b>1,860</b>	<b>35,681</b>	<b>672</b>	<b>2,637</b>	<b>42,867</b>
Additions	<u>242</u>	<u>-</u>	<u>-</u>	<u>405</u>	<u>-</u>	<u>-</u>	<u>647</u>
<b>At 31 December 2023</b>	<b><u>1,857</u></b>	<b><u>402</u></b>	<b><u>1,860</u></b>	<b><u>36,086</u></b>	<b><u>672</u></b>	<b><u>2,637</u></b>	<b><u>43,514</u></b>
Accumulated depreciation:							
At 1 January 2022	1,343	402	1,860	30,919	664	2,637	37,825
Charge for the year	104	-	-	2,085	8	-	2,197
Impairment losses ( <i>note 7(c)</i> )	<u>168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168</u>
<b>At 31 December 2022 and 1 January 2023</b>	<b>1,615</b>	<b>402</b>	<b>1,860</b>	<b>33,004</b>	<b>672</b>	<b>2,637</b>	<b>40,190</b>
Charge for the year	<u>95</u>	<u>-</u>	<u>-</u>	<u>2,011</u>	<u>-</u>	<u>-</u>	<u>2,106</u>
Impairment losses ( <i>note 7(c)</i> )	<u>147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147</u>
<b>At 31 December 2023</b>	<b><u>1,857</u></b>	<b><u>402</u></b>	<b><u>1,860</u></b>	<b><u>35,015</u></b>	<b><u>672</u></b>	<b><u>2,637</u></b>	<b><u>42,443</u></b>
Net book value:							
<b>At 31 December 2023</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,071</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,071</u></b>
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,677</u>	<u>-</u>	<u>-</u>	<u>2,677</u>

### Impairment loss

As at 31 December 2023, the Group's management identified a cash-generating unit, a subsidiary relating to the telecommunication segment in Hong Kong which has continued to underperform, and estimated the corresponding recoverable amount of its property, plant and equipment. Based on these estimates, an impairment loss of approximately HK\$147,000 (2022: approximately HK\$168,000) was recognised under other operating expenses to write down the carrying amounts of the related property, plant and equipment to its recoverable amount of approximately HK\$1,071,000. The estimates of recoverable amount were based on the value-in-use model, in which the cash flows were discounted using a discount rate of 15.88% (2022: 15.63%). The discount rate used was pre-tax and reflected specific risks relating to the operation of the relevant subsidiary.

## Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Properties leased for own use, carried at depreciated cost	<i>(i)</i>	–	–
Facilities equipment, carried at depreciated cost	<i>(ii)</i>	<u>422</u>	<u>587</u>
		<u><b>422</b></u>	<u><b>587</b></u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	<b>95</b>	104
– Facilities equipment	<u><b>563</b></u>	<u>556</u>
	<u><b>658</b></u>	<u><b>660</b></u>
Interest on lease liabilities ( <i>note 7(a)</i> )	<b>51</b>	65
Expense relating to short-term leases		
– rental of properties	<u><b>652</b></u>	<u>1,158</u>

During the year, additions to right-of-use assets were approximately HK\$640,000 (2022: approximately HK\$819,000). This amount primarily related to the capitalised lease payments payable under new agreements entered into during the year.

*Notes:*

**(i) Properties leased for own use**

The Group has obtained the right to use properties as its offices through tenancy agreements. The leases typically run for an initial period of one to two years.

**(ii) Facilities equipment**

The Group leases transmission lines under leases for an initial period of one to three years. None of the leases includes variable lease payments.

## 12 GOODWILL

HK\$'000

### Cost:

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 34,003

### Accumulated impairment losses:

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 (34,003)

### Carrying amount:

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 –

The goodwill balance of approximately HK\$28,061,000 was arose from the Mainland China Acquisition and another goodwill balance of approximately HK\$5,942,000 was arose from the Singapore Acquisition. These goodwill balances were fully impaired in 2019 and 2020 respectively.

## 13 OTHER NON-CURRENT FINANCIAL ASSETS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Equity securities designated at FVOCI (non-recycling) ( <i>Note</i> )		
– Listed in Hong Kong	<u><b>1,014</b></u>	<u>2,613</u>

*Note:* The equity securities are shares in Hospital Corporation of China Limited, an equity securities (stock code: 3869) listed on the Stock Exchange of Hong Kong Limited, and mainly engaged in operation and management of privately owned hospitals in Mainland China. The Group designated these listed equity securities as measured at FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the year (2022: HK\$Nil). During the year ended 31 December 2023, the Group disposed of all the shares it held in Kingland Group Holdings Limited (stock code: 1751) for strategic purpose.

