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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in the Company, you should at once hand this circular and accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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 SHARE CONSOLIDATION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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This circular will remain on the website of GEM of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This circular will also be posted on the Company’s website at [www.directel.hk](http://www.directel.hk).

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 12 of this circular. A notice convening the EGM to be held on Monday, 18 January 2021 at 2:30 p.m. at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong is set out on pages 13 to 15 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying proxy form to the Company’s branch share registrar in Hong Kong Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM. The return of the proxy form will not preclude you from attending and voting in person in the EGM if you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection: –

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company requires each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.

In addition, the Company reminds all Shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this circular.

If any Shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office or to our email at [info@directel.hk](mailto:info@directel.hk). If any Shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong as follows: –

Tricor Investor Services Limited  
Level 54, Hopewell Centre 183 Queen’s Road East, Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185

31 December 2020

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“associate(s)”	has the meaning ascribed to it/them under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Directel Holdings Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the GEM
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be held on Monday, 18 January 2021 at 2:30 p.m. at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong or any adjournment thereof, the notice of which is set out on pages 13 to 15 of this circular
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	24 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Share(s)” or “Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s), Existing Share(s) or the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the Share Consolidation which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation will be fulfilled:*

Latest time for lodging transfer of Shares  
to qualify for attendance and voting at the EGM . . . . . 4:30 p.m. on Tuesday,  
12 January 2021

Register of members of the Company closes  
(both dates inclusive) . . . . . Wednesday, 13 January 2021 to  
Monday, 18 January 2021

Latest time for return of proxy form of the EGM . . . . . 2:30 p.m. on Saturday,  
16 January 2021

Record date for attendance and voting at the EGM . . . . . Monday, 18 January 2021

Expected time and date of the EGM . . . . . 2:30 p.m. on Monday,  
18 January 2021

Announcement of the poll results of the EGM . . . . . Monday, 18 January 2021

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation.**

Effective date of the Share Consolidation . . . . . Wednesday, 20 January 2021

First day of free exchange of existing share certificates  
for new share certificates for the Consolidated Shares . . . . . Wednesday, 20 January 2021

Commencement of dealings in the Consolidated Shares . . . . . 9:00 a.m. on Wednesday,  
20 January 2021

Original counter for trading in the Existing Shares in  
board lot size of 10,000 Shares  
(in form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on Wednesday,  
20 January 2021

Temporary counter for trading in the Consolidated Shares  
in board lot size of 500 Consolidated Shares  
(in form of existing share certificates) opens . . . . . 9:00 a.m. on Wednesday,  
20 January 2021

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## EXPECTED TIMETABLE

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Original counter for trading in the Consolidated Shares  
in board lot size of 10,000 Consolidated Shares  
(in the form of new share certificates for Consolidated  
Shares) re-opens . . . . . 9:00 a.m. on Wednesday,  
3 February 2021

Parallel trading in the Consolidated Shares  
(in the form of new and existing share certificates)  
commences . . . . . 9:00 a.m. on Wednesday,  
3 February 2021

Designated broker starts to stand in the market to provide  
matching services for odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Wednesday,  
3 February 2021

Temporary counter for trading in board lot size of  
500 Consolidated Shares (in form of existing share  
certificates) closes . . . . . 4:10 p.m. on Thursday,  
25 February 2021

Parallel trading in the Consolidated Shares  
(in the form of new and existing share certificates) ends . . . . . 4:10 p.m. on Thursday,  
25 February 2021

Designated broker ceases to stand in the market to provide  
matching services for odd lots of Consolidated Shares . . . . . 4:10 p.m. on Thursday,  
25 February 2021

Latest time of free exchange of existing share certificates  
for new share certificates for the Consolidated Shares . . . . . 4:30 p.m. on Monday,  
1 March 2021

*Notes:*

1. All times and dates in this circular refer to Hong Kong local times and dates.
2. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

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LETTER FROM THE BOARD

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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)**

*Non-Executive Directors:*

Mr. Li Kin Shing (*Chairman*)

Mr. Wong Kin Wa

Mr. Hu Tiejun

*Executive Directors:*

Mr. Pang Kwok Chau (*Chief Executive Officer*)

Mr. Li Wang

*Independent Non-Executive Directors:*

Mr. Chen Xue Dao

Ms. Lee Man Yee, Maggie

Mr. Liu Kejun

*Registered Office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Head office and principal place of*

*Business in Hong Kong:*

Office Nos. 1, 2, 14 and 15

37th Floor, Hong Kong Plaza

No. 188 Connaught Road West

Hong Kong

31 December 2020

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED SHARE CONSOLIDATION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 11 December 2020, in which the Board proposed to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.20 each in the share capital of the Company.

The purpose of this circular is to provide you with the information in relation to the Share Consolidation together with the notice of the EGM and related form of proxy.



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## LETTER FROM THE BOARD

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### **PROPOSED SHARE CONSOLIDATION**

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.20 each in the share capital of the Company.

### **Effects of the Share Consolidation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 3,697,500,000 Shares have been issued as fully paid or credited as fully paid. Assuming that no further Shares are allotted, issued or repurchased between the Latest Practicable Date and the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$100,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.20 each, of which 184,875,000 Consolidated Shares will be in issue. The Company has no outstanding options, warrants or securities in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

Based on the closing price of HK\$0.014 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the theoretical market price per Consolidated Share, assuming the Share Consolidation had already become effective, would be HK\$0.28 per Consolidated Share.

