



**Directel Holdings Limited**  
**直通電訊控股有限公司**

**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 REPORT**

**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.

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*This report, 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 report 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 report misleading.*

## **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2023 was approximately HK\$76,308,000, representing an increase of approximately 1.1% as compared with the corresponding period in 2022.
- Loss attributable to shareholders of the Company for the six months ended 30 June 2023 was approximately HK\$5,521,000, representing a decrease of approximately 26.8% as compared with the corresponding period in 2022.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2023.

## **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 three months and the six months ended 30 June 2023 together with the unaudited comparative figures for the respective corresponding period in 2022 as follows:

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

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	5, 6	<b>44,641</b>	39,136	<b>76,308</b>	75,492
Cost of sales		<u><b>(43,948)</b></u>	<u>(38,678)</u>	<u><b>(74,972)</b></u>	<u>(74,582)</u>
<b>Gross profit</b>		<b>693</b>	458	<b>1,336</b>	910
Other income	7(a)	<b>31</b>	202	<b>41</b>	213
Other net loss	7(b)	<b>(280)</b>	(383)	<b>(44)</b>	(335)
Administrative and other operating expenses		<u><b>(3,320)</b></u>	<u>(3,179)</u>	<u><b>(6,954)</b></u>	<u>(8,406)</u>
<b>Loss from operations</b>		<b>(2,876)</b>	(2,902)	<b>(5,621)</b>	(7,618)
Finance cost	8(a)	<u><b>(12)</b></u>	<u>(14)</u>	<u><b>(26)</b></u>	<u>(30)</u>
<b>Loss before taxation</b>	8	<b>(2,888)</b>	(2,916)	<b>(5,647)</b>	(7,648)
Income tax credit	9	<u><b>64</b></u>	<u>40</u>	<u><b>124</b></u>	<u>103</u>
<b>Loss for the period</b>		<u><b>(2,824)</b></u>	<u>(2,876)</u>	<u><b>(5,523)</b></u>	<u>(7,545)</u>
<b>Loss attributable to:</b>					
Equity shareholders of the Company		<u><b>(2,823)</b></u>	<u>(2,875)</u>	<u><b>(5,521)</b></u>	<u>(7,543)</u>
Non-controlling interests		<u><b>(1)</b></u>	<u>(1)</u>	<u><b>(2)</b></u>	<u>(2)</u>
		<u><b>(2,824)</b></u>	<u>(2,876)</u>	<u><b>(5,523)</b></u>	<u>(7,545)</u>
<b>Loss per share</b>	11				
– Basic and diluted (HK cents)		<u><b>(1.53)</b></u>	<u>(1.56)</u>	<u><b>(2.99)</b></u>	<u>(4.08)</u>

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period	(2,824)	(2,876)	(5,523)	(7,545)
<b>Other comprehensive income for the period, net of income tax:</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)	256	(69)	246	(254)
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(794)	(861)	(463)	(698)
<b>Total comprehensive income for the period</b>	<b>(3,362)</b>	<b>(3,806)</b>	<b>(5,740)</b>	<b>(8,497)</b>
<b>Total comprehensive income attributable to:</b>				
Equity shareholders of the Company	(3,361)	(3,805)	(5,738)	(8,495)
Non-controlling interests	(1)	(1)	(2)	(2)
	<b>(3,362)</b>	<b>(3,806)</b>	<b>(5,740)</b>	<b>(8,497)</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>30 June</b> <b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2022 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
	12	2,065	2,677
Property, plant and equipment			
Other non-current financial assets	13	2,729	2,613
		4,794	5,290
<b>Total non-current assets</b>			
<b>Current assets</b>			
	14	2,254	2,397
Inventories			
Trade receivables	15	22,236	21,413
Other receivables, deposits and prepayments	15	5,662	3,483
Pledged bank deposits	16	200	200
Cash and cash equivalents	16	8,929	15,858
		39,281	43,351
<b>Total current assets</b>			
<b>Current liabilities</b>			
Payables and accruals and contract liabilities	17	7,508	6,182
Lease liabilities		702	737
Taxation payable		3	6
		8,213	6,925
<b>Total current liabilities</b>			
<b>Net current assets</b>		31,068	36,426
<b>Total assets less current liabilities</b>		35,862	41,716

