



DIRECTEL HOLDINGS LIMITED

直通電訊控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8337)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

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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 year ended 31 December 2024 was approximately HK\$137,424,000, representing a decrease of approximately 8.7% as compared with 2023.
- Loss attributable to shareholders of the Company for the year ended 31 December 2024 was approximately HK\$8,103,000, representing a decrease of approximately 18.4% when compared with 2023.
- Basic and diluted loss per ordinary share for the year ended 31 December 2024 was 4.31 HK cents respectively as compared with basic and diluted loss of 5.37 HK cents respectively for year ended 31 December 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of Directors (the “Board”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	4, 5	137,424	150,555
Cost of sales		<u>(132,263)</u>	<u>(146,317)</u>
Gross profit		5,161	4,238
Other income	<i>6(a)</i>	569	225
Other net (loss)/income	<i>6(b)</i>	(293)	164
Administrative and other operating expenses		<u>(13,378)</u>	<u>(14,729)</u>
Loss from operations		(7,941)	(10,102)
Finance costs	<i>7(a)</i>	<u>(208)</u>	<u>(51)</u>
Loss before taxation	7	(8,149)	(10,153)
Income tax credit	8	<u>46</u>	<u>236</u>
Loss for the year		<u><u>(8,103)</u></u>	<u><u>(9,917)</u></u>
Loss attributable to:			
Equity shareholders of the Company		(8,103)	(9,935)
Non-controlling interest		<u>–</u>	<u>18</u>
		<u><u>(8,103)</u></u>	<u><u>(9,917)</u></u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Loss per share	<i>10</i>		
– Basic and diluted		(4.31) cents	(5.37) cents
Loss for the year		(8,103)	(9,917)
Other comprehensive income for the year			
<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)		45	522
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		(288)	(206)
Total comprehensive income for the year		(8,346)	(9,601)
Total comprehensive income attributable to:			
Equity shareholders of the Company		(8,346)	(9,619)
Non-controlling interest		–	18
		(8,346)	(9,601)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	575	1,071
Other non-current financial assets	<i>13</i>	1,059	1,014
Total non-current assets		1,634	2,085
Current assets			
Inventories	<i>14</i>	982	1,405
Trade receivables	<i>15</i>	8,900	16,283
Other receivables, deposits and prepayments	<i>15</i>	3,411	4,570
Pledged bank deposits	<i>16</i>	234	200
Cash and cash equivalents	<i>16</i>	26,571	14,594
Total current assets		40,098	37,052
Current liabilities			
Payables and accruals and contract liabilities	<i>17</i>	6,063	6,515
Lease liabilities	<i>18</i>	426	592
Taxation payable		2	—
Total current liabilities		6,491	7,107
Net current assets		33,607	29,945
Total assets less current liabilities		35,241	32,030
Non-current liabilities			
Lease liabilities	<i>18</i>	58	219
Deferred tax liabilities		57	105
Defined benefit plan obligations		330	332
Total non-current liabilities		445	656
Net assets		34,796	31,374
Capital and reserves			
Share capital		48,975	36,975
Share premium		74,285	74,517
Exchange reserve		(2,248)	(1,960)
Fair value reserve		(958)	(1,003)
Accumulated losses		(85,258)	(77,155)
Total equity		34,796	31,374

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company						Non-	
	Share	Share	Exchange	Fair value	Accumulated	Sub-total	controlling	Total
	capital	premium	reserve	reserve	losses		interest	
	HK\$ '000	HK\$ '000	HK\$ '000	(non-recycling)	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Balance at 1 January 2023	36,975	74,517	(1,754)	(1,612)	(67,133)	40,993	41	41,034
Changes in equity for 2023:								
Loss for the year	-	-	-	-	(9,935)	(9,935)	18	(9,917)
Other comprehensive income	-	-	(206)	522	-	316	-	316
Total comprehensive income	-	-	(206)	522	(9,935)	(9,619)	18	(9,601)
Transfer to accumulated losses upon disposal of financial assets (note 13)	-	-	-	87	(87)	-	-	-
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	(59)	(59)
Balance at 31 December 2023 and 1 January 2024	36,975	74,517	(1,960)	(1,003)	(77,155)	31,374	-	31,374
Changes in equity for 2024:								
Loss for the year	-	-	-	-	(8,103)	(8,103)	-	(8,103)
Other comprehensive income	-	-	(288)	45	-	(243)	-	(243)
Total comprehensive income	-	-	(288)	45	(8,103)	(8,346)	-	(8,346)
Shareholder's loan capitalisation shares	12,000	-	-	-	-	12,000	-	12,000
Transaction costs on shareholder's loan capitalisation	-	(232)	-	-	-	(232)	-	(232)
Balance at 31 December 2024	48,975	74,285	(2,248)	(958)	(85,258)	34,796	-	34,796

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND OF THE COMPANY

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

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

2 BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group’s financial statements for the year ended 31 December 2024 but are extracted from those financial statements.