## 14 INVENTORIES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
SIM cards	57	166
Recharge and top-up vouchers	1	9
Mobile phone and electronic products	<u>1,347</u>	<u>2,222</u>
	<u><b>1,405</b></u>	<u>2,397</u>

## 15 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade receivables</b>		
– amounts due from third parties	<b>36,071</b>	40,470
Less: loss allowance	<b>(19,788)</b>	(19,057)
	<u><b>16,283</b></u>	<u>21,413</u>
<b>Other receivables, deposits and prepayments</b>		
– amounts due from shareholders from non-controlling interests	–	60
– other receivables	<b>208</b>	257
– deposits and prepayments	<b>4,362</b>	3,166
	<u><b>4,570</b></u>	<u>3,483</u>
	<u><b>20,853</b></u>	<u>24,896</u>

All of the receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

The amounts due from shareholders from non-controlling interests at 31 December 2022 were unsecured, interest-free and settled during the year.

### Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	<b>7,582</b>	9,856
Over 1 month but within 3 months	<b>5,631</b>	6,816
Over 3 months but within 6 months	<b>678</b>	125
Over 6 months but within 12 months	<b>2,392</b>	4,616
	<u><b>16,283</b></u>	<u>21,413</u>

Generally, the provision of telecommunications services and distribution business to the Group's major customers, including their dealers, are made in an open account with credit terms up to 60 days after the date of invoice. Subject to negotiations, credit terms can be extended to three to six months for certain customers with well-established trading and payment records on a case-by-case basis. Provision of telecommunications services to the Group's prepaid users are billed in advance, whereas postpaid users are made in an open account with credit terms up to 12 days after the date of invoice.

## 16 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2023 HK\$'000	2022 HK\$'000
Deposits with banks	229	223
Cash at banks	14,496	15,750
Cash on hand	<u>69</u>	<u>85</u>
	14,794	16,058
Less: pledged bank deposits ( <i>note</i> )	<u>(200)</u>	<u>(200)</u>
Cash and cash equivalents in the consolidated statement of financial position	<u><u>14,594</u></u>	<u><u>15,858</u></u>

*Note:* Bank deposits of HK\$200,000 (2022: HK\$200,000) were pledged for the issuance of a performance bond by a bank (note 19).

## 17 PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	2023 HK\$'000	2022 HK\$'000
<b>Trade payables</b>		
– amounts due to third parties	3,290	3,131
<b>Other payables and accruals</b>		
– accrued charges and deposits	3,216	2,536
<b>Contract liabilities</b>		
Telecommunications services		
– advance payments	<u>9</u>	<u>515</u>
	<u><u>6,515</u></u>	<u><u>6,182</u></u>

Trade and other payables and accruals are expected to be settled within one year or are repayable on demand.

### (a) Trade payables

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	501	489
Over 1 month but within 3 months	411	233
Over 3 months but within 12 months	–	–
Over 12 months	<u>2,378</u>	<u>2,409</u>
	<u><u>3,290</u></u>	<u><u>3,131</u></u>

**(b) Contract liabilities**

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group provides telecommunications services to customers through a variety of plans on a prepaid basis. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customer. The service is generally billed in advance, which results in a contract liability.

The above balances represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of the reporting period, all of which will be recognised as revenue during the subsequent reporting period.

***Movements in contract liabilities***

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Balance at 1 January	<b>515</b>	152
Decrease due to the recognition of revenue for contract liabilities at the beginning of the year	<b>(515)</b>	(152)
Increase due to cash received during the year	<b>1,063</b>	1,216
Decrease due to the recognition of revenue for cash received during the year	<b>(1,054)</b>	(701)
	<hr/> <b>9</b> <hr/>	<hr/> 515 <hr/>
Balance at 31 December		