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Lease liabilities	351	341
Deferred tax liabilities	217	341
	<u>568</u>	<u>682</u>
<b>Total non-current liabilities</b>	<u>568</u>	<u>682</u>
<b>Net assets</b>	<u>35,294</u>	41,034
<b>Capital and reserves</b>		
Share capital	18 36,975	36,975
Share premium	74,517	74,517
Exchange reserve	(2,217)	(1,754)
Fair value reserve	(1,366)	(1,612)
Accumulated losses	(72,654)	(67,133)
	<u>35,255</u>	<u>40,993</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<u>35,255</u>	40,993
<b>Non-controlling interest</b>	39	41
	<u>35,294</u>	<u>41,034</u>
<b>Total equity</b>	<u>35,294</u>	<u>41,034</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Exchange reserve	Fair value	Accumulated	Total	Non- controlling interest	Total Equity
				reserve (non- recycling)				
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Balance at 1 January 2022	36,975	74,517	(238)	(459)	(54,816)	55,979	45	56,024
Loss for the period	-	-	-	-	(7,543)	(7,543)	(2)	(7,545)
Other comprehensive income for the period	-	-	(698)	(254)	-	(952)	-	(952)
Total comprehensive income for the period	-	-	(698)	(254)	(7,543)	(8,495)	(2)	(8,497)
Balance at 30 June 2022	36,975	74,517	(936)	(713)	(62,359)	47,484	43	47,527
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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
Note		(Unaudited)	(Unaudited)
	Net cash used in operating activities	(5,999)	(12,635)
	Net cash generated from investing activities	31	9
	Net cash used in financing activities	(498)	(479)
		<hr/>	<hr/>
	Net decrease in cash and cash equivalents	(6,466)	(13,105)
16	Cash and cash equivalents at 1 January	15,858	29,524
	Effect of foreign exchange rate changes	(463)	(698)
		<hr/>	<hr/>
16	Cash and cash equivalents at 30 June	<u>8,929</u>	<u>15,721</u>

## 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 9 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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”).

## **2. BASIS OF PREPARATION** *(continued)*

The interim financial report for the six months ended 30 June 2023 is unaudited, but has been reviewed by the Company's audit committee.

The financial information relating to the financial year ended 31 December 2022 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. 2022 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 three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Telecommunications services	1,000	331	2,131	818
Distribution business	43,641	38,805	74,177	74,674
	<u>44,641</u>	<u>39,136</u>	<u>76,308</u>	<u>75,492</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 three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A – distribution business	10,828	17,856	24,884	35,500
Customer B – distribution business	12,658	5,948	12,658	11,904
Customer C – distribution business	6,753	5,412	11,390	9,897
Customer D – distribution business	5,928	4,461	8,880	7,935
	<u>5,928</u>	<u>4,461</u>	<u>8,880</u>	<u>7,935</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/(loss) do not include other income, other net loss, finance cost and unallocated corporate expenses.

## 6. SEGMENT INFORMATION *(continued)*

### (a) Segment results *(continued)*

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 2023 and 2022 is set out below.

	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)
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	–	74,177	74,177
Over time	2,131	–	2,131
	<hr/>	<hr/>	<hr/>
<b>Revenue from external customers</b>	2,131	74,177	76,308
	<hr/>	<hr/>	<hr/>
<b>Reportable segment revenue and consolidated revenue</b>	2,131	74,177	76,308
	<hr/>	<hr/>	<hr/>
<b>Reportable segment profit</b>	388	948	1,336
Other income			41
Other net loss			(44)
Finance cost			(26)
Unallocated corporate expenses			(6,954)
			<hr/>
Consolidated loss before taxation			(5,647)
			<hr/> <hr/>