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

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

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”).

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

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

3 CHANGES IN ACCOUNTING POLICIES

(i) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2024:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	Non-current liabilities with Covenants
IFRS 16 (Amendments)	Lease Liability in a Sale and Lease back
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements

The adoption of amended standards and amended accounting guideline did not have a material impact on the current year or any prior periods.

(ii) New and amended standards and amended accounting guideline that have been issued but are not yet effective during the year and have not been early adopted by the Group

IAS 21 (Amendments)	Lack of Exchangeability of Foreign Currencies ¹
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments ²
IFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements ³
IFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures ³
Annual improvements	Annual improvements to IFRS – Volume 11 ²

Note:

- (1) Effective for annual period beginning on 1 January 2025
- (2) Effective for annual period beginning on 1 January 2026
- (3) Effective for annual period beginning on 1 January 2027

The Group will adopt the new and amended standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

4 REVENUE

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

(i) Disaggregation of revenue

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Telecommunications services	10,852	7,365
Distribution business	126,572	143,190
	137,424	150,555

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

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Customer A – distribution business	53,478	43,696
Customer B – distribution business	37,938	33,243
Customer C – distribution business	26,793	25,643
Customer D – distribution business	–*	16,405

* Contributed less than 10% of total revenue during the year ended 31 December 2024

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

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

5 SEGMENT INFORMATION

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

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

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

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

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

(a) Segment results

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	Telecommunications services HK\$'000	2024 Distribution business HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition			
Point in time	–	126,572	126,572
Over time	10,852	–	10,852
Revenue from external customers	10,852	126,572	137,424
Reportable segment revenue and consolidated revenue	10,852	126,572	137,424
Reportable segment profit	3,796	1,365	5,161
Other income			569
Other net loss			(293)
Unallocated corporate expenses			(13,378)
Finance costs			(208)
Consolidated loss before taxation			(8,149)

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

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

(b) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	76,228	97,266	539	1,071
Mainland China	7,718	9,593	–	–
Singapore	53,478	43,696	36	–
	<u>137,424</u>	<u>150,555</u>	<u>575</u>	<u>1,071</u>

6 OTHER INCOME AND OTHER NET (LOSS)/INCOME

	2024 HK\$'000	2023 HK\$'000
(a) Other income		
Interest income on financial assets measured at amortised cost	477	69
Gain on disposal of subsidiaries	–	3
Sundry income	92	153
	<u>569</u>	<u>225</u>
	2024 HK\$'000	2023 HK\$'000
(b) Other net (loss)/income		
Net foreign exchange (loss)/gain	(293)	164
	<u>(293)</u>	<u>164</u>

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs		
	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities (<i>note 11</i>)	32	51
Interest expenses on shareholder's loan	176	–
	<u>208</u>	<u>51</u>

(b) Staff costs*#

	2024 HK\$'000	2023 HK\$'000
Salaries, wages and other benefits	4,259	4,393
Contributions to retirement benefit schemes	157	159
	<u>4,416</u>	<u>4,552</u>

Staff costs include directors' emoluments.

(c) Other items

	2024 HK\$'000	2023 HK\$'000
Depreciation*		
– owned property, plant and equipment	333	1,448
– right-of-use assets	577	658
Impairment losses on trade receivables*	2,231	731
Impairment losses on property, plant and equipment* (note 11)	112	147
Operating lease expense*	474	652
Auditors' remuneration*		
– audit services	720	1,114
– tax services	–	10
– other services	–	5
Cost of inventories	125,406	141,608
Licence charges*	681	750
Repair and maintenance*	909	978
Data processing and billing management fee*	480	530
Legal and professional fee*	<u>659</u>	<u>811</u>

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

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Outside Hong Kong	2	–
Deferred tax	(48)	(236)
	<u>(46)</u>	<u>(236)</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 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2024 (2023: Nil) as the Group's operations in Hong Kong sustained a loss for taxation purpose during the year.

