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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Directel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 28 May 2010 (the “**Prospectus**”) relating to the placing and listing of the Company’s shares on the GEM board of The Stock Exchange of Hong Kong Limited, the announcement of the Company dated 26 September 2017 and the respective annual, interim and quarterly reports of the Company relating to the update on the use of proceeds. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus.

USE OF PROCEEDS

As disclosed in the section headed “Reasons for the Placing and Use of Proceeds” in the Prospectus that the Company intended to use the net proceeds received from the Placing for the following purposes:

- approximately 32.7% of the net proceeds, for further expansion of the business of mobile phone services in Macau and Taiwan and development of such services in other Asia Pacific territories;
- approximately 30.1% of the net proceeds, for the upgrading of the Group’s telecommunications equipment to be compatible with the mobile network operated by the Group’s service providers in Hong Kong and the PRC;
- approximately 27.3% of the net proceeds, for development and implementation of RF-SIM business plans in Hong Kong and Macau; and
- the remaining of the net proceeds, to fund working capital and other general corporate purposes.

As of 30 June 2018, the net proceeds were approximately HK\$69.2 million, amongst which approximately HK\$44.4 million had been utilised up to 30 June 2018. The remaining unutilised net proceeds of approximately HK\$24.8 million have been placed as interest bearing deposits in banks.

CHANGE IN USE OF PROCEEDS

After careful consideration and detailed evaluation of the Group's operations, the Directors of the Company had resolved to change part of the use of the unutilised net proceeds from the Placing as follows:

- approximately 3.2% of the unutilised net proceeds, or approximately HK\$0.8 million, for further expansion of the business of mobile phone services in Macau and Taiwan and development of such services in other Asia Pacific territories;
- approximately 5.6% of the unutilised net proceeds, or approximately HK\$1.4 million, for the upgrading of the Group's telecommunications equipment to be compatible with the mobile network operated by the Group's service providers in Hong Kong and the PRC;
- approximately 32.3% of the unutilised net proceeds, or approximately HK\$8.0 million, for development and implementation of RF-SIM business plans in Hong Kong and Macau;
- approximately 48.8% of the unutilised net proceeds, or approximately HK\$12.1 million, for distribution of mobile phones and equipment overseas; and
- the remaining of the unutilised net proceeds, or approximately HK\$2.5 million to fund working capital and other general corporate purposes.

REASONS FOR THE CHANGE

As such, the Company made the above change in the use of proceeds to better utilise the remaining net proceeds from the IPO. The board considers that the change of use of part of the net proceeds will allow the Company to deploy its financial resources more effectively and is in the best interest of the Company and its shareholders as a whole.

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

Hong Kong, 12 September 2018

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, Mr. Wong Kin Wa and Mr. Hu Tiejun, the independent non-executive directors are Mr. Chen Xue Dao, Ms. Lee Man Yee, Maggie and Mr. Liu Kejun.

This announcement, for which the directors of 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 of Hong Kong Limited 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at www.directel.hk.