## 6. SEGMENT INFORMATION *(continued)*

### (a) Segment results *(continued)*

	For the six months ended 30 June 2022		
	Telecommunications services <i>HK\$'000</i> (Unaudited)	Distribution business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	–	74,674	74,674
Over time	818	–	818
	<hr/>	<hr/>	<hr/>
<b>Revenue from external customers</b>	818	74,674	75,492
	<hr/>	<hr/>	<hr/>
<b>Reportable segment revenue and consolidated revenue</b>	818	74,674	75,492
	<hr/>	<hr/>	<hr/>
<b>Reportable segment (loss)/profit</b>	(300)	1,210	910
Other income			213
Other net loss			(335)
Finance cost			(30)
Unallocated corporate expenses			(8,406)
			<hr/>
Consolidated loss before taxation			(7,648)
			<hr/> <hr/>

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.

## 6. SEGMENT INFORMATION *(continued)*

### (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		As at 30 June	At as 31 December
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	45,886	38,324	2,065	4,016
Mainland China	5,538	2,279	–	–
Singapore	24,884	34,889	–	–
	<u>76,308</u>	<u>75,492</u>	<u>2,065</u>	<u>4,016</u>

## 7. OTHER INCOME AND OTHER NET LOSS

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(a) Other income				
Interest income on financial assets measured at amortised cost	31	5	36	10
Sundry income	–	197	5	203
	<u>31</u>	<u>202</u>	<u>41</u>	<u>213</u>
(b) Other net loss				
Net foreign exchange loss	(280)	(383)	(44)	(335)



## 8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>(a) Finance cost</b>				
Interest on lease liabilities	<u>12</u>	<u>14</u>	<u>26</u>	<u>30</u>
<b>(b) Staff costs</b>				
Salaries, wages and other benefits	<u>1,056</u>	<u>1,049</u>	<u>2,121</u>	<u>2,188</u>
Contributions to retirement benefit schemes	<u>36</u>	<u>36</u>	<u>71</u>	<u>75</u>
	<u><b>1,092</b></u>	<u><b>1,085</b></u>	<u><b>2,192</b></u>	<u><b>2,263</b></u>
<b>(c) Other items:</b>				
Depreciation				
– Owned property, plant and equipment	<u>377</u>	<u>388</u>	<u>759</u>	<u>777</u>
– Right-of-use assets	<u>157</u>	<u>108</u>	<u>305</u>	<u>258</u>
Impairment losses on trade receivables	<u>–</u>	<u>(318)</u>	<u>98</u>	<u>1,184</u>
Expenses relating to short-term leases				
– rental of properties	<u>127</u>	<u>279</u>	<u>407</u>	<u>567</u>
Auditors' remuneration				
– audit services	<u>278</u>	<u>265</u>	<u>556</u>	<u>539</u>
– tax services	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Cost of inventories	<u>43,033</u>	<u>38,155</u>	<u>73,272</u>	<u>73,490</u>
Licence charges	<u>171</u>	<u>191</u>	<u>422</u>	<u>476</u>
Repair and maintenance	<u>242</u>	<u>222</u>	<u>494</u>	<u>486</u>
Data processing and billing management fee	<u>140</u>	<u>150</u>	<u>290</u>	<u>300</u>

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Deferred tax	<u>64</u>	<u>40</u>	<u>124</u>	<u>103</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 three months and the six months ended 30 June 2023 is calculated at 16.5% (three months and six months ended 30 June 2022: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made for the three months and the six months ended 30 June 2023 (2022: 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 2023. No interim dividend was paid in respect of the six months ended 30 June 2022.

## 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 three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(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>(2,823)</u>	<u>(2,875)</u>	<u>(5,521)</u>	<u>(7,543)</u>

### Weighted average number of ordinary shares (Basic and diluted)

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>
Issued ordinary shares at 1 January and 30 June	<u>184,875</u>	<u>184,875</u>	<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>	<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\$5,521,000 (2022: approximately HK\$7,543,000), and the weighted average number of 184,875,000 ordinary shares (2022: 184,875,000 ordinary shares) in issue during the period.