**18 LEASE LIABILITIES**

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	<b>2023</b>		2022	
	<b>Present value of the minimum lease payments HK\$'000</b>	<b>Total minimum lease payments HK\$'000</b>	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	<b>592</b>	<b>616</b>	737	774
After 1 year but within 2 years	<b>169</b>	<b>176</b>	197	209
After 2 years but within 5 years	<b>50</b>	<b>51</b>	144	150
	<hr/> <b>219</b> <hr/>	<hr/> <b>227</b> <hr/>	<hr/> 341 <hr/>	<hr/> 359 <hr/>
	<hr/> <b>811</b> <hr/>	<hr/> <b>843</b> <hr/>	<hr/> 1,078 <hr/>	1,133
Less: total future interest expense		<hr/> <b>(32)</b> <hr/>		<hr/> (55) <hr/>
Present value of lease liabilities		<hr/> <b>811</b> <hr/>		<hr/> 1,078 <hr/>

## **19 CONTINGENT LIABILITY**

As at 31 December 2023, performance bond of HK\$200,000 (2022: HK\$200,000) was given by a bank in favour of the Office of the Communications Authority as security for due performance and observance of the Group's obligation under the Services-Based Operator Licence. The Group has pledged bank deposits for the above performance bond (note 16). At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group in this regard.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Business in Hong Kong

The Group is a mobile virtual network operator (“MVNO”) which is principally engaged in the provision of mobile telecommunications services and telecommunications value-added services. The Group does not have its own telecommunications network infrastructure and its business mainly involves the trading of the airtime and mobile data sourced from several mobile network operators (“MNOs”) in and outside Hong Kong and subsequently selling the airtime and mobile data through different channels and in various forms to users and dealers. The Group also provides telesales dealership services and other services.

The Group continued its marketing efforts in promoting its telecommunications services and is actively contacting distributors for the distribution of various prepaid products (including travel prepaid SIM card and local prepaid SIM card) offered by the Group. However, the Group continued to experience pricing pressure from other competitors for prepaid products and similar prepaid roaming products in the mobile telecommunications industry that remains highly competitive. On the other hand, with the HKSAR Government easing its COVID-19 measures and relaxing restrictions on the entry of tourists in an orderly manner, travel demand has recovered significantly following the full border reopening between Mainland China and Hong Kong in February 2023. Further, the relevant government authorities have also implemented several favourable measures to stimulate spending, leading to a significant increase in inbound and outbound tourists, and the tourism industry has revived quickly, enabling the Group’s roaming products and services to be extensively launched in the market again.

The revenue derived from the provision of telecommunications services increased by approximately 1.9 times to approximately HK\$7,318,000 for the year ended 31 December 2023 compared to approximately HK\$2,564,000 for the last corresponding year.

The Group has reinforced its cost control and provide extended credit periods to its distributors while staying alert to and proactively responding to different special situations. The Group is negotiating with the service providers to further reduce the unit cost of airtime and mobile data to reduce the selling price of the prepaid products to enhance competitiveness. The Group is now actively looking for distributors to develop overseas markets to enable overseas users who would like to enjoy mobile data services during their overseas travels at lower charges. The Group believes that various prepaid product offerings will help the Group to broaden its user base as well as the total usage of airtime and mobile data, which in turn will strengthen the market position of the Group and increase our revenue as well as the market share of the Group in the competitive mobile telecommunications industry.

The Group has diversified its business in Hong Kong to the distribution of mobile phones and electronic products which became one of the main revenue streams in Hong Kong. For the year ended 31 December 2023, the revenue generated from such distribution business which represents the sales proceeds of mobile phones and electronic products, net of returns and discounts, increased by approximately 8.2% to approximately HK\$89,948,000 when compared with approximately HK\$83,114,000 for the last corresponding year. The good result achieved in distribution business was benefited from the online consumption driven by the development of cross-border e-commerce market and COVID-19. However, since the relief of COVID-19 in 2023, offline economy has recovered generally, and online e-commerce started to cool down. All the industries faced challenges caused by slowdown in growth of global economy, interest rate hike by the United States Federal Reserve, and other factors. Suppliers and customers also faced challenges of different degrees, including customs logistics, insufficient work force in warehouse and higher requirements imposed on vendors from the PRC. Enterprises entered into a bottleneck period of development and faced operation difficulties. Some factories or enterprises are expected to transform, which would affect the distribution business in Hong Kong. The Group will continue to commit more resources and identify different suppliers to increase its offerings of mobile phones and electronic products, and to expand the source of revenue and enhance business performance.

