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DIRECTEL HOLDINGS LIMITED

直通電訊控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8337)

PROPOSED BONUS ISSUE OF SHARES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

PROPOSED BONUS ISSUE

The Board proposed a Bonus Issue to Qualifying Shareholders (other than Excepted Shareholders). The Bonus Issue is proposed to be made on the basis of two Bonus Shares for every one existing Share held by the Qualifying Shareholders (other than Excepted Shareholders) whose names appear on the register of members of the Company on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company. The register of members of the Company will be closed from Wednesday, 13 May 2015 to Thursday, 14 May 2015, both days inclusive, to ascertain the entitlement of the Shareholders under the Bonus Issue. Holders of the Warrants must lodge the subscription form together with a remittance in cash for the amount of the subscription price for respective Shares no later than 4:30 p.m. on Thursday, 7 May 2015 to participate in the Bonus Issue. If the holders of the Warrants choose not to participate in the Bonus Issue, the Bonus Issue may lead to adjustment to the subscription price and/or the number of the Warrant Shares which may fall to be issued upon the exercise of subscription rights of the Warrants.

Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Bonus Shares.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

The current authorised share capital of the Company is HK\$40,000,000 divided into 4,000,000,000 ordinary shares of HK\$0.01 each, whereas 1,037,500,000 ordinary shares have been issued as of the date of this announcement. In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the authorised share capital of the Company to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each, by the creation of an additional 6,000,000,000 ordinary shares of HK\$0.01 each. The additional ordinary shares shall rank pari passu in all respects with the existing ordinary shares.

GENERAL

A circular containing, among other things, details of the Bonus Issue and the increase in the authorised share capital of the Company, will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS ISSUE

The Board proposed a Bonus Issue to Qualifying Shareholders (other than Excepted Shareholders). The Bonus Issue is proposed to be made on the basis of two Bonus Shares for every one existing Share held by the Qualifying Shareholders (other than Excepted Shareholders) whose names appear on the register of members of the Company on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount in the share premium account. The terms of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of two Bonus Shares for every one existing Share held on the Record Date by the Qualifying Shareholders.

On the basis of 1,037,500,000 existing Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased before the Record Date, it is anticipated that 2,075,000,000 Bonus Shares will be issued under the Bonus Issue. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company. After the completion of the Bonus Issue, there will be a total of 3,112,500,000 Shares in issue as enlarged by the Bonus Issue.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Excepted Shareholders are further elaborated below under the heading “Overseas Shareholders”.

The register of members of the Company will be closed from Wednesday, 13 May 2015, to Thursday, 14 May 2015, (both days inclusive), during which no transfer of Shares will be registered, in order to determine the entitlement of the Shareholders under the Bonus Issue.

Holders of the Warrants must lodge the subscription form together with a remittance in cash for the amount of the subscription price for respective Shares no later than 4:30 p.m. on Thursday, 7 May 2015 in order to participate in the Bonus Issue. If the holders of the Warrants choose not to participate in the Bonus Issue, the Bonus Issue may lead to adjustment to the subscription price and/or the number of the Warrant Shares which may fall to be issued upon the exercise of subscription rights of the Warrants. For details, please refer to the paragraphs set out under the heading “Adjustments to the subscription price of Warrant Shares”.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 May 2015.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until after the Record Date.

Reasons for the proposed Bonus Issue

The Board proposed the Bonus Issue in recognition of the continual support of the Shareholders. In addition, the Directors believe that the Bonus Issue will enable the Shareholders to participate in the business growth of the Company and enhance the liquidity of the Shares in the market.

Overseas Shareholders

For those Overseas Shareholders, enquiry will be made by the Board pursuant to Rule 17.41(1) of the GEM Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Excepted Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as

practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Status of Bonus Shares

The Bonus Shares, upon issued, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Conditions of Bonus Issue

The completion of Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue by the Shareholders at the EGM;
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Cayman Islands and the Articles of Association to effect the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange in respect of such approval for the listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares.

Adjustment to the subscription price of Warrant Shares

As at the date of this announcement, there are 200,000,000 Warrants outstanding. Subject to the confirmation of the auditors or an approved merchant bank, the Bonus Issue may lead to adjustment to the subscription price and/or the number of the Warrant Shares which may fall to be issued upon the exercise of subscription rights of the Warrants. The Company will instruct its auditors or an approved merchant bank to review and certify in writing the basis of such adjustments as soon as possible. In

view that the exact number of the Bonus Shares will not be determined until the Record Date, the Company will make further announcement for the aforesaid adjustments to the subscription price of the Warrant Shares and notify the respective holders of the Warrants regarding the adjustments to be made pursuant to the respective terms and conditions applicable to the Warrants.