Diluted loss per share was the same as basic loss per share for the three months and the six months ended 30 June 2023 and 2022 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 2023, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$5,000 (six months ended 30 June 2022: Nil).

During the six months ended 30 June 2023, 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\$447,000 (six months ended 30 June 2022: approximately HK\$509,000).

## 13. OTHER NON-CURRENT FINANCIAL ASSETS

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Equity securities designated at FVOCI (non-recycling)		
– Listed in Hong Kong	<b><u>2,729</u></b>	<b><u>2,613</u></b>

The equity securities are shares in Hospital Corporation of China Limited (stock code: 3869) and Kingland Group Holdings Limited (stock code: 1751), both of which are listed on the Stock Exchange of Hong Kong Limited. Hospital Corporation of China Limited is mainly engaged in operation and management of privately owned hospitals in the People's Republic of China (the "PRC"). Kingland Group Holdings Limited is engaged in concrete demolition works in Hong Kong and Macau, mainly as subcontractor. 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 2023 (2022: Nil).

## 14. INVENTORIES

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (Audited)</b>
SIM cards	120	166
Recharge and top-up vouchers	4	9
Mobile phone and electronic products	<u>2,130</u>	<u>2,222</u>
	<u><b>2,254</b></u>	<u><b>2,397</b></u>

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (Audited)</b>
Trade receivables		
– amounts due from third parties	41,391	40,470
Less: loss allowance	<u>(19,155)</u>	<u>(19,057)</u>
	<u><b>22,236</b></u>	<u><b>21,413</b></u>
	-----	-----
Other receivables, deposits and prepayments		
– amounts due from shareholders		
from non-controlling interest	60	60
– other receivables	197	257
– deposits and prepayments	<u>5,405</u>	<u>3,166</u>
	<u><b>5,662</b></u>	<u><b>3,483</b></u>
	-----	-----
	<u><b>27,898</b></u>	<u><b>24,896</b></u>

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

The amounts due from shareholders from non-controlling interests are unsecured, interest-free and repayable on demand.

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

### Ageing analysis

As 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>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Within 1 month	12,279	9,856
Over 1 month but within 3 months	7,896	6,816
Over 3 months but within 6 months	2,019	125
Over 6 months but within 12 months	42	4,616
	<u>22,236</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 (2022: 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 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Deposits with banks	225	223
Cash at banks	8,833	15,750
Cash on hand	71	85
	<hr/>	<hr/>
	9,129	16,058
Less: pledged bank deposits ( <i>note</i> )	(200)	(200)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<b>8,929</b>	<b>15,858</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Bank deposits of HK\$200,000 (31 December 2022: 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 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<b>Trade payables</b>		
– amounts due to third parties	4,382	3,131
<b>Other payables and accruals</b>		
– accrued charges and deposits	2,641	2,536
<b>Contracts liabilities</b>		
Telecommunications services		
– advance payments	485	515
	<hr/>	<hr/>
	<b>7,508</b>	<b>6,182</b>
	<hr/> <hr/>	<hr/> <hr/>

## 17. PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES (continued)

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:

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (Audited)</b>
Within 1 month	1,772	489
Over 1 month but within 3 months	270	233
Over 3 months but within 12 months	–	–
Over 12 months	<u>2,340</u>	<u>2,409</u>
	<u><b>4,382</b></u>	<u><b>3,131</b></u>

## 18. SHARE CAPITAL

	As at 30 June 2023		As at 31 December 2022	
	Number of shares (Unaudited)	Nominal value HK\$'000 (Unaudited)	Number of shares (Audited)	Nominal value HK\$'000 (Audited)
<b>Authorised:</b>				
At the beginning of the reporting period/year	<u>500,000,000</u>	<u>100,000</u>	<u>500,000,000</u>	<u>100,000</u>
At the end of the reporting period/year	<u><b>500,000,000</b></u>	<u><b>100,000</b></u>	<u><b>500,000,000</b></u>	<u><b>100,000</b></u>
<b>Issued and fully paid:</b>				
At the beginning of the reporting period/year	<u>184,875,000</u>	<u>36,975</u>	<u>184,875,000</u>	<u>36,975</u>
At the end of the reporting period/year	<u><b>184,875,000</b></u>	<u><b>36,975</b></u>	<u><b>184,875,000</b></u>	<u><b>36,975</b></u>



## 18. SHARE CAPITAL *(continued)*

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.

