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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)**

**ISSUE OF UNLISTED WARRANTS UNDER GENERAL MANDATE**

On 30 April 2014, after trading hours of the Stock Exchange, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for in 200,000,000 Warrants at the issue price of HK\$0.01 per Warrant.

The Warrants will entitle the holders thereof to subscribe in cash up to an aggregate amount of HK\$32,960,000 (subject to adjustment) for the Warrant Shares and each Warrant carry right to subscribe for one Share at an initial Subscription Price of HK\$0.1648 per Share, for a period of 60 months commencing from the date of issue of the Warrants. Based on the initial Subscription Price of HK\$0.1648 per Warrant Share, a maximum of 200,000,000 Warrant Shares will be allotted and issued by the Company and approximately 16.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares (assuming that there will not be any change in the issued share capital of the Company before the exercise of such subscription rights).

The Warrant Shares issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

**Completion of the Subscription is subject to the satisfaction of the condition precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

30 April 2014

**Issuer:** The Company

**Subscriber:** JD Edward Asset Management Company Limited

The Subscriber is a company incorporated in the British Virgin Islands with limited liability, the principal business of which is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owners is an Independent Third Party.

### **Principal terms of the Warrants**

Number of Warrants : 200,000,000 Warrants, to be issued by the Company at the Issue Price, conferring the rights to the Subscriber to subscribe up to 200,000,000 Warrant Shares.

Based on the initial Subscription Price of HK\$0.1648 per Warrant Share and assuming that there will not be any change in the issued share capital of the Company before the exercise of the Subscription Rights in full (other than the issue of the Warrant Shares), upon the exercise of the Subscription Rights in full, 200,000,000

Warrant Shares will be issued, representing approximately 19.28% of the existing issued share capital of the Company and approximately 16.16% of the issued share capital as enlarged by the allotment and issue of the Warrant Shares. On such basis, the maximum nominal value of the Warrant Shares will be HK\$2,000,000.

- Status : The Warrants will be constituted by way of deed poll to be executed by the Company (i.e. the Instrument). The Warrants will rank pari passu in all respects among themselves.
- Form: The Warrants will be issued upon completion in registered form. Definitive certificates will be issued to the Subscriber.
- Issue Price: HK\$0.01 per Warrant payable in cash.
- Subscription Price: Each Warrant will carry the right to subscribe for one Share at an initial Subscription Price of HK\$0.1648 per Warrant Share, subject to adjustment upon occurrence of the Adjustment Events.
- Subscription Period: The subscription rights attaching to the Warrants may be exercised at any time from the date of issue of the Warrants until 4:00 p.m. (Hong Kong time) 60 months of the issue date (or, if that is not a Business Day, the first Business Day immediately following such date) (both dates inclusive), subject to earlier termination as provided in the Instrument.
- Rights of the Warrant Shares: The Warrant Shares that fall to be issued upon the exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the Shares in issue on the relevant date of registration of the name of the relevant holder(s) of the Warrants on the register of members of the Company as holder of such Warrant Shares.

- Transferability:** The Warrants are transferable, in integral multiples of 1,000,000 Warrants or, subject to the agreement by the Company, in such other denomination, and any transfer of the Warrants to any connected person of the Company shall be subject to the requirements that the Stock Exchange may impose from time to time.
- Rights of Warrants:** The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.
- Limitations on exercise of the subscription rights attaching to the Warrants:** The subscription rights attaching to the Warrants shall only be exercisable so long as:
- (a) the aggregate shareholdings of the holders of the Warrants, its associates and parties acting in concert with it immediately after such exercise will not be or exceed 20 per cent (20%) of the then issued share capital of the Company;
  - (b) the exercise of the subscription rights will not result in the holders of the Warrants by itself or taken together with its associates and/or parties acting in concert with it becoming the controlling shareholder (as defined in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong (“Takeovers Code”) of the Company or will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company which the holders of the Warrants would be obliged to make a general offer under the Takeovers Code in force from time to time; and
  - (c) the exercise of the subscription rights under the Warrants would not result in the holders of the Warrants and other then substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholding in the Company.