(ii) *Tax outside Hong Kong*

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

9 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024. No dividend was paid for the year ended 31 December 2023.

10 LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to the ordinary equity shareholders of the Company for the purpose of basic and diluted loss per share	<u>(8,103)</u>	<u>(9,935)</u>
Weighted average number of ordinary shares (Basic and diluted)		
	2024 <i>Number of shares</i>	2023 <i>Number of shares</i>
Issued ordinary shares at 1 January	184,875,000	184,875,000
Effect of shares issued under capitalisation of shareholder's loan	<u>3,114,754</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December	<u>187,989,754</u>	<u>184,875,000</u>
Basic and diluted loss per share	<u>HK(4.31) cents</u>	<u>HK(5.37) cents</u>

The calculation of the basic and diluted loss per share was based on the loss for the year attributable to the equity shareholders of the Company of approximately HK\$8,103,000 (2023: approximately HK\$9,935,000), and the weighted average number of 187,989,754 ordinary shares (2023: 184,875,000 ordinary shares) in issue during the year.

Diluted loss per share was the same as basic loss per share for the years ended 31 December 2024 and 2023 as there were no dilutive potential ordinary shares during these years.

11 PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Facilities equipment <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:							
At 1 January 2023	1,615	402	1,860	35,681	672	2,637	42,867
Additions	242	–	–	405	–	–	647
At 31 December 2023 and 1 January 2024	1,857	402	1,860	36,086	672	2,637	43,514
Additions	243	–	–	268	15	–	526
Exchange realignment	–	–	–	(1)	(1)	–	(2)
At 31 December 2024	2,100	402	1,860	36,353	686	2,637	44,038
Accumulated depreciation:							
At 1 January 2023	1,615	402	1,860	33,004	672	2,637	40,190
Charge for the year	95	–	–	2,011	–	–	2,106
Impairment losses (<i>note 7(c)</i>)	147	–	–	–	–	–	147
At 31 December 2023 and 1 January 2024	1,857	402	1,860	35,015	672	2,637	42,443
Charge for the year	95	–	–	811	4	–	910
Impairment losses (<i>note 7(c)</i>)	112	–	–	–	–	–	112
Exchange realignment	–	–	–	(1)	(1)	–	(2)
At 31 December 2024	2,064	402	1,860	35,825	675	2,637	43,463
Net book value:							
At 31 December 2024	36	–	–	528	11	–	575
At 31 December 2023	–	–	–	1,071	–	–	1,071

Impairment loss

As at 31 December 2024, the Group's management identified a cash-generating unit, a subsidiary relating to the telecommunication segment in Hong Kong which has continued to underperform, and estimated the corresponding recoverable amount of its property, plant and equipment. Based on these estimates, an impairment loss of approximately HK\$112,000 (2023: approximately HK\$147,000) was recognised under other operating expenses to write down the carrying amounts of the related property, plant and equipment to its recoverable amount of approximately HK\$575,000 (2023: approximately HK\$1,071,000). The estimates of recoverable amount were based on the value-in-use model, in which the cash flows were discounted using a discount rate of 15.88% (2023: 15.88%). The discount rate used was pre-tax and reflected specific risks relating to the operation of the relevant subsidiary.

Right-of-use assets

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

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Properties leased for own use, carried at depreciated cost	(i)	36	—
Facilities equipment, carried at depreciated cost	(ii)	187	422
		223	422

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

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	95	95
– Facilities equipment	482	563
	577	658
Interest on lease liabilities (<i>note 7(a)</i>)	32	51
Expense relating to short-term leases		
– rental of properties	474	652

During the year, additions to right-of-use assets were approximately HK\$490,000 (2023: approximately HK\$640,000). This amount primarily related to the capitalised lease payments payable under new agreements entered into during the year.

