

TARGET

Intelligence Report

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**DIRECTEL HOLDINGS LTD:
IT IS OBVIOUS THAT THIS COMPANY IS,
AND IS LIKELY TO CONTINUE TO BE, A COMPULSIVE LOSER**

There are, at least, two questionable aspects that meet the eye, immediately, as one scans the financials of Directel Holdings Ltd (直通電訊控股有限公司) (Code: 8337, The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd):

1. The Company has an unbroken history, during the past Five Financial Years, ended December 31, 2023, of material losses;
2. The Company's Results with regard to the Financial Year, ended December 31, 2023, were amongst the most insuperable, going back to the 2019 Financial Year; and,
3. Shareholders have had to suffer, one Financial Year after another, of decaying Net Assets.

Directel Holdings Ltd has come, over its past 14 calendar years, to establish itself in three areas of Asia, namely: The **Hongkong Special Administrative Region (HKSAR)** of The **People's Republic of China (PRC)**, The PRC, proper, being separate and distinct from the HKSAR, and The Republic of Singapore.

- In The Hongkong Special Administrative Region of The People's Republic of China, Management maintains that it is engaged as follows:

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

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

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

GZDT is said to engage in the distribution of mobile phones and other electronic products.

- In The Republic of Singapore, Directel Holdings Ltd is engaged in the provision of telecommunications services and the distribution of business through its indirect, wholly-owned subsidiary: **South Data Communication Private Ltd.** (“**South Data**”).

In respect of the distribution business in Singapore, South Data is said to have entered into a contract with one of the largest e-commerce platform operators (the “**E-commerce Platform Operator**”) as a sale channel in which it purchases mobile and data top-up e-vouchers from South Data, and then resells them to ultimate mobile users. The e-commerce Platform Operator has a wide distribution channel of more than 1,000 points 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.

At Page 12 of the 2023 Annual Report of Directel Holdings Ltd, one was informed that the Company had 19 employees, being eight employees, stationed in the HKSAR, 10 employees, being stationed in the PRC, and one employee, being stationed in Singapore.

THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors of the Company is Mr Li Kin Shing (李健誠).

At Pages Three and Four of the 2023 Annual Report, Mr Li Kin Shing put pen to paper, so to speak, inscribing the following six paragraphs:

'RESULTS OF THE YEAR

'For the year ended 31 December 2023, the Group recorded revenue of approximately HK\$150,555,000, representing a decrease of approximately 0.9% as compared with last year. Loss for the year attributable to equity shareholders of the Company in 2023 decreased by approximately 19.3% to approximately HK\$9,935,000 compared with a loss of approximately HK\$12,317,000 for the last corresponding year. Basic and diluted loss per ordinary share for the year ended 31 December 2023 was 5.37 HK cents respectively as compared with basic and diluted loss of 6.66 HK cents respectively for the year ended 31 December 2022.

'REVIEW FOR THE YEAR

'Performance of the Group in the provision of telecommunications services has improved for the year ended 31 December 2023 compared to that of 2022. The Group continued to face difficulties in the highly competitive mobile services industry and the revenue derived from the provision of telecommunications services increased significantly by approximately 1.8 times to approximately HK\$7,365,000 for the year ended 31 December 2023 when compared to approximately HK\$2,619,000 for the year ended 31 December 2022.

'On the other hand, ... [CLICK TO ORDER FULL ARTICLE](#)

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