For the purpose of facilitating the commencement of the Group's business in the 5G infrastructure sector, the Company entered into a formal cooperation agreement (the "Cooperation Agreement") with MICAS (Hongkong) Corporation Limited (密卡思 (香港) 有限公司) ("Micas HK") and Smart Cloud Infinity Technology Co., Limited (智雲無界科技有限公司) ("SCIT") on 29 December 2021. Since the establishment of the JV Company ("JV") in accordance with the Cooperation Agreement, the parties have been actively involved in product development and marketing and identification of potential commercial customers and application scenarios. Despite the parties' effort, the JV has not yet developed any products or applications that meet the specific requirements of the Group and its customers to achieve commercialisation. Furthermore, as the 5G infrastructure and applications in Hong Kong are still at an early stage of development, the Group has also encountered difficulties in marketing the potential application scenarios to commercial customers in Hong Kong. As a result, the Group has decided not to proceed further with the cooperation contemplated under the Cooperation Agreement. The Group will continue to focus on the provision of mobile telecommunication services and value-added services as its core business, while exploring other 5G business development opportunities as the Group continues to conduct internal research and development tasks to identify suitable application scenarios that meet the requirements of the Group and its customers for commercialisation.

### **Business in The People's Republic of China ("the PRC")**

The Group engaged in the provision of mobile and data top-up services, and mobile phones and electronic products distribution business in the PRC through its indirect wholly-owned subsidiary, Guangzhou Directel Telecommunications Limited\* 廣州直通電訊有限公司 ("GZDT").

GZDT has engaged in the distribution of mobile phones and electronic products. For the year ended 31 December 2023, the revenue generated from the distribution business which represents the sales proceeds of the mobile phones and electronic products, net of returns and discounts, decreased by approximately 21.4% to approximately HK\$9,546,000 when compared with approximately HK\$12,140,000 for the last corresponding year. The decrease was mainly attributable to the decrease in purchase of the mobile and electronic products by our customers.

GZDT will continue to leverage its relationship established and connections with the telecommunications services/equipment agents/distributors to exploit the mobile phones and electronic products distribution business. In addition to identifying other competent suppliers in different provinces of the PRC to enter into mobile phones and electronic products supply contracts, GZDT can also sell the most popular mobile phones and electronic products with competitive prices to distributors. Meanwhile, GZDT is in active negotiation with other distributors in the PRC and overseas in respect of further potential business collaborations.

### **Business in Singapore**

The Group engaged in the provision of telecommunications services and distribution business in Singapore through its indirect wholly-owned subsidiary, South Data Communication Pte. Ltd. ("South Data"). In respect of the distribution business, South Data has entered into a contract with one of the largest e-commerce platform operators in Singapore (the "E-commerce Platform Operator") as a sale channel in which it will purchase mobile and data top-up e-vouchers from South Data and then resell to ultimate mobile users. The E-commerce Platform Operator has a wide distribution channel of over 1,000 point of sales in Singapore and the ultimate users can easily top up their mobile phones through various popular payment methods such as credit cards and online payment. For the year ended 31 December 2023, the revenue derived from the distribution of mobile and data top-up business decreased by approximately 19.2% to approximately HK\$43,696,000 when compared with approximately HK\$54,103,000 for the corresponding period last year. The Directors are confident that the distribution of mobile and data top-up business act as a foothold in the expansion of telecommunications market to other Asia Pacific territories.

\* For identification only

## **Outlook**

With the HKSAR Government easing its COVID-19 measures and relaxing restrictions on the entry of tourists in an orderly manner, all sectors are gradually getting back on track, and travel demand is rebounding. Further, driven by the full border reopening between Mainland China and Hong Kong in February 2023, visitor arrivals grew rapidly and steadily and the business environment improved significantly. As such, the tourism industry has revived, enabling the Group's roaming products and services to be extensively launched in the market again. In order to seize the opportunities and maintain our position in a highly competitive market, the Group has been constantly reviewing and enhancing our products and services to ensure that we can bring the convenience and pleasure of roaming communications to more customers.

Outbreak of the COVID-19 pandemic has affected the Group's negotiations for new projects and delayed the progress of the existing projects of the Group. As the pandemic has subsided and been brought under control in various countries, the Group is well-prepared for the expected return to normalcy and is closely monitoring market developments, enhancing discussions with business partners while actively creating marketing channels in more regions to develop the Group's business. The Group is cautiously optimistic about its business development in the medium to long term.