Notes:

(i) Properties leased for own use

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

(ii) Facilities equipment

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

12 GOODWILL

HK\$'000

Cost:

At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 34,003

Accumulated impairment losses:

At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 (34,003)

Carrying amount

At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 –

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

13 OTHER NON-CURRENT FINANCIAL ASSETS

	2024 HK\$'000	2023 HK\$'000
Equity securities designated at FVOCI (non-recycling) (<i>Note</i>)		
– Listed in Hong Kong	1,059	1,014

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

14 INVENTORIES

	2024 HK\$'000	2023 HK\$'000
SIM cards	104	57
Recharge and top-up vouchers	3	1
Mobile phone and electronic products	875	1,347
	982	1,405

15 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
– amounts due from third parties	30,919	36,071
Less: loss allowance	<u>(22,019)</u>	<u>(19,788)</u>
	----- 8,900	----- 16,283
Other receivables, deposits and prepayments		
– other receivables	350	208
– deposits and prepayments	<u>3,061</u>	<u>4,362</u>
	----- 3,411	----- 4,570
	<u><u>12,311</u></u>	<u><u>20,853</u></u>

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

Ageing analysis

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	4,141	7,582
Over 1 month but within 3 months	4,455	5,631
Over 3 months but within 6 months	304	678
Over 6 months but within 12 months	<u>–</u>	<u>2,392</u>
	----- 8,900	----- 16,283

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

16 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Deposits with banks	11,858	229
Cash at banks	14,843	14,496
Cash on hand	<u>104</u>	<u>69</u>
	26,805	14,794
Less: pledged bank deposits (<i>note</i>)	<u>(234)</u>	<u>(200)</u>
Cash and cash equivalents in the consolidated statement of financial position	<u><u>26,571</u></u>	<u><u>14,594</u></u>

Note: Bank deposits of approximately HK\$234,000 (2023: approximately HK\$200,000) were pledged for the issuance of a performance bond by a bank (note 19).

17 PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Trade payables		
– amounts due from third parties	3,527	3,290
Other payables and accruals		
– accrued charges and deposits	2,491	3,216
Contract liabilities		
Telecommunications services		
– advance payments	<u>45</u>	<u>9</u>
	<u><u>6,063</u></u>	<u><u>6,515</u></u>

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

(a) Trade payables

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within 1 month	590	501
Over 1 month but within 3 months	607	411
Over 3 months but within 12 months	—	—
Over 12 months	2,330	2,378
	3,527	3,290

(b) Contract liabilities

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

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

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

Movements in contract liabilities

	2024 HK\$'000	2023 <i>HK\$'000</i>
Balance at 1 January	9	515
Decrease due to the recognition of revenue for contract liabilities at the beginning of the year	(9)	(515)
Increase due to cash received during the year	2,913	1,063
Decrease due to the recognition of revenue for cash received during the year	(2,868)	(1,054)
Balance at 31 December	45	9

18 LEASE LIABILITIES

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

	2024		2023	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	<u>426</u>	<u>438</u>	<u>592</u>	<u>616</u>
After 1 year but within 2 years	58	59	169	176
After 2 years but within 5 years	<u>–</u>	<u>–</u>	<u>50</u>	<u>51</u>
	<u>58</u>	<u>59</u>	<u>219</u>	<u>227</u>
	<u>484</u>	<u>497</u>	<u>811</u>	843
Less: total future interest expense		<u>(13)</u>		<u>(32)</u>
Present value of lease liabilities		<u>484</u>		<u>811</u>

19 CONTINGENT LIABILITY

As at 31 December 2024, performance bond of HK\$200,000 (2023: HK\$200,000) was given by a bank in favour of the Office of the Communications Authority as security for due performance and observance of the Group's obligation under the Services-Based Operator Licence. The Group has pledged bank deposits for the above performance bond (note 16). At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Business in Hong Kong

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

The Group continued its marketing efforts in promoting its telecommunications services and is actively contacting distributors for the distribution of various prepaid products (including travel prepaid SIM card and local prepaid SIM card) offered by the Group. However, the Group continued to experience pricing pressure from other competitors for prepaid products and similar prepaid roaming products in the mobile telecommunications industry that remains highly competitive. On the other hand, as Hong Kong emerging from COVID-19, coupled with the full boarder 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 2024. 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 2024.

The revenue derived from the provision of telecommunications services increased by approximately 47.7% to approximately HK\$10,812,000 for the year ended 31 December 2024 compared to approximately HK\$7,318,000 for the last corresponding year.

The Group has reinforced its cost control 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 in the competitive mobile telecommunications industry.

