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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)

INSIDE INFORMATION

FRAMEWORK AGREEMENT

This announcement is made by Directel Holdings Limited (the “**Company**”), 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 (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board of Directors**”) is pleased to announce that on 17 August 2021 (after trading hours), the Company entered into a framework agreement (the “**Framework Agreement**”) with 密卡思(深圳)電訊有限公司 (MICAS (Shenzhen) Telecommunications Co., Ltd*) (“**Micas**”). The major terms of the Framework Agreement are set out below:

Date: 17 August 2021 (after trading hours)

Parties: (1) the Company; and

(2) Micas

Micas is a limited liability company established in the People’s Republic of China (the “**PRC**”). Its principal business is the research and development of the core integrated chips of 5G small cell’s radio units. As a member of the O-RAN Alliance (Open Radio Access Network Alliance), Micas provides turn-key solutions of 5G radio units which are O-RAN protocol aligned and are able to interface seamlessly with the upstream network products in Europe and the US. Micas also provides strong technical support to customers to form a stable 5G ecosystem with upstream and downstream of O-RAN members.

To the best of the Directors’ knowledge, information and belief after making all reasonable enquiries, Micas and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Subject Matter

According to the Framework Agreement, the Company and Micas (through its wholly-owned subsidiary in Hong Kong) intends to form a joint venture company in Hong Kong (“**JV Company**”), which will provide complete solutions for the digitisation of industries, governments and other public institutions and communities around the world. On one hand, the JV Company will obtain integrated chips and solutions of 5G small cell’s radio units from Micas. On the other hand, the JV Company will explore other business opportunities in the global 5G infrastructure industry by relying on the Company’s advantages in strong relationships with overseas and PRC domestic operators and professional management team in the telecommunications industry.

Formation and Structure of the JV Company

Set out below are the material terms regarding the formation and structure of the JV Company pursuant to the Framework Agreement:

- (1) The JV Company shall have an issued share capital of HK\$100,000 (tentative) to be paid up by the parties in cash;
- (2) 40% and 30% of the issued shares in the JV Company shall be allotted to each of the Company and a wholly-owned subsidiary of Micas respectively;
- (3) The remaining 30% shareholding in the JV Company shall be allotted to a holding company (the “**Management Holding Company**”) to be established by the senior management team led by Mr. Zhang Rikun (張日堃先生) (“**Mr. Zhang**”), members of which will consist of experienced managers and experts in the 5G telecommunications industry to be hired by the JV Company, for the purpose of holding the management shares;
- (4) The JV Company shall not issue any additional shares without the unanimous consent of the Company and Micas. Any dilution of the respective shareholding in the JV Company held by each of the Company, Micas (through its wholly-owned subsidiary in Hong Kong) and the Management Holding Company shall be on an equal basis;
- (5) The board of directors of the JV Company shall consist of five (5) directors, the Company shall appoint three (3) directors whereas Micas (through its wholly-owned subsidiary in Hong Kong) shall appoint two (2) directors;
- (6) A resolution of the board of directors of the JV Company shall be valid if passed by a majority of all directors; and
- (7) The name and other details of the JV Company will be determined after further discussion by the parties to the JV Company.

Formal Cooperation Agreement

The Company and Micas shall enter into further negotiations about other details of the JV Company and a formal cooperation agreement is expected to be entered into by the parties if the cooperation is to proceed.

REASONS AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Board of Directors believes that the entry into the Framework Agreement will be conducive to facilitate the Group to commence the business in the 5G infrastructure sector. The Company, Micas and the management team led by Mr. Zhang will jointly boost the business development of the JV Company with their respective capital, platform, relationship and resources advantages. With forward-looking industry insight and deep 5G technology reserves, it is the strategic goal of the JV Company and the Group to become the leading solutions provider of the global 5G infrastructure sector. As such, the Board of Directors is of the view that the cooperation contemplated by the Framework Agreement will be in the interests of the Company and its shareholders as a whole.

The Company will keep its shareholders and the potential investors informed of any material development in connection with the above matter by way of further announcement(s) as and when appropriate.

The Board of Directors would like to stress that as at the date of this announcement, the Company and Micas have not yet conducted any transactions. Any possible cooperation contemplated under the Framework Agreement can be carried out only after the Company enters into a formal cooperation agreement with the parties involved and may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules if it is to proceed. Since the cooperation may not necessarily proceed, shareholders and prospective investors of the Company are advised to exercise caution when trading in the Company's shares.

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

Hong Kong, 17 August 2021

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 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 on the "Latest Listed Company Information" 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.

* For identification only