## 19. 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

## 19. FAIR VALUE MEASUREMENT *(continued)*

### (i) Financial assets and liabilities measured at fair value *(continued)*

#### *Fair value hierarchy (continued)*

	Fair value at	Fair value measurements as at		
	30 June 2023	30 June 2023 categorised into		
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Recurring fair value measurements</b>				
Assets:				
Non-trading listed securities	<u>2,729</u>	<u>2,729</u>	<u>–</u>	<u>–</u>
	Fair value at	Fair value measurements as at		
	31 December	31 December 2022 categorised into		
	2022	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Recurring fair value measurements</b>				
Assets:				
Non-trading listed securities	<u>2,613</u>	<u>2,613</u>	<u>–</u>	<u>–</u>

During the six months ended 30 June 2023 and the year ended 31 December 2022, 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 2023 and 31 December 2022.

## 20. COMMITMENTS

As at 30 June 2023, the Group had no capital commitments contracted for but not provided in the interim financial report (31 December 2022: Nil).

## 21. 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 Group (International) Limited
- 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:

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing after the Listing</b>				
Services rendered ( <i>Note (i)</i> )	185	195	380	390
Rental of properties ( <i>Note (ii)</i> )	90	249	339	498

## 21. MATERIAL RELATED PARTY TRANSACTIONS (continued)

### (b) Transactions (continued)

Notes:

- (i) Services rendered by related parties related to data processing and billing management services, and development and maintenance of the Company's website, on-line platform and mobile application.
- (ii) The Group has leased certain properties from a related party under operating leases at an aggregate monthly rental of HK\$83,000 for the period from 1 January 2023 to 31 March 2023 and HK\$30,000 for the period from 1 April 2023 to 31 December 2023 respectively.

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 three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	547	545	1,093	1,090
Contributions to retirement benefit schemes	17	17	35	34
	<u>564</u>	<u>562</u>	<u>1,128</u>	<u>1,124</u>

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

## 22. CONTINGENT LIABILITIES

As at 30 June 2023, a performance bond of HK\$200,000 (31 December 2022: 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, 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 travelling business 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 1.7 times to approximately HK\$2,107,000 for the six months ended 30 June 2023 compared to approximately HK\$788,000 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 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 16.6% to approximately HK\$43,779,000 when compared with approximately HK\$37,536,000 for the last corresponding period. 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 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, increased by approximately 1.5 times to approximately HK\$5,514,000 when compared with approximately HK\$2,250,000 for the corresponding period last year. The increase was mainly attributable to the increase 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.

\* For identification only

## **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 2023, the revenue derived from the distribution of mobile and data top-up business decreased by approximately 28.7% to approximately HK\$24,884,000 when compared with approximately HK\$34,889,000 for the corresponding period last year. The Directors are confident that the distribution of mobile and data top-up business would improve the Group’s business performance and operation and act as a foothold in the expansion of telecommunications market to other Asia Pacific territories.

## **Outlook**

With the HKSAR Government easing its COVID-19 measures and relaxing restrictions on the entry of tourists in an orderly manner, Hong Kong is gradually entering a new post-epidemic stage, and the business environment is gradually getting back on track. Meanwhile, 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 travelling business has revived quickly, 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.

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. With forward-looking industry insight and deep 5G technology reserves, it is the strategic goal of the JV Company and the Group to become a leading solutions provider in the global 5G infrastructure sector. Since the establishment of the JV Company, the parties have been actively involved in product development and marketing and identification of potential commercial customers and application scenarios. However, as the 5G infrastructure and applications in Hong Kong are still in an early stage of development, the Group has encountered difficulties in marketing the products and applications to commercial customers in Hong Kong, including mobile network operators, major residential property management companies and private housing estates in Hong Kong, and has not been able to reach any commercial terms.