The Group has diversified its business in Hong Kong to the distribution of mobile phones and electronic products which became one of the main revenue streams in Hong Kong. For the year ended 31 December 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 27.3% to approximately HK\$65,416,000 when compared with approximately HK\$89,948,000 for the last corresponding year. Since the relief of COVID-19 in 2023, offline economy has recovered generally, and online e-commerce started to cool down. All the industries faced challenges caused by slowdown in growth of global economy, interest rate hike by the United States Federal Reserve, and other factors. Suppliers and customers also faced challenges of different degrees, including customs logistics, insufficient work force in warehouse and higher requirements imposed on vendors from the PRC. Enterprises entered into a bottleneck period of development and faced operation difficulties. Some factories or enterprises are expected to transform, which would affect the distribution business in Hong Kong. The Group will continue to commit more resources and identify different suppliers to increase its offerings of mobile phones and electronic products, and to expand the source of revenue and enhance business performance.

Business in The People's Republic of China (“the PRC”)

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

GZDT has engaged in the distribution of mobile phones and electronic products. For the year ended 31 December 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 19.6% to approximately HK\$7,678,000 when compared with approximately HK\$9,546,000 for the last corresponding 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 year ended 31 December 2024, the revenue derived from the distribution of mobile and data top-up business increased by approximately 22.4% to approximately HK\$53,478,000 when compared with approximately HK\$43,696,000 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 market recovery, the Group’s roaming products and services were extensively launched in the market again, enabling revenue to record considerable growth in 2024. Data shows that the number of visitors to Hong Kong is steadily increasing year-on-year in 2024, with arrivals from Mainland China and non-Mainland China visitor arrivals increasing by 27% and 44% respectively. The multiple-entry Individual Visit Scheme for Shenzhen has been fully resumed by the end of 2024, further unlocking the potential of the Greater Bay Area as a source of visitors. The Group expects that the demand for travel will continue to grow. To seize this opportunity and maintain our position in a highly competitive market, we will launch an upgraded roaming plan that integrates real-time AI translation and eSIM technology, and deepen our presence under the concept of ‘seamless travel everywhere’ to enhance the traveller experience through scenario-based services. By keeping abreast of market trends and customer needs, the Group will continue to review and enhance its products and services, and continue to optimise product flexibility to provide more convenient and enjoyable cross-border communications solutions for business and leisure travellers, thereby consolidating our competitive edge.

* For identification purposes only

Given the ongoing uncertainties in global macroeconomic environment, the Hong Kong economy is expected to continue to face challenges in 2025. The pace of recovery was affected by increased uncertainties in global business environment due to various adverse factors such as continuously high interest rates, 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 and investment opportunities in the relevant telecommunications business. The Group continues to negotiate with telecommunications service providers to further reduce the unit cost of airtime and mobile data, and at the same time accelerates the expansion of channels in emerging markets such as Southeast Asia. The Group also analyses user behaviors through AI technology to accurately design roaming packages to create real-life value. Meanwhile, the Group is exploring cooperation with the hotel and airline industries to tap into incremental demand in a challenging market, thereby improving its business and financial performance.

To achieve sustainable growth, the Group is accelerating its strategic transformation and continuing to extend its information services value chain with Mobility as a Service (MaaS) at its core. In addition to tightly controlling costs and exploring new sources of revenue, we are integrating resources across business sectors, such as launching the 'Roaming Protection Plan' by combining eSIM technology with the insurance industry, and utilising AI-driven dynamic pricing models to enhance operational efficiency. In the future, we will deepen the application of 'Smart Travelling' scenarios and provide real-time multi-language support to further expand our service ecosystem. Through technological innovation and cross-industry collaboration, the Group is committed to transforming itself from a traditional telecoms provider into a smart travel solutions provider, capturing structural opportunities in a volatile environment.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the revenue of the Group decreased to approximately HK\$137,424,000 compared to approximately HK\$150,555,000 for the last corresponding year, representing a decrease of approximately 8.7%. Revenue from the provision of telecommunications services and distribution business accounted for approximately HK\$10,852,000 and HK\$126,572,000 respectively, representing approximately 7.9% and 92.1% of the Group's revenue for the year ended 31 December 2024, respectively. The decrease was mainly attributable to the decrease in revenue generated from the distribution business in Hong Kong and the PRC 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.

Cost of sales

The Group's cost of sales decreased by approximately 9.6% to approximately HK\$132,263,000 for the year ended 31 December 2024 compared to approximately HK\$146,317,000 for the last corresponding year. The decrease in cost of sales was generally in line with the respective changes regarding the revenue derived from the provision of telecommunications services, the distribution of mobile phones and electronics products business and the distribution of mobile and data top-up business.