## **Basis of pricing of the Warrants**

The initial Subscription Price of HK\$0.1648 per Warrant Share represents:

- (i) a discount of approximately 20% of the closing price of HK\$0.206 per Share quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 20% of the closing price of HK\$0.206 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 20% of the average of the closing prices of HK\$0.206 per Share for the last five consecutive trading days for the Shares prior to the Last Trading Day.

The aggregate of (a) the Issue Price of HK\$0.01 per Warrant and (b) the initial Subscription Price of HK\$0.1648 per Warrant is HK\$0.1748, which represents:

- (i) a discount of approximately 15.15% of the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on 30 April 2014, being the date of the Subscription Agreement;
- (ii) a discount of approximately 15.15% of the average closing price of HK\$0.206 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iii) a discount of approximately 15.15% of the average closing price of HK\$0.206 per Share as quoted on the Stock Exchange for the last five trading days prior to the Last Trading Day.

The Subscription Price and the aggregate of it with the Issue Price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Subscriber after considering the Group's existing financial position, liquidity of the Shares in the market, and the prevailing market price of the Shares. The Directors consider that each of the Subscription Price and the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent**

Completion of the Subscription Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 8 May 2014 (or such later time and date as the Subscriber and the Company shall agree in writing):

- (i) (if required) the GEM Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall object without reasonable grounds and the satisfaction of such conditions; and
- (ii) the GEM Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall object without reasonable grounds) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
- (iii) the Company's representation and warranties made pursuant to the Subscription Agreement being true and accurate and not misleading.

In the event that the above conditions are not fulfilled by 8 May 2014 or such later date as may be agreed between the Company and the Subscriber in writing, the Subscription Agreement will lapse and become null and void and the Company and the Subscriber shall be released from all rights, obligations and liabilities under the Subscription Agreement, save for any liabilities for any antecedent breaches thereof.

### **Completion of the Subscription**

The Warrants will be created and issued to the Subscriber immediately or within two Business Days following the date on which the condition to the Subscription is fulfilled (or such other date as agreed by the Company and the Subscriber).

## **General Mandate to issue the Warrant Shares**

The new Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the company held on 10 May 2013 subject to the limit of 207,500,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date).

The 200,000,000 Warrant Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, will utilise approximately 96.39% of the General Mandate. The General Mandate has not been previously utilized prior to the Subscription.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE SUBSCRIPTION**

The Company is an investment holding company. The Group is principally engaged in the provision of telecommunications services.

The Board considers that the Subscription is an appropriate means of fund raising for the Company as it does not have any immediate dilution effect on the shareholding of the existing Shareholders and the Warrants are not interest bearing. In addition to the net proceeds that would be raised upon completion of the Subscription, further capital would be raised upon exercise of the subscription rights attaching to the Warrants. The Board considers that the Subscription and the issue of the Warrant Shares provide opportunities for the Group to strengthen the Group's capital base and financial position to better equip the Group with the financial flexibility for development of the business of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

It is expected that gross proceeds of approximately HK\$2 million will be raised by the Subscription and the net proceeds of approximate HK\$1.586 million (with a net issue price of approximately HK\$0.008 per Warrant) will be utilised by the Group as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that gross proceeds of approximately HK\$32.96 million will be raised. The net proceeds of approximately HK\$32.94 million (with a net subscription price of approximately HK\$0.1647 per Warrant Share) will be used for general working capital of the Group and as funds for future development of the Group when investment opportunities arise.

As at the date of this announcement, the Company has not identified any specific investment plans. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Warrant Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

## **FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted an equity fund raising activity in the 12 months immediately preceding the date of this announcement.

