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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)**

## **PROFIT WARNING**

This announcement is made by Directel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Based on the information currently available and the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (the “**Period**”) by the board (the “**Board**”) of directors (the “**Directors**”) of the Company, the Board wishes to inform the shareholders of the Company and potential investors that it is anticipated that the Group would record a substantial increase in loss for the year ended 31 December 2019 as compared to the corresponding period in 2018. The anticipated substantial increase in loss was primarily attributable to (i) the impairment loss on goodwill and intangible assets of Joint Top Investments Limited together with its subsidiary, Guangzhou Directel Telecommunications Limited\* (廣州直通電訊有限公司) (the “**Joint Top Group**”); (ii) an increase in fair value change on contingent consideration payables for the acquisition of the Joint Top Group; (iii) a substantial increase in impairment loss on trade and other receivables; (iv) a significant decrease in revenue generated from the provision of telecommunications services in Hong Kong as the Group was unable to secure new contracts with committed subscription with distributors during the year for the 4G products; (v) a significant decrease in the revenue mentioned in (iv) which in turn led to a gross loss of this segment; and (vi) an increase in administrative expenses and maintenance fees.

As the Company is still in the course of preparing its results for the year ended 31 December 2019, the information contained in this announcement is only a preliminary assessment by the Board based on the information currently available and the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company’s auditors or have not been confirmed by the Company’s audit committee. The overall financial results of the Group for the year ended 31 December 2019 will only be ascertained when all the relevant results and corresponding treatments are finalised. The results of the Group for the year ended 31 December 2019 are scheduled to be approved and announced by the Board on or about 25 March 2020. Shareholders of the Company and potential investors are advised to read the annual results announcement of the Company when it is published.

\* For identification only

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 17 March 2020

*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 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 the GEM website at [www.hkgem.com](http://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](http://www.directel.hk).*