Gross profit

The gross profit of the Group for the year ended 31 December 2024 increased by approximately 21.8% to approximately HK\$5,161,000 when compared to approximately HK\$4,238,000 for the last corresponding year. The increase was primarily attributable to the growth of revenue from the provision of telecommunications services in Hong Kong which have a higher gross profit margin.

Other income

The Group's other income for the year ended 31 December 2024 increased by approximately 152.9% to approximately HK\$569,000 when compared with approximately HK\$225,000 for the last corresponding year. The increase was mainly attributable to the increase of interest income.

Other net (loss)/income

For the year ended 31 December 2024, the Group recorded other net loss of approximately HK\$293,000 while for the year ended 31 December 2023, the Group incurred other net income of approximately HK\$164,000. The incurrence of other net loss for the year ended 31 December 2024 was mainly due to the foreign exchange loss arising from the movements in the exchange rate between Hong Kong dollars, Renminbi and Singapore dollars.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 December 2024 decreased by approximately 9.2% to approximately HK\$13,378,000 when compared to approximately HK\$14,729,000 for the last corresponding year. The decrease was primarily due to the reduction of auditors' remuneration and depreciation of owned property, plant and equipment. This was partially offset by the increase in impairment losses on trade receivables to approximately HK\$2,231,000 for the year ended 31 December 2024 when compared to approximately HK\$731,000 for the last corresponding year.

Finance costs

The Group's finance costs for the year ended 31 December 2024 increased by approximately 3.1 times to approximately HK\$208,000 when compared to approximately HK\$51,000 for the last corresponding year. The increase was attributable to the interest paid on shareholder's loan which were borrowed in 2024.

Income tax credit

The Group's income tax credit for the year ended 31 December 2024 decreased by approximately 80.5% to approximately HK\$46,000 when compared with approximately HK\$236,000 for the last corresponding year. The income tax credit was attributable to the decrease of deferred tax liabilities provided for the property, plant and equipment of the Group.

Loss attributable to shareholders

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2024 of approximately HK\$8,103,000, representing a decrease of approximately 18.4% when compared with approximately HK\$9,935,000 for the last corresponding year. The decrease was mainly attributable to the growth of revenue from the provision of telecommunications services in Hong Kong which have a higher gross profit margin, the reduction of auditors' remuneration and depreciation of owned property, plant and equipment, which was partially offset by the increase in impairment losses on trade receivables.

CAPITAL STRUCTURE

The Group carried out prudent financial policy, and the cash surplus is deposited with the banks to facilitate extra expenditure or investment. As at 31 December 2024, the Group had no outstanding loan or borrowing, and the gearing ratio (being ratio of total long term borrowings to equity) was therefore inapplicable. As at 31 December 2024, total equity attributable to equity holders of the Company amounted to approximately HK\$34,796,000 (as at 31 December 2023: approximately HK\$31,374,000).

On 13 December 2024, the Company allotted and issued a total number of 60,000,000 loan capitalisation shares at the issue price of HK\$0.2 per loan capitalisation share under specific mandate to a shareholder at the extraordinary general meeting of the Company held on 3 December 2024.

As of 31 December 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\$0.20 each ("Shares"), of which 244,875,000 Shares were issued.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances its operations with internally generated cash flows and capital contribution from shareholders. As at 31 December 2024, the Group had net current assets of approximately HK\$33,607,000 (as at 31 December 2023: approximately HK\$29,945,000), including cash and cash equivalents of approximately HK\$26,571,000 (as at 31 December 2023: approximately HK\$14,594,000). The current ratio was 6.2 as at 31 December 2024, higher than 5.2 as at 31 December 2023.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars (“US\$”). As HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rate between HK\$ and US\$ to be insignificant. In respect of other currencies, the Group has no significant exposure to currency risk as substantially all the Group’s transactions are denominated in functional currency. However, the management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the need arises. As at 31 December 2024, the Group did not have any derivatives for hedging against the exchange rate risk.

PLEDGE OF ASSETS

As at 31 December 2024, bank deposits of approximately HK\$234,000 (2023: approximately HK\$200,000) were pledged for the issuance of a performance bond by a bank to a subsidiary in the Group.

