



DIRECTEL HOLDINGS LIMITED

直通電訊控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8337)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**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.

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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 six months ended 30 June 2024 was approximately HK\$68,889,000, representing a decrease of approximately 9.7% as compared with the corresponding period in 2023.
- Loss attributable to equity shareholders of the Company for the six months ended 30 June 2024 was approximately HK\$5,235,000, representing a decrease of approximately 5.2% as compared with the corresponding period in 2023.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2024.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated financial statements of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the six months ended 30 June	
		2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Revenue	5, 6	68,889	76,308
Cost of sales		<u>(66,882)</u>	<u>(74,972)</u>
Gross profit		2,007	1,336
Other income	7(a)	246	41
Other net loss	7(b)	(218)	(44)
Administrative and other operating expenses		<u>(7,279)</u>	<u>(6,954)</u>
Loss from operations		(5,244)	(5,621)
Finance cost	8(a)	<u>(88)</u>	<u>(26)</u>
Loss before taxation	8	(5,332)	(5,647)
Income tax credit	9	<u>97</u>	<u>124</u>
Loss for the period		<u>(5,235)</u>	<u>(5,523)</u>
Loss attributable to:			
Equity shareholders of the Company		(5,235)	(5,521)
Non-controlling interests		<u>–</u>	<u>(2)</u>
		<u>(5,235)</u>	<u>(5,523)</u>
Loss per share	11		
Basic and diluted (<i>HK cents</i>)		<u>(2.83)</u>	<u>(2.99)</u>

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(5,235)	(5,523)
Other comprehensive income for the period, net of income tax:		
<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)	(16)	246
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(91)	(463)
Total comprehensive income for the period	(5,342)	(5,740)
Total comprehensive income attributable to:		
Equity shareholders of the Company	(5,342)	(5,738)
Non-controlling interests	–	(2)
	(5,342)	(5,740)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
	Note		
Non-current assets			
Property, plant and equipment	12	495	1,071
Other non-current financial assets	13	998	1,014
Total non-current assets		1,493	2,085
Current assets			
Inventories	14	1,699	1,405
Trade receivables	15	16,638	16,283
Other receivables, deposits and prepayments	15	3,652	4,570
Pledged bank deposits	16	200	200
Cash and cash equivalents	16	21,716	14,594
Total current assets		43,905	37,052
Current liabilities			
Payables and accruals and contract liabilities	17	6,374	6,515
Lease liabilities		462	592
Shareholder's loans	18	12,068	–
Total current liabilities		18,904	7,107
Net current assets		25,001	29,945
Total assets less current liabilities		26,494	32,030
Non-current liabilities			
Lease liabilities		98	219
Deferred tax liabilities		9	105
Defined benefit plan obligations		355	332
Total non-current liabilities		462	656
Net assets		26,032	31,374

		As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Capital and reserves			
Share capital	19	36,975	36,975
Share premium		74,517	74,517
Exchange reserve		(2,051)	(1,960)
Fair value reserve		(1,019)	(1,003)
Accumulated losses		(82,390)	(77,155)
		<hr/>	<hr/>
Total equity		26,032	31,374
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company							
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Fair value reserve (non-recycling) HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interest HK\$'000 (Unaudited)	Total Equity HK\$'000 (Unaudited)
Balance at 1 January 2023	36,975	74,517	(1,754)	(1,612)	(67,133)	40,993	41	41,034
Loss for the period	-	-	-	-	(5,521)	(5,521)	(2)	(5,523)
Other comprehensive income for the period	-	-	(463)	246	-	(217)	-	(217)
Total comprehensive income for the period	-	-	(463)	246	(5,521)	(5,738)	(2)	(5,740)
Balance at 30 June 2023	36,975	74,517	(2,217)	(1,366)	(72,654)	35,255	39	35,294
Balance at 1 January 2024	36,975	74,517	(1,960)	(1,003)	(77,155)	31,374	-	31,374
Loss for the period	-	-	-	-	(5,235)	(5,235)	-	(5,235)
Other comprehensive income for the period	-	-	(91)	(16)	-	(107)	-	(107)
Total comprehensive income for the period	-	-	(91)	(16)	(5,235)	(5,342)	-	(5,342)
Balance at 30 June 2024	36,975	74,517	(2,051)	(1,019)	(82,390)	26,032	-	26,032

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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 interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. 2023 annual report is available at the Company’s registered office. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS that are first effective for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies adopted in the Group’s financial statements as a result of these developments.

The Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. 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 6.

Disaggregation of revenue

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Telecommunications services	4,481	2,131
Distribution business	64,408	74,177
	<u>68,889</u>	<u>76,308</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 6(a) and 6(b) respectively.

Revenue from transactions with external customers, including revenue derived from individual customers who are known to the Group to be subject to common control, amounting to 10% or more of the Group's aggregate revenue for each of the periods are as follows:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A – distribution business	29,289	24,884
Customer B – distribution business	18,966	12,658
Customer C – distribution business	12,094	11,390
Customer D – distribution business	–	8,880
	<u>–</u>	<u>8,880</u>

6. 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 profit (i.e. revenue less cost of sales). Segment profit do not include other income, other net loss, finance cost and unallocated corporate expenses.

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 purpose of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	For the six months ended 30 June 2024		
	Telecommunications services <i>HK\$'000</i> (Unaudited)	Distribution business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Disaggregated by timing of revenue recognition			
Point in time	–	64,408	64,408
Over time	4,481	–	4,481
Revenue from external customers	4,481	64,408	68,889
Reportable segment revenue and consolidated revenue	4,481	64,408	68,889
Reportable segment profit	1,203	804	2,007
Other income			246
Other net loss			(218)
Finance cost			(88)
Unallocated corporate expenses			(7,279)
Consolidated loss before taxation			(5,332)

	For the six months ended 30 June 2023		
	Telecommunications services <i>HK\$'000</i> (Unaudited)	Distribution business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Disaggregated by timing of revenue recognition			
Point in time	–	74,177	74,177
Over time	2,131	–	2,131
Revenue from external customers	2,131	74,177	76,308
Reportable segment revenue and consolidated revenue	2,131	74,177	76,308
Reportable segment profit	388	948	1,336
Other income			41
Other net loss			(44)
Finance cost			(26)
Unallocated corporate expenses			(6,954)
Consolidated loss before taxation			(5,647)

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. 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	
	For the six months ended 30 June		At as 30 June	As at 31 December
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	35,748	45,886	495	1,071
Mainland China	3,852	5,538	–	–
Singapore	29,289	24,884	–	–
	<u>68,889</u>	<u>76,308</u>	<u>495</u>	<u>1,071</u>

7. OTHER INCOME AND OTHER NET LOSS

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Other income		
Interest income on financial assets measured at amortised cost	225	36
Sundry income	21	5
	<u>246</u>	<u>41</u>
(b) Other net loss		
Net foreign exchange loss	(218)	(44)

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
(a) Finance cost		
Interest on lease liabilities	20	26
Interest expenses on shareholder's loans (note 18)	68	–
	<u>88</u>	<u>26</u>
(b) Staff costs		
Salaries, wages and other benefits	2,108	2,121
Contributions to retirement benefit schemes	75	71
Expenses recognised in respect of defined benefit plan obligations	23	–
	<u>2,206</u>	<u>2,192</u>
(c) Other items:		
Depreciation		
– Owned property, plant and equipment	602	759
– Right-of-use assets	218	305
Impairment losses on trade receivables	1,224	98
Expenses relating to short-term leases		
– rental of properties	251	407
Auditors' remuneration		
– audit services	544	556
– tax services	5	5
Cost of inventories	63,704	73,272
Licence charges	373	422
Repair and maintenance	457	494
Data processing and billing management fee	240	290

9. INCOME TAX CREDIT IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Deferred tax	<u>97</u>	<u>124</u>

(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 the six months ended 30 June 2024 is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 (2023: Nil) as the Group's operations in Hong Kong either had no assessable profit or had tax losses brought forward to offset estimated assessable profits for the period.

(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.

10. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024. No interim dividend was paid in respect of the six months ended 30 June 2023.