Save for the Warrants, as at the date of this announcement, the Company has no outstanding options, warrants or convertible securities to subscribe for any securities of the Company.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or before Thursday, 28 May 2015 after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence at 9:00 a.m. on Friday, 29 May 2015.

Expected timetable

Set out below is the expected timetable of the Bonus Issue:

	Date (2015)
Despatch of circular and notice of the EGM	On or before Tuesday, 21 April
Latest time for lodging transfer of shares for registration in order to be entitled to attend EGM.....	4:30 p.m. on 4 May
Latest time to return form of proxy for the EGM.....	11:30 a.m. on Tuesday, 5 May
Closure of Register of Members	Tuesday, 5 May — Thursday, 7 May (both days inclusive)
Latest time for holders of Warrants to lodge the subscription form together with a remittance in cash for the amount of the exercise price for the respective Shares in order to participate in the Bonus Issue	4:30 p.m. on Thursday, 7 May

Time and date of EGM	11:30 a.m. on Thursday, 7 May
Publish of poll results announcement of EGM.....	Thursday, 7 May
Last day of dealings in Shares cum-entitlements to the Bonus Shares	Friday, 8 May
First day of dealings in Shares ex-entitlements to the Bonus Shares.....	Monday, 11 May
Latest time for lodging transfers of Shares for registration in order to qualify for the Bonus Issue	4:30 p.m. on Tuesday, 12 May
Closure of Register of Members	Wednesday, 13 May — Thursday, 14 May (both days inclusive)
Record Date for determination of entitlement to the Bonus Shares	Thursday, 14 May
Register of Members re-opens	Friday, 15 May
Certificates for the Bonus Shares expected to be dispatched on or before	Thursday, 28 May
Dealing in Bonus Share commence.....	9:00 a.m. on Friday, 29 May

Note: All times refer to Hong Kong local time in this announcement.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

The current authorised share capital of the Company is HK\$40,000,000 divided into 4,000,000,000 ordinary shares of HK\$0.01 each, whereas 1,037,500,000 ordinary shares have been issued as of the date of this announcement. In order to accommodate the future expansion and growth of the Group, the Board of the Company proposes to increase the authorised share capital of the Company to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each, by the creation of an

additional 6,000,000,000 ordinary shares of HK\$0.01 each. The additional ordinary shares shall rank pari passu in all respects with existing ordinary shares. The increase in the authorised share capital of the Company is conditional upon the approval of the Shareholders of the Company by way of an ordinary resolution.

GENERAL

A circular containing, among others, details of the Bonus Issue and the increase in the authorised share capital of the Company, will be despatched to the Shareholders as soon as practicable.

No Shareholder is required to abstain from voting on the ordinary resolutions to approve the Bonus Issue and the increase in the authorised share capital of the Company at the EGM.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors from time to time
“Bonus Issue”	the proposed allotment and issue of Bonus Shares on the basis of two Bonus Shares for every one existing Share held by the Qualifying Shareholders
“Bonus Shares”	the new Shares to be issued under the Bonus Issue
“business day”	a day (excluding Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Directel Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	the directors of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, inter alia, the Bonus Issue and the increase in authorised share capital of the Company

“Excepted Shareholders”	Overseas Shareholders who are excluded from the Bonus Issue and as defined and more particularly described in the section headed “Overseas Shareholders” in this announcement
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Overseas Shareholders”	holders of Shares whose addresses as shown on the register of members on the Record Date are outside Hong Kong
“Qualifying Shareholders”	holders of Shares, not being Excepted Shareholders, who are entitled to the Bonus Issue
“Record Date”	Thursday, 14 May 2015, being the record date for determination of entitlements to the Bonus Issue
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Shareholders”	holders of the Shares from time to time
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	200,000,000 unlisted warrants issued by the Company at HK\$0.01, each entitles the holder thereof to subscribe for one Warrant Share at a subscription price of HK\$0.1648 per Warrant Share (subject to adjustment) at any time during a period of 60 months commencing from the date of issue of the Warrants

“Warrant Shares”

up to initially 200,000,000 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the unlisted warrants

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

1 April, 2015

As at the date of this announcement, the executive Directors are Mr. Pang Kwok Chau and Mr. Li Wang; 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. Chu, Howard Ho Hwa.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its publication and on the Company’s website at www.directel.hk.