The Group is continuously exploring suitable business/investment opportunities in the relevant telecommunications business. In addition to exploring new revenue streams, the Group will also implement stringent cost control measures to improve its business and financial performance. The Group is continuously negotiating with telecommunications service providers to further reduce the unit cost of airtime and mobile data.

The Group will accelerate modification of the mode of business development, facilitate collaborative connection of the business segments with other business to create new synergy. With Mobility as a Service (MaaS) as the core, the Group will expand from traditional telecommunications services into the broader and higher value information services in order to widen the development capacity of information service.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2023, the revenue of the Group decreased to approximately HK\$150,555,000 compared to approximately HK\$151,976,000 for the last corresponding year, representing a decrease of approximately 0.9%. Revenue from the provision of telecommunications services and distribution business accounted for approximately HK\$7,365,000 and HK\$143,190,000 respectively, representing approximately 4.9% and 95.1% of the Group's revenue for the year ended 31 December 2023, respectively. The decrease was mainly attributable to the decrease in revenue generated from the distribution business in the PRC and Singapore which was offset by the increase in revenue generated from the provision of telecommunications services and the distribution business in Hong Kong.

### **Cost of Sales**

The Group's cost of sales decreased by approximately 1.0% to approximately HK\$146,317,000 for the year ended 31 December 2023 compared to approximately HK\$147,805,000 for the last corresponding year. The decrease in cost of sales was generally in line with the respective changes regarding the revenue derived from the provision of telecommunications services, the distribution of mobile phones and electronics products business and the distribution of mobile and data top-up business.

### **Gross Profit**

The gross profit of the Group for the year ended 31 December 2023 increased by approximately 1.6% to approximately HK\$4,238,000 when compared to approximately HK\$4,171,000 for the last corresponding year. The increase was mainly attributable to the improved gross profit margin of the provision of telecommunications services in Hong Kong which was partially offset by the worsened gross profit margin of the distribution business in the PRC.

### **Other Income**

The Group's other income for the year ended 31 December 2023 decreased by approximately 27.2% to approximately HK\$225,000 when compared with approximately HK\$309,000 for the last corresponding year. The decrease was mainly attributable to no government grants have been received in 2023 through the one-off wage subsidies provided by the HKSAR Government under the "Employment Support Scheme".

### **Other Net Income**

The Group's other net income for the year ended 31 December 2023 increased by approximately 4.1 times to approximately HK\$164,000 when compared with approximately HK\$32,000 for the last corresponding year. The increase was mainly due to the increase of foreign exchange gain arising from the movements in the exchange rate between Hong Kong dollars, Renminbi and Singapore dollars.

### **Administrative and Other Operating Expenses**

The Group's administrative and other operating expenses for the year ended 31 December 2023 decreased by approximately 13.5% to approximately HK\$14,729,000 when compared to approximately HK\$17,021,000 for the last corresponding year. The decrease was primarily due to the reduction in operating lease expense and the decrease in the write-off of irrecoverable trade receivables.

## **Finance Cost**

The Group's finance cost for the year ended 31 December 2023 decreased by approximately 21.5% to approximately HK\$51,000 when compared to approximately HK\$65,000 for the last corresponding year. The decrease was attributable to the decrease in interest on lease liabilities.

## **Income Tax Credit**

The Group's income tax credit for the year ended 31 December 2023 decreased by approximately 6.7% to approximately HK\$236,000 when compared with approximately HK\$253,000 for the last corresponding year. The income tax credit was attributable to the decrease of deferred tax liabilities provided for the property, plant and equipment of the Group.

## **Loss Attributable to Shareholders**

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2023 of approximately HK\$9,935,000, representing a decrease of approximately 19.3% when compared with approximately HK\$12,317,000 for the last corresponding year. The decrease was mainly attributable to the decrease of administrative and operating expenses caused by reduction in operating lease expense and the decrease in the write-off of irrecoverable trade receivables.

## **CAPITAL STRUCTURE**

The Group adopts a sound financial policy, and the cash surplus is deposited with the banks to facilitate extra expenditure or investment. As at 31 December 2023, the Group had no outstanding loan or borrowing, and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable. As at 31 December 2023, total equity attributable to equity holders of the Company amounted to approximately HK\$31,374,000 (as at 31 December 2022: approximately HK\$40,993,000).