11. 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:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to the ordinary equity shareholders of the Company for the purpose of basic and diluted loss per share	<u>(5,235)</u>	<u>(5,521)</u>

Weighted average number of ordinary shares (Basic and diluted)

	For the six months ended 30 June	
	2024	2023
	Number of shares '000	Number of shares '000
Issued ordinary shares at 1 January and 30 June	<u>184,875</u>	<u>184,875</u>
Weighted average number of ordinary shares at 30 June	<u>184,875</u>	<u>184,875</u>

The calculation of the basic and diluted loss per share was based on the loss for the period attributable to the equity shareholders of the Company of approximately HK\$5,235,000 (2023: approximately HK\$5,521,000), and the weighted average number of 184,875,000 ordinary shares (2023: 184,875,000 ordinary shares) in issue during the period.

Diluted loss per share was the same as basic loss per share for the six months ended 30 June 2024 and 2023 as there were no dilutive potential ordinary shares during these periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group has not acquired items of property, plant and equipment (six months ended 30 June 2023: HK\$5,000).

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of properties and transmission lines, and therefore recognised the additions to right-of-use assets of approximately HK\$232,000 (six months ended 30 June 2023: approximately HK\$447,000).

13. OTHER NON-CURRENT FINANCIAL ASSETS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Equity securities designated at FVOCI (non-recycling)		
– Listed in Hong Kong	998	1,014

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 in FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments for the six months ended 30 June 2024 (2023: Nil).

14. INVENTORIES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
SIM cards	121	57
Recharge and top-up vouchers	–	1
Mobile phone and electronic products	1,578	1,347
	1,699	1,405

15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables		
– amounts due from third parties	37,651	36,071
Less: loss allowance	<u>(21,013)</u>	<u>(19,788)</u>
	<u>16,638</u>	<u>16,283</u>
Other receivables, deposits and prepayments		
– other receivables	243	208
– deposits and prepayments	<u>3,409</u>	<u>4,362</u>
	<u>3,652</u>	<u>4,570</u>
	<u>20,290</u>	<u>20,853</u>

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

Ageing analysis

At 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:

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within 1 month	11,818	7,582
Over 1 month but within 3 months	1,963	5,631
Over 3 months but within 6 months	268	678
Over 6 months but within 12 months	<u>2,589</u>	<u>2,392</u>
	<u>16,638</u>	<u>16,283</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 (2023: 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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Deposits with banks	14,752	229
Cash at banks	7,051	14,496
Cash on hand	<u>113</u>	<u>69</u>
	21,916	14,794
Less: pledged bank deposits (<i>note</i>)	<u>(200)</u>	<u>(200)</u>
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<u>21,716</u>	<u>14,594</u>

Note: Bank deposits of HK\$200,000 (31 December 2023: HK\$200,000) were pledged for the issuance of a performance bond by a bank.

17. PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Trade payables		
– amounts due to third parties	4,193	3,290
Other payables and accruals		
– accrued charges and deposits	2,064	3,216
Contracts liabilities		
Telecommunications services		
– advance payments	<u>117</u>	<u>9</u>
	<u>6,374</u>	<u>6,515</u>

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

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within 1 month	787	501
Over 1 month but within 3 months	1,044	411
Over 3 months but within 12 months	–	–
Over 12 months	<u>2,362</u>	<u>2,378</u>
	<u>4,193</u>	<u>3,290</u>

18. SHAREHOLDER'S LOANS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Loans from a shareholder	<u>12,068</u>	<u>–</u>

Loans from Mr. Li Kin Shing (the controlling shareholder and the chairman of the Company) of HK\$12,000,000 (31 December 2023: Nil) are unsecured, interest bearing at 2% (31 December 2023: Nil) per annum, denominated in Hong Kong Dollars and repayable on demand. The relevant interest amount for the period amounted to HK\$68,000 (2023: Nil).