## **Changes in shareholding structure of the Company**

Assuming there being no other changes in the share capital of the Company, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscription and upon exercise of the subscription rights attaching to the Warrants in full (assuming that there will not be any change in the issued share capital of the Company before the exercise of such subscription rights) are as follows:



Shareholders	As at the date of this announcement		Immediately after exercise of the subscription rights attaching to the Warrants in full (assuming that there will not be any change in the issued share capital of the Company before the exercise of such subscription rights)	
	Number Approximate of Shares	%	Number Approximate of Shares	%
New Everich Holdings Limited ( <i>Note 1</i> )	696,250,000	67.11%	696,250,000	56.26%
Li Kin Shing ( <i>Note 2</i> )	33,750,000	3.25%	33,750,000	2.73%
Pang Kwok Chau	10,000,000	0.96%	10,000,000	0.81%
Wong Kin Wa	10,000,000	0.96%	10,000,000	0.81%
Subscriber	—	—	200,000,000	16.16%
Public	<u>287,500,000</u>	<u>27.72%</u>	<u>287,500,000</u>	<u>23.23%</u>
Total	<u>1,037,500,000</u>	<u>100%</u>	<u>1,237,500,000</u>	<u>100%</u>

*Notes:*

- 696,250,000 Shares are owned by New Everich Holdings Limited which is owned by Mr. Li Kin Shing and Ms. Kwok King Wa as to 54% and 46% respectively. Mr. Li Kin Shing is deemed interested in 100% of the 696,250,000 Shares. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing and is deemed interested in the 696,250,000 Shares under the SFO.
- 33,750,000 Shares are owned by Mr. Li Kin Shing in person. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing and is deemed interested in the 33,750,000 Shares under the SFO.

**Completion of the Subscription is subject to the satisfaction of the condition precedent under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

<b>“Adjustment Events”</b>	(1) alteration to the nominal amount of each of the Shares by reason of any subdivision or consolidation of Shares; or (2) issue of Shares by way of capitalization of profit or reserves; or (3) capital distribution to all Shareholders (including dividend payment) or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries; or (4) offer to the Shareholders new Shares for subscription by way of rights; or grant of any options or warrants to all Shareholders to subscribe for new Shares, at a price which is less than 90% of the market price or (5) issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares; or (6) issue for cash any Shares at a price which is less than 90% of the market price; or (7) the repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company
<b>“associate(s)”</b>	having the meaning ascribed thereto in the GEM Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	means any day on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours, other than a Saturday, Sunday and a public holiday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
<b>“Company”</b>	Directel Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
<b>“Completion Date”</b>	immediately or within two Business Days following the date on which the Conditions Precedent are fulfilled (or such other date as agreed by the Company and the Subscriber)

<b>“connected person(s)”</b>	Having the meaning ascribed thereto in the GEM Listing Rules
<b>“Director(s)”</b>	director(s) of the Company
<b>“GEM”</b>	The Growth Enterprise Market of the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM
<b>“General Mandate”</b>	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 10 May 2013
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	party(ies) which is/are not connected person(s) (as defined under the GEM Listing Rules) of the Company and is/are independent of the Company and its connected persons
<b>“Instrument”</b>	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial subscription price for Warrant Shares
<b>“Issue Price”</b>	HK\$0.01, being the issue price per Warrant payable in full by the Subscriber upon issuing of the Warrants subject to the terms and conditions of the Subscription Agreement
<b>“Last Trading Day”</b>	29 April 2014, being the last trading day for the Shares before the date of this announcement
<b>“Long Stop Date”</b>	8 May 2014 (or such other date as may be agreed between the Company and the Subscriber), being the last day by which the condition of the Subscription shall be fulfilled
<b>“PRC”</b>	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	Holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	JD Edward Asset Management Company Limited, a company incorporated in the British Virgin Islands, the subscriber of the Warrants
“Subscription”	the subscription of the Subscribed Warrants
“Subscription Agreement”	the agreement dated 30 April 2014 and entered into between the Company and the Subscriber in relation to the subscription of the Warrants
“Subscription Price”	the initial subscription price of HK\$0.1648 per Warrant Share (subject to adjustment) at which the Subscriber may subscribe for the Warrant Shares
“Warrants”	200,000,000 unlisted warrants to be issued by the Company at the Issued Price, each entitles the holder thereof to subscribe for one Warrant Share at the Subscription Price 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 to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Directel Holdings Limited**  
**Li Kin Shing**  
*Chairman*

Hong Kong, 30 April 2014

*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, the independent non-executive directors are Mr. Chen Xue Dao, Mr. Chu, Howard Ho Hwa and Ms. Lee Man Yee, Maggie.*

*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 the Growth Enterprise Market 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 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).*