As of 31 December 2023, the Company had an authorised share capital of HK\$100,000,000 divided into 500,000,000 shares of a par value of HK\$0.20 each ("Shares"), of which 184,875,000 Shares were issued.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group normally finances its operations with internally generated cash flows and capital contribution from shareholders. As at 31 December 2023, the Group had net current assets of approximately HK\$29,945,000 (as at 31 December 2022: approximately HK\$36,426,000), including cash and cash equivalents of approximately HK\$14,594,000 (as at 31 December 2022: approximately HK\$15,858,000). The current ratio was 5.2 as at 31 December 2023, lower than 6.3 as at 31 December 2022.

## **FOREIGN EXCHANGE EXPOSURE**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("US\$"). As HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rate between HK\$ and US\$ to be insignificant. In respect of other currencies, the Group has no significant exposure to currency risk as substantially all the Group's transactions are denominated in functional currency. However, the management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arises. As at 31 December 2023, the Group did not have any derivatives for hedging against the exchange rate risk.

## **PLEDGE OF ASSETS**

As at 31 December 2023, bank deposits of HK\$200,000 (2022: HK\$200,000) were pledged for the issuance of a performance bond by a bank to a subsidiary in the Group.

## **CONTINGENT LIABILITY**

As at the date of this announcement, a performance bond of HK\$200,000 was given by a bank in favour of the Office of the Communications Authority (“OFCA”) as security for the due performance and observance of the Group’s obligation under Services-Based Operator Licence. The Group has pledged bank deposits for the above performance bond. The Directors do not consider it probable that a claim will be made against the Group.

## **MATERIAL ACQUISITION, DISPOSAL OR SIGNIFICANT INVESTMENT**

The Group did not have any material acquisition, disposal of subsidiaries or affiliated companies or significant investment during the year under review.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group had no commitments contracted for but not provided for in the consolidated financial statements (2022: Nil).

## **STAFF AND REMUNERATION POLICY**

As at 31 December 2023, the Group had 19 employees (2022: 20 employees). Among them, 8 employees worked in Hong Kong, 10 employees worked in the PRC and 1 employee worked in Singapore.

Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also offers various staff welfare, including medical insurance, share option scheme, housing fund and social insurance. It believes that employees are the most valuable assets of the Group.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

After the end of the reporting period, in order to support the Group’s working capital needs, the Company as borrower and Mr. Li Kin Shing (the controlling shareholder and the chairman of the Company) as lender entered into an agreement for a loan facility of up to HK\$12,000,000. The said loan is repayable on demand and bears interest at a fixed rate of 2% per annum, to the extent actually drawn down. The financial assistance from Mr. Li to the Group by way of the said loan facility constituted fully exempted connected transaction under GEM Listing Rules as the terms and conditions of the loan are more favourable than commercial terms offered by the banks or other market lenders and that the loan is not secured by the assets of the Group.

## CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive. In order to ascertain the members' entitlement to the attendance of the forthcoming annual general meeting of the Company to be held on Thursday, 6 June 2024, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 31 May 2024.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, so far as it is known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the Securities and Futures Ordinance (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered 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 Rule 5.46 of the GEM Listing Rules:

### (i) Long position in shares of the Company:

Name of Director	Nature of Interest/Capacity	Number of Ordinary Shares	Approximate Percentage of Shareholding
Mr. Li Kin Shing	Interest of controlled corporation	104,437,500 (Note)	56.49%
	Beneficial owner	5,062,500	2.74%
Mr. Pang Kwok Chau	Beneficial owner	1,500,000	0.81%
Mr. Wong Kin Wa	Beneficial owner	1,500,000	0.81%

*Note:* The 104,437,500 shares are owned by New Everich Holdings Limited ("New Everich") which is owned by Mr. Li Kin Shing and Ms. Kwok King Wa as to 54% and 46% respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 104,437,500 shares under the SFO.

### (ii) Long position in New Everich, an associated corporation of the Company:

Name of Director	Nature of Interest/Capacity	Approximate Percentage of Shareholding
Mr. Li Kin Shing	Beneficial owner	100.00% (Note)

*Note:* New Everich is owned as to 54% and 46% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 100% interests in New Everich under the SFO.