The movements in shareholder's loans during the reporting period are as follows:

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
At 1 January	–	–
Loans advanced from shareholder	12,000	–
Interest expenses on shareholder's loans (<i>Note 8(a)</i>)	<u>68</u>	<u>–</u>
At 30 June	<u>12,068</u>	<u>–</u>

19. SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	Number of shares (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number of shares (Audited)	Nominal value HK\$'000 (Audited)
Authorised:				
At the beginning of the reporting period/year	<u>500,000,000</u>	<u>100,000</u>	500,000,000	100,000
At the end of the reporting period/year	<u>500,000,000</u>	<u>100,000</u>	500,000,000	100,000
Issued and fully paid:				
At the beginning of the reporting period/year	<u>184,875,000</u>	<u>36,975</u>	184,875,000	36,975
At the end of the reporting period/year	<u>184,875,000</u>	<u>36,975</u>	184,875,000	36,975

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. FAIR VALUE MEASUREMENT

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2024 HK\$'000 (Unaudited)	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)
Recurring fair value measurements				
Assets:				
Non-trading listed securities	<u>998</u>	<u>998</u>	<u>–</u>	<u>–</u>
	Fair value at 31 December 2023 HK\$'000 (Audited)	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)
Recurring fair value measurements				
Assets:				
Non-trading listed securities	<u>1,014</u>	<u>1,014</u>	<u>–</u>	<u>–</u>

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

21. COMMITMENTS

As at 30 June 2024, the Group had no capital commitments contracted for but not provided in the interim financial report (31 December 2023: Nil).

22. MATERIAL RELATED PARTY TRANSACTIONS

(a) Relationship between the Group and related parties

(i) Controlling shareholders of the Group

- Li Kin Shing
- Kwok King Wa

(ii) Subject to common control from controlling shareholders

- China Elite Information Technology Ltd.
- Directel Limited
- Fastary Limited
- Sunward Telecom Limited (incorporated in the BVI)
- Sunward Telecom Limited (incorporated in the Cayman Islands)
- Talent Information Engineering Co Limited
- Target Link Enterprises Limited
- Xiamen Elite Electric Co., Ltd.
- 廣州國聯智慧信息技術有限公司

(b) Transactions

The Group entered into the following material related party transactions:

Related parties	Notes	For the six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
China Elite Information Technology Ltd.			
– Data processing and billing management*	(i)	240	290
廣州國聯智慧信息技術有限公司			
– Development and maintenance of the Company's website*	(i)	90	90
Talent Information Engineering Co Limited			
– Rental of properties*	(ii)	180	339
Mr. Li Kin Shing			
– Interest expenses on shareholder's loans	(iii)	68	–

* Continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules.

Notes:

- Services rendered by related parties related to data processing and billing management services, and development and maintenance of the Company's website.
- The Group has leased certain properties from a related party under operating leases at an aggregate monthly rental of HK\$30,000 for the period from 1 January 2024 to 31 December 2024.
- As at 30 June 2024, loans from Mr. Li Kin Shing (the controlling shareholder and the chairman of the Company) of HK\$12,000,000 (31 December 2023: Nil) were unsecured, interest bearing at 2% per annum, denominated in Hong Kong Dollars and repayable on demand. The relevant interest amount for the period amounted to HK\$68,000 (2023: Nil).

The directors of the Company are of the opinion that the above transactions with related parties were conducted on terms and conditions that are mutually agreed in the ordinary course of the Group's business.

(c) **Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the individuals with highest emoluments, are as follows:

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	876	1,093
Contributions to retirement benefit schemes	29	35
Expenses recognised in respect of defined benefit plan obligations	23	–
	928	1,128

Total remuneration is included in "staff costs" (note 8(b)).

23. CONTINGENT LIABILITIES

As at 30 June 2024, a performance bond of HK\$200,000 (31 December 2023: HK\$200,000) was given by a bank in favour of the Office of the Communications Authority 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 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, as Hong Kong emerging from COVID-19, coupled with the full border reopening between Mainland China and Hong Kong in 2023, tourism industry in Hong Kong has shown remarkable recovery, and global tourism has resumed rapidly, approaching the pre-COVID-19 level and getting back on track in 2023. The mobile telecommunications services of the Group was driven by the post-COVID-19 recovery, and revenue derived from roaming services recorded considerable growth in the first half of 2024.

The revenue derived from the provision of telecommunications services increased by approximately 1.1 times to approximately HK\$4,460,000 for the six months ended 30 June 2024 compared to approximately HK\$2,107,000 for the last corresponding period.