The development and operation of the 5G business continues to be part of the Group's business development agenda and the Group continues to conduct internal research to explore more application scenarios of various types. As the progress of the 5G business is slower than expected, the Company will closely monitor the development of the 5G business and make announcement(s) in accordance with the applicable GEM Listing Rules as and when appropriate.

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 2023, the revenue of the Group increased to approximately HK\$76,308,000 compared to approximately HK\$75,492,000 for the corresponding period last year, representing an increase of approximately 1.1%. Revenue from the provision of telecommunications services and distribution business accounted for approximately HK\$2,131,000 and HK\$74,177,000 respectively, representing approximately 2.8% and 97.2% of the Group's revenue for the six months ended 30 June 2023, respectively. The increase was mainly attributable to the increase in revenue generated from the provision of telecommunications services.

The Group's cost of sales increased by approximately 0.5% to approximately HK\$74,972,000 for the six months ended 30 June 2023 compared to approximately HK\$74,582,000 for the corresponding period last year. The increase 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 46.8% to approximately HK\$1,336,000 for the six months ended 30 June 2023 compared to approximately HK\$910,000 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 2023 decreased by approximately 80.8% to approximately HK\$41,000 when compared with approximately HK\$213,000 for the corresponding period last year. The decrease was mainly attributable to the decrease of sundry income caused by the one-off wage subsidies provided by the HKSAR Government under the "Employment Support Scheme" in 2022.

The Group's other net loss for the six months ended 30 June 2023 decreased by approximately 86.9% to approximately HK\$44,000 when compared with approximately HK\$335,000 for the corresponding period last year. The decrease was mainly due to the decrease 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 2023 decreased by approximately 17.3% to approximately HK\$6,954,000 when compared to approximately HK\$8,406,000 for the corresponding period last year. The decrease was primarily due to significant decrease of impairment losses on trade receivables to approximately HK\$98,000 for the six months ended 30 June 2023 when compared to approximately HK\$1,184,000 for the corresponding period last year.

The Group's finance cost for the six months ended 30 June 2023 decreased by approximately 13.3% to approximately HK\$26,000 when compared with approximately HK\$30,000 for the corresponding period last year. The decrease was attributable to the decrease in interest on lease liabilities.

The Group's income tax credit for the six months ended 30 June 2023 increased by approximately 20.4% to approximately HK\$124,000 when compared with approximately HK\$103,000 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 2023 of approximately HK\$5,521,000, representing a decrease of approximately 26.8% when compared with approximately HK\$7,543,000 for the corresponding period last year. The decrease was mainly attributable to the significant decrease in impairment losses on 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 30 June 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 30 June 2023, total equity attributable to equity holders of the Company amounted to approximately HK\$35,255,000 (31 December 2022: approximately HK\$40,993,000). As of 30 June 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\$0.2 each ("Share"), 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 30 June 2023, the Group had net current assets of approximately HK\$31,068,000 (31 December 2022: approximately HK\$36,426,000), including cash and cash equivalents of approximately HK\$8,929,000 (31 December 2022: approximately HK\$15,858,000). The current ratio was 4.8 as at 30 June 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 arise. As at 30 June 2023, the Group did not have any derivatives for hedging against the exchange rate risk.

## **PLEDGE OF ASSETS**

As at 30 June 2023, bank deposits of HK\$200,000 (31 December 2022: 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 report, 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 2023, the Group had no capital commitments contracted for but not provided in the consolidated financial statements (31 December 2022: 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 2023, the Group had 20 employees (31 December 2022: 20 employees). Among them, 9 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 2023 (six months ended 30 June 2022: Nil).

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

As at 30 June 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 <i>(Note)</i>	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:**

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

*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 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 30 June 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:

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 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.

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

Save as disclosed in this report, 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 2023, and as at 30 June 2023, 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 15 to the GEM Listing Rules during the six months ended 30 June 2023.

## **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 2023, 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 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”) 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, 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 six months ended 30 June 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.

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 2023 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, 9 August 2023

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