Save as disclosed above, as at 31 December 2023, none of the Directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 December 2023, so far as it is known to the Directors, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares 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 would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

### **Long position in shares of the Company:**

<b>Name</b>	<b>Nature of Interest/Capacity</b>	<b>Number of Ordinary Shares</b>	<b>Approximate Percentage of Shareholding</b>
New Everich	Beneficial owner	104,437,500	56.49%
Ms. Kwok King Wa	Interest of controlled corporation	104,437,500 <i>(Note 1)</i>	56.49%
	Interest of spouse	5,062,500 <i>(Note 2)</i>	2.74%
Golden Brand Holdings Limited	Beneficial owner	16,500,000	8.92%
Mr. Bai Zhifeng	Interest of controlled corporation	16,500,000 <i>(Note 3)</i>	8.92%

#### *Notes:*

- (1) The 104,437,500 shares are owned by New Everich which is owned by Mr. Li Kin Shing and Ms. Kwok King Wa as to 54% and 46% respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 104,437,500 shares under the SFO.
- (2) Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 5,062,500 shares under the SFO.
- (3) The 16,500,000 shares are owned by Golden Brand Holdings Limited which is wholly owned by Mr. Bai Zhifeng.

Save as disclosed above, as at 31 December 2023, so far as it is known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with interests or short positions in the shares or underlying shares 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 would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## COMPETING INTERESTS

During the year ended 31 December 2023, save as disclosed below, none of the Directors or controlling shareholders of the Company nor their respective associates is considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

Directel Limited, a company incorporated in the Cayman Islands, is held as to 50% and 50% by Mr. Li Kin Shing, a non-executive Director, the chairman of the Company, a controlling shareholder and a substantial shareholder of the Company, and Ms. Kwok King Wa, a controlling shareholder and a substantial shareholder of the Company and the spouse of Mr. Li Kin Shing, respectively. According to the GEM Listing Rules, Directel Limited is an associate of Mr. Li Kin Shing and Ms. Kwok King Wa.

Directel Limited is the licensee of the operation rights of RF-SIM in markets other than the PRC (including Hong Kong and Macau) and it has the right to grant licences of the operation rights of RF-SIM intellectual property rights to others in markets other than the PRC. There is a risk that such services provided by Directel Limited may compete with the services provided by the Group as Directel Limited is expected to grant licences of the operation rights of RF-SIM intellectual property rights in other regions in the future.

Sunward Telecom Limited (“Sunward Telecom”) and its wholly-owned subsidiaries (collectively, the “Sunward Group”) were directly wholly-owned by Mr. Li Kin Shing. Therefore, the Sunward Group are the associates of Mr. Li Kin Shing under the GEM Listing Rules. The Sunward Group, as a whole, is principally engaged in (i) the research and development, production and sales of RF-SIM products; (ii) licensing of the RF-SIM operations rights in markets other than Hong Kong and Macau, and (iii) research and development and technology transfer of CA-SIM application rights to customers.

The Directors confirm that as China-Hongkong Telecom Limited, a wholly-owned subsidiary of the Company, has obtained the exclusive licence of the operation rights of RF-SIM intellectual property rights in Hong Kong and Macau. The Directors further confirm that the services provided by Directel Limited are in territories other than the PRC, Hong Kong and Macau, the services provided by the Sunward Group concentrate on the application of the RF-SIM intellectual property rights in the PRC, and the services provided by the Group regarding the operation rights of RF-SIM intellectual property rights are solely in Hong Kong and Macau. Nevertheless, Mr. Li Kin Shing, Ms. Kwok King Wa and Directel Limited (as Covenantors) executed a deed of non-competition undertaking in favour of the Company on 24 May 2010 pursuant to which the Covenantors have undertaken to the Company inter alia, that (i) the Covenantors shall not, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on his/her/its own account or with each other or in conjunction with or on behalf of any person or company, any business which will or may compete with the RF-SIM business of the Group in Hong Kong and Macau; and (ii) in the event the Covenantors or their associates were given any business opportunities that is or may involve in direct or indirect competition with the business of the Group, the Covenantors shall assist the Company in obtaining such business opportunities in the terms being offered to the Covenantors, or more favourable terms being acceptable to the Company.

## SHARE OPTION SCHEME

The Company has adopted a new share option scheme (the “Share Option Scheme”) in the annual general meeting held on 11 May 2016, the major terms of the Share Option Scheme were summarized as follows:

### (i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### (ii) Participants of the Share Option Scheme

The Board of the Company may, at its discretion, grant options to the following persons (the “Eligible Participants”): (i) any full-time or part-time employees, executives, officers; (ii) any directors (including executive directors, non-executive directors, and independent non-executive directors) of the Group; and (iii) any advisors, consultants, agents, suppliers, customers and distributors to the Company or any of the subsidiaries; and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

### (iii) Total number of shares available for issue under the Share Option Scheme

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 18,487,500 shares, representing 10% of the shares of the Company in issue as at 31 December 2023. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

### (iv) Maximum entitlement of each participant

The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, are subject to shareholders’ approval in advance in a general meeting.