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 six months ended 30 June 2024, the revenue generated from such distribution business which represents the sales proceeds of mobile phones and electronic products, net of returns and discounts, decreased by approximately 28.5% to approximately HK\$31,288,000 when compared with approximately HK\$43,779,000 for the last corresponding period. 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 People’s Republic of China (“the PRC”). Enterprises entered into 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.

Business in 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 six months ended 30 June 2024, 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 30.5% to approximately HK\$3,831,000 when compared with approximately HK\$5,514,000 for the corresponding period last year. The decrease was mainly attributable to the decrease in purchase of the mobile phones 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 six months ended 30 June 2024, the revenue derived from the distribution of mobile and data top-up business increased by approximately 17.7% to approximately HK\$29,289,000 when compared with approximately HK\$24,884,000 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.

Outlook

With the remarkable recovery shown in tourism industry in Hong Kong, global tourism resumed rapidly, approaching the pre-COVID-19 level and getting back on track. Driven by the post-COVID-19 recovery, the Group’s roaming products and services was extensively launched in the market again, enabling revenue derived from roaming services to record considerable growth in the first half of 2024. The Group expects that the travel demand will keep growing. In order to seize the opportunities and maintain our position in a highly competitive market, we will continue to closely monitor the latest market trends and customer preference, constantly review and enhance our products and services, and take flexible measures to ensure that we can bring the convenience and pleasure of roaming communications to more customers.

* For identification only

Given the ongoing uncertainties in global macroeconomic environment, the Hong Kong economy is expected to continue to face challenges during the remaining of the year 2024. The pace of recovery was affected by raised uncertainties in global business atmosphere due to various adverse factors such as continuously high interest rate, geopolitical tensions and Sino-US relationship. Despite the challenging market prospect, we will closely monitor market condition, promptly respond to challenges in the market, enhance 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

For the six months ended 30 June 2024, the revenue of the Group decreased to approximately HK\$68,889,000 compared to approximately HK\$76,308,000 for the corresponding period last year, representing a decrease of approximately 9.7%. Revenue from the provision of telecommunications services and distribution business accounted for approximately HK\$4,481,000 and HK\$64,408,000 respectively, representing approximately 6.5% and 93.5% of the Group's revenue for the six months ended 30 June 2024, respectively. The decrease was mainly attributable to the decrease in revenue generated from the distribution business in the PRC and Hong Kong which was partially offset by the increase in revenue generated from the provision of telecommunications services in Hong Kong and the distribution business in Singapore.

The Group's cost of sales decreased by approximately 10.8% to approximately HK\$66,882,000 for the six months ended 30 June 2024 compared to approximately HK\$74,972,000 for the corresponding period last 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.

The Group's gross profit increased by approximately 50.2% to approximately HK\$2,007,000 for the six months ended 30 June 2024 compared to approximately HK\$1,336,000 for the corresponding period last year. The increase was mainly attributable to the improved gross profit margin of the telecommunications services in Hong Kong.

The Group's other income for the six months ended 30 June 2024 increased by approximately 5.0 times to approximately HK\$246,000 when compared with approximately HK\$41,000 for the corresponding period last year. The increase was mainly attributable to the increase of interest income.

The Group's other net loss for the six months ended 30 June 2024 increased by approximately 4.0 times to approximately HK\$218,000 when compared with approximately HK\$44,000 for the corresponding period last year. The increase was mainly due to the increase of foreign exchange loss arising from the movements in the exchange rate between Hong Kong dollars, Renminbi and Singapore dollars.

The Group's administrative and other operating expenses for the six months ended 30 June 2024 increased by approximately 4.7% to approximately HK\$7,279,000 when compared to approximately HK\$6,954,000 for the corresponding period last year. The increase was primarily due to significant increase in impairment losses on trade receivables to approximately HK\$1,224,000 for the six months ended 30 June 2024 when compared to approximately HK\$98,000 for the corresponding period last year.

The Group's finance cost for the six months ended 30 June 2024 increased by approximately 2.4 times to approximately HK\$88,000 when compared with approximately HK\$26,000 for the corresponding period last year. The increase was mainly attributable to the interest payable on shareholder's loans which were borrowed in 2024.

