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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 IN RELATION TO FORMAL COOPERATION 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).

Reference is made to the announcement of the Company dated 17 August 2021 in relation to the Framework Agreement (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board of Directors is pleased to update the shareholder and potential investor of the Company that, after further negotiations following the Framework Agreement, on 29 December 2021 (after trading hours), Directech Investments Limited (“**DIL**”), a wholly-owned subsidiary of the Company established in the British Virgin Islands, entered into a formal cooperation agreement (the “**Cooperation Agreement**”) with MICAS (Hongkong) Corporation Limited (密卡思(香港)有限公司) (“**Micas HK**”) and Smart Cloud Infinity Technology Co., Limited (智雲無界科技有限公司) (“**SCIT**”). The major terms of the Cooperation Agreement are set out below:

Cooperation Agreement

Date: 29 December 2021 (after trading hours)

Parties: (1) DIL;
(2) Micas HK; and
(3) SCIT.

Micas HK is a limited liability company established in Hong Kong and is a wholly-owned subsidiary of Micas.

SCIT is a Hong Kong limited liability company established by Mr. Zhang for the specific purpose of holding the management shares in the JV Company.

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

Subject Matter

Further to the Framework Agreement, the Company, Micas and Mr. Zhang have agreed to proceed with the establishment of the JV Company subject to the terms and conditions set out in the Cooperation Agreement.

Material Terms of the Cooperation Agreement

Set out below are the material terms of the Cooperation Agreement in respect of the operation of the JV Company:

- (1) The JV Company is named Directech Company Limited (直通科技有限公司), which shall have an issued share capital of HK\$100,000 to be paid up by each of DIL, Micas HK and SCIT in cash by the ratio of 40%, 30% and 30%, respectively;
- (2) The JV Company shall engage in business relating to communication technology services, computer software development and application;
- (3) The board of directors of the JV Company shall consist of five (5) directors, DIL shall appoint three (3) directors whereas each of Micas HK and SCIT shall appoint one (1) director;
- (4) A resolution of the board of directors of the JV Company shall be valid if passed by a majority of directors present in the meeting of the directors of the JV Company;
- (5) DIL shall take the lead in raising the working capital required for the operation of the JV Company (including raising debt or equity fund raising);
- (6) DIL shall make use of the Group's advantages in mainland China and Hong Kong to actively cooperate in promoting the marketization process of the main products and services of the JV Company, injecting projects in mainland China, Hong Kong and overseas markets, being responsible for the integration of industry and government resources, and being responsible for the communication and cooperation with various strategic partners;
- (7) As a member of the O-RAN Alliance and a chip technology manufacturer in mainland China, Micas, through Micas HK, will support and lead the development of the main business of the JV Company and serve as the technical partner of the JV Company to provide technical support and guidance to the JV Company, and be responsible for the cooperation with the upstream and downstream of the related industry chain;

- (8) SCIT will be responsible for providing guidance and assisting in the implementation of the development, planning and operation of the JV Company, and for customer relationships and sales follow-up;
- (9) All intellectual property rights generated by the JV Company shall be beneficially and solely owned by the JV Company; and
- (10) Separate licensing or transfer agreement shall be entered into if the intellectual property rights owned by the parties would be licensed or transferred to the JV Company for business purposes.

REASONS AND BENEFITS OF THE COOPERATION AGREEMENT

The Board of Directors believes that the entry into of the Cooperation Agreement and the establishment of the JV Company 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 entry into of the Cooperation Agreement and the establishment of the JV Company will be in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 29 December 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.