CONTINGENT LIABILITY

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

MATERIAL ACQUISITION, DISPOSAL OR SIGNIFICANT INVESTMENT

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

CAPITAL COMMITMENTS

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

STAFF AND REMUNERATION POLICY

As at 31 December 2024, the Group had 18 employees (2023: 19 employees). Among them, 8 employees (2023: 8 employees) worked in Hong Kong, 9 employees (2023: 10 employees) worked in the PRC and 1 employee (2023: 1 employee) worked in Singapore.

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

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024. No dividend was paid for the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2024 and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both days inclusive. In order to ascertain the members' entitlement to the attendance of the forthcoming annual general meeting of the Company to be held on Thursday, 5 June 2025, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at 17 Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 30 May 2025.

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

As at 31 December 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 (<i>Note</i>)	42.65%
	Beneficial owner	65,062,500	26.57%
Mr. Pang Kwok Chau	Beneficial owner	1,500,000	0.61%
Mr. Wong Kin Wa	Beneficial owner	1,500,000	0.61%

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	Approximate Percentage of Shareholding
Mr. Li Kin Shing	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 31 December 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 31 December 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	42.65%
Ms. Kwok King Wa	Interest of controlled corporation	104,437,500 (<i>Note 1</i>)	42.65%
	Interest of spouse	65,062,500 (<i>Note 2</i>)	26.57%
Golden Brand Holdings Limited	Beneficial owner	16,500,000	6.74%
Mr. Bai Zhifeng	Interest of controlled corporation	16,500,000 (<i>Note 3</i>)	6.74%

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 65,062,500 shares under the SFO.
- (3) The 16,500,000 shares are owned by Golden Brand Holdings Limited which is wholly owned by Mr. Bai Zhifeng.

Save as disclosed above, as at 31 December 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.

COMPETING INTERESTS

During the year ended 31 December 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”) were directly wholly-owned by Mr. Li Kin Shing. Therefore, the Sunward Group are the associates of Mr. Li Kin Shing under the GEM Listing Rules. The Sunward Group, as a whole, is principally engaged in (i) the research and development, production and sales of RF-SIM products; (ii) licensing of the RF-SIM operations rights in markets other than Hong Kong and Macau, and (iii) research and development and technology transfer of CA-SIM application rights to customers.

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

SHARE OPTION SCHEME

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

(i) Purpose of the Share Option Scheme

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

(ii) Participants of the Share Option Scheme

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

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

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 15,562,500 shares, representing approximately 6.36% of the shares of the Company in issue as at the date of this announcement. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

(iv) Maximum entitlement of each participant

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

(v) Time of exercise of options

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

(vi) The subscription price per share

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

(vii) Payment on acceptance of option

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

(viii) Duration of the Share Option Scheme

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

The Company did not grant or cancel any options under the Share Option Scheme any time during the year, and as at 31 December 2024, there was no outstanding share option under the Share Option Scheme. The number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and as at 31 December 2024 was 15,562,500 and 15,562,500, respectively.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, during the year ended 31 December 2024, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any share of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNMENT CODE

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. During the year ended 31 December 2024, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules applicable during the financial year ended 31 December 2024.

Pursuant to code provision C.1.6 of the CG Code, generally independent non-executive directors and other non-executive directors of the Company should also attend the general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Liu Kejun, as an independent non-executive director, did not attend the Company’s extraordinary general meeting held on 3 December 2024 due to his other work arrangement.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary results announcement have been agreed by the Group’s auditor, Reanda HK CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Reanda HK CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Reanda HK CPA Limited on the preliminary results announcement.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to review the Company's annual report and consolidated financial statements, 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 year ended 31 December 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.

During the year of 2024, the audit committee has (i) reviewed the interim results; (ii) reviewed the accounting policies adopted by the Group and issues related to accounting practice; (iii) met with external auditors to discuss on issues arising from the audit and financial reporting matters and reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement; and (iv) assisted the Board to evaluate on the effectiveness of financial reporting procedure and internal control.

The Group's audited results for the year ended 31 December 2024 have been reviewed by the Audit Committee and which was of the opinion that such results complied with the applicable accounting standards and that adequate disclosures had been made.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.directel.hk), and the annual report of the Company for the year ended 31 December 2024 containing all the information required by the GEM Listing Rules will be sent to the shareholders of the Company electronically (or in printed form upon request) and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2025

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.