The Group's income tax credit for the six months ended 30 June 2024 decreased by approximately 21.8% to approximately HK\$97,000 when compared with approximately HK\$124,000 for the corresponding period last year. The income tax credit was attributable to the decrease of deferred tax liabilities provided for the property, plant and equipment of the Group.

The Group recorded a loss attributable to equity shareholders of the Company for the six months ended 30 June 2024 of approximately HK\$5,235,000, representing a decrease of approximately 5.2% when compared with approximately HK\$5,521,000 for the corresponding period last year. The decrease was mainly attributable to the improved gross profit margin of the telecommunications services in Hong Kong which was offset by the significant increase in impairment losses on trade receivables.

CAPITAL STRUCTURE

As at 30 June 2024, the gearing ratio of the Group, being calculated on the basis of total borrowings over total equity, was approximately 46.4% (31 December 2023: not applicable).

As at 30 June 2024, total equity attributable to equity holders of the Company amounted to approximately HK\$26,032,000 (31 December 2023: approximately HK\$31,374,000). As of 30 June 2024, the Company had an authorised share capital of HK\$100,000,000 divided into 500,000,000 shares of a par value of HK\$0.2 each ("Share"), of which 184,875,000 Shares were issued.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group financed its operations primarily by internally generated cash flows, shareholder's loans and capital contribution from shareholders. As at 30 June 2024, the Group had net current assets of approximately HK\$25,001,000 (31 December 2023: approximately HK\$29,945,000), including cash and cash equivalents of approximately HK\$21,716,000 (31 December 2023: approximately HK\$14,594,000). The current ratio was 2.3 as at 30 June 2024, lower than 5.2 as at 31 December 2023.

As at 30 June 2024, the Group had shareholder's loans amounting to HK\$12,000,000 that were due to Mr. Li Kin Shing (the controlling shareholder and the chairman of the Company), which were unsecured, interest bearing at 2% per annum, denominated in Hong Kong Dollars and repayable on demand.

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 arise. As at 30 June 2024, the Group did not have any derivatives for hedging against the exchange rate risk.

PLEDGE OF ASSETS

As at 30 June 2024, bank deposits of HK\$200,000 (31 December 2023: HK\$200,000) were pledged for the issuance of a performance bond by a bank to a subsidiary in the Group.

CONTINGENT LIABILITIES

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 in this regard.

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 period under review.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no capital commitments contracted for but not provided in the consolidated financial statements (31 December 2023: Nil).

SEGMENT REPORTING

In accordance with IFRS 8, *Operating Segments*, 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 Group has identified two reportable segments which are telecommunications services and distribution business. Details of the segment reporting are set out in note 6 to the unaudited financial report.

STAFF AND REMUNERATION POLICY

As at 30 June 2024, the Group had 19 employees (31 December 2023: 19 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 any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

As at 30 June 2024, 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	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: 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 30 June 2024, 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 30 June 2024, 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:

Name	Nature of Interest/ Capacity	Number of Ordinary Shares	Approximate Percentage of Shareholding
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 30 June 2024, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, during the period under review, 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.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") at the annual general meeting held on 11 May 2016. Details and the principal terms of the Share Option Scheme have been set out in the circular of the Company dated 31 March 2016 under the section headed "APPENDIX II – PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" and in the latest annual report of the Company.

The Company did not grant or cancel any options under the Share Option Scheme any time during the six months ended 30 June 2024, and as at 30 June 2024, there was no outstanding share option under the Share Option Scheme.

The number of options available for grant at the beginning and the end of the period under review is 18,487,500 and 18,487,500, respectively.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules applicable during the six months ended 30 June 2024.

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

COMPETING INTERESTS

During the six months ended 30 June 2024, 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”) are directly wholly-owned by Mr. Li Kin Shing. According to the GEM Listing Rules, the Sunward Group are the associates of Mr. Li Kin Shing. 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 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.

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 primary duties of the Audit Committee are to review the Company’s annual report and consolidated financial statements, interim report and quarterly reports (if prepared for publication) 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 six months ended 30 June 2024. 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.

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 Group’s unaudited results for the six months ended 30 June 2024 have been reviewed by the Audit Committee. The Audit Committee was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

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

Hong Kong, 29 August 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 for at least 7 days from the day of its publication and on the Company’s website at www.directel.hk.