### **Board lot size**

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

Based on the closing price of HK\$0.014 per Share as quoted on the Stock Exchange at the Latest Practicable Date, the value for each board lot of 10,000 Shares was HK\$140 and the theoretical market value for each board lot of 10,000 Consolidated Shares assuming the Share Consolidation had become effective, would be HK\$2,800.

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## LETTER FROM THE BOARD

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### Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

As at the Latest Practicable Date, none of the conditions precedent set out above is fulfilled.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 20 January 2021 being the second Business Day after the EGM.

### Application for Listing of the Consolidated Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

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## LETTER FROM THE BOARD

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### Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Since the beginning of 2020 till the Latest Practicable Date, the closing price per Share as quoted on the Stock Exchange had been persistently below HK\$0.1 and the board lot value being less than HK\$2,000; while the closing price per Share as quoted on the Stock Exchange was below HK\$0.04 for over 90% of the trading days during the same period. The proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, it would enable the Company to comply with the trading requirements under the GEM Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. Thus, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company. It is also hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company’s possible equity fund raising in the future.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

As at the Latest Practicable Date, the Board has no current intention or plan, or otherwise foresee to undertake any equity fundraising; or any other corporate actions or arrangements that may affect the trading in the shares of the Company (e.g. share consolidation, subdivision or change in board lot size), in the next 12 months.

In view of the above, the Directors are of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 25 February 2021 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Existing Shares for one (1) Consolidated Share.

The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in blue colour.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

### **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has appointed China Galaxy International Securities (Hong Kong) Co., Limited, as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from Wednesday, 3 February 2021 to Thursday, 25 February 2021. Shareholders who wish to take advantage of this facility should contact Mr. Choy Ho Yin at 20/F Wing On Centre, 111 Connaught Road Central, Hong Kong (telephone number: (852) 3698 6820) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers.

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## LETTER FROM THE BOARD

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Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

### The EGM

A notice convening the EGM to be held on Monday, 18 January 2021 at 2:30 p.m. at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong is set out on pages 13 to 15 of this circular. The EGM will be held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A form of proxy for use at the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the eligibility of shareholders to attend and vote at the EGM, which is to be held on Monday, 18 January 2021, the register of members of the Company will be closed from Wednesday, 13 January 2021 to Monday, 18 January 2021, both days inclusive, during which no transfer of shares will be registered.

All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 January 2021.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, the information contained in this circular 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 circular misleading.

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## LETTER FROM THE BOARD

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### COMPETING INTERESTS

As at the Latest Practicable Date, saved as disclosed below, none of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group nor does any of them has or may have any other conflicts of interests with 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, a non-executive Director, the chairman of the Company, a controlling shareholder and a substantial shareholder of the Company. According to the GEM Listing Rules, Sunward Group was the associate of Mr. Li Kin Shing. 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 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 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 the “**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

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## LETTER FROM THE BOARD

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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.

### RECOMMENDATIONS

The Directors consider that the proposed Share Consolidation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution at the EGM.

### GENERAL

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
By Order of the Board  
**Directel Holdings Limited**  
**Pang Kwok Chau**  
*Executive Director*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Directel Holdings Limited (the “**Company**”) will be held at 2:30 p.m. on Monday, 18 January 2021 at Office Nos. 1, 2, 14 and 15, 37th Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

“**THAT** subject to the fulfilment of all the conditions (the “**Conditions**”) set out in the section headed “Conditions of the Share Consolidation” in the circular of the Company dated 31 December 2020 (the “**Circular**”), a copy of which has been tabled at the Meeting marked “A” and initialled by the chairman of the Meeting for the purpose of identification, with effect from the second business day immediately following the date on which this resolution is passed or the Conditions are fulfilled (whichever is the later):

- (a) every twenty (20) issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.20 each in the share capital of the Company (each a “**Consolidated Share**”) (the “**Share Consolidation**”), such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of the ordinary shares contained in the memorandum and articles of association of the Company;
- (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and not be issued to the shareholders of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit; and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) the Directors be and are hereby authorised to do all such acts, deeds and things, to sign, execute and deliver any documents including under common seal of the Company or otherwise, and to effect all necessary actions as they may consider necessary or desirable in order to effect, implement and complete any and all of the foregoing in respect of the Share Consolidation.”

Yours faithfully,  
By Order of the Board  
**Directel Holdings Limited**  
**Pang Kwok Chau**  
*Executive Director*

Hong Kong, 31 December 2020

*Registered office:*

Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and Principal Place of Business in Hong Kong:*

Office Nos. 1, 2, 14 and 15  
37th Floor  
Hong Kong Plaza  
No. 188 Connaught Road West  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (1) The instrument appointing a proxy shall be in writing under the head of appointer or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.
- (2) A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint another person as his/her proxy to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company but must attend the EGM to represent the member.
- (3) In order to be valid, the form of proxy must be deposited with the Company's branch share registrar in Hong Kong Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting.
- (4) In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.
- (5) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (6) If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning is in effect at any time after 1:00 p.m. on Monday, 18 January 2021, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.
- (7) References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, 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 notice, 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 notice 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 notice misleading.*

*This notice will remain on the GEM Website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This notice will also be posted on the website of the Company at [www.directel.hk](http://www.directel.hk).*