### (v) Time of exercise of options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. No minimum period for which the option must be held before it can be exercised is specified in the Share Option Scheme.

**(vi) The subscription price per share**

The subscription price per share in respect of the share options granted under the Share Option Scheme is such price as determined by the Board of the Company at the time of the grant of the options, but in any case the subscription price shall not be lower than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

**(vii) Payment on acceptance of option**

The offer of a grant of share options may be accepted within 21 days from the date of offer upon payment of a nominal consideration of HK\$1 in total by the grantee.

**(viii) Duration of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years from its adoption date (i.e. 11 May 2016). The Share Option Scheme will terminate or expire (as the case may be) on the earlier (i) the passing of a resolution in general meeting or the Board at any time, and (ii) at the close of business on the day immediately preceding the tenth anniversary of the adoption date (Scheme Period).

The Company did not grant or cancel any options under the Share Option Scheme any time during the year, and as at 31 December 2023, there was no outstanding share option under the Share Option Scheme. The number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2023 and as at 31 December 2023 was 18,487,500 and 18,487,500, respectively.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this announcement, during the year ended 31 December 2023, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNMENT CODE**

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. During the year ended 31 December 2023, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules applicable during the financial year ended 31 December 2023.

A healthy corporate culture throughout the Group is essential to achieving the Group's vision and strategy. It is the Board's responsibility to foster a corporate culture focused on high levels of integrity and a code of conduct to ensure that the Group's vision, values and business strategies are aligned. The Group is committed to maintaining high standards of business ethics and corporate governance in all our activities and operations. Directors, management and employees are all required to act lawfully, ethically and responsibly and the required standards and norms are explicitly set out in the training materials for all new employees and embedded in various policies such as the Group's Employee Handbook (including the Group's Code of Conduct), the Group's Anti-Corruption Policy and the Group's Whistleblowing Policy. Training is conducted from time to time to reinforce the required standards of ethics and integrity.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **SCOPE OF WORK OF AUDITOR**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance agreement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company has established an audit committee ("Audit Committee") on 20 May 2010 with written terms of reference in compliance with the GEM Listing Rules. The Terms of Reference of the Audit Committee were revised and adopted by the Board on 31 December 2018. For details, please refer to the Terms of Reference of the Audit Committee published on the Company's website and the Stock Exchange website on 31 December 2018. The Audit Committee consists of the three independent non-executive Directors, namely, Ms. Lee Man Yee, Maggie, Mr. Chen Xue Dao and Mr. Liu Kejun. Ms. Lee Man Yee, Maggie is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review the Company's annual report and consolidated financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the financial reporting, risk management and internal control systems and the management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems for the year ended 31 December 2023. The Company has conducted review of its risk management and internal control systems periodically and has convened meeting periodically to discuss the financial, operational and risk management control. The Audit Committee is of the view that the risk management and internal control system implemented by the Group during the period under review had been valid and adequate.

During the year of 2023, the audit committee has (i) reviewed the quarterly and half-yearly results; (ii) reviewed the accounting policies adopted by the Group and issues related to accounting practice; (iii) met with external auditors to discuss on issues arising from the audit and financial reporting matters and reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement; and (iv) assisted the Board to evaluate on the effectiveness of financial reporting procedure and internal control.

The Group's audited results for the year ended 31 December 2023 have been reviewed by the Audit Committee and which was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.directel.hk](http://www.directel.hk)), and the annual report of the Company for the year ended 31 December 2023 containing all the information required by the GEM Listing Rules will be sent to the shareholders of the Company electronically (or in printed form upon request) and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Directel Holdings Limited**  
**Pang Kwok Chau**  
*Executive Director*

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Director is Mr. Pang Kwok Chau; the non-executive Directors are Mr. Li Kin Shing and Mr. Wong Kin Wa; and the independent non-executive Directors are Ms. Lee Man Yee, Maggie, Mr. Chen Xue Dao and Mr. Liu Kejun.*

*This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the day of its publication and on the Company's website at [www.directel.hk](http://www.directel.hk).*