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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 CAPITAL REDUCTION OF ISSUED SHARES
AND SUB-DIVISION OF UNISSUED SHARES**

**PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION
OF UNISSUED SHARES**

The Company proposes to implement the Capital Reduction involving the reduction of the par value of each issued Ordinary Share from HK\$0.20 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.19 per issued Ordinary Share so that following such reduction, each issued Ordinary Share will with a par value of HK\$0.01 in the share capital of the Company and shall become one New Ordinary Share. The credit arising from the Capital Reduction will be credited to a capital reduction reserve account of the Company, the utilisation of which, including any application towards the Company's accumulated losses, will be determined by the Board from time to time having regard to the Company's financial position and in compliance with the Companies Act and the Company's memorandum and articles of association.

Immediately following the Capital Reduction becoming effective, each authorised but unissued Ordinary Share will be sub-divided into 20 authorised but unissued New Ordinary Shares with a par value of HK\$0.01 each.

As at the date of this announcement, 244,875,000 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 244,875,000 issued Ordinary Shares will be reduced from HK\$0.20 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.19 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$48,975,000 will be reduced by HK\$46,526,250 to HK\$2,448,750.

The Capital Reduction and the Sub-division is conditional upon, among other things, the approval by the Shareholders at the EGM. As none of the Shareholders or their associates would have a material interest in the Capital Reduction and the Sub-division, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Capital Reduction and the Sub-division at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Capital Reduction and the Sub-division. A circular containing, among other matters, further details of (i) the Capital Reduction and the Sub-division; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules in due course.

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The Capital Reduction and the Sub-division are conditional upon the fulfilment of the conditions set out in the section headed “Conditions of the Capital Reduction and the Sub-division” in this announcement.

As at the date of this announcement, the Capital Reduction and the Sub-division are subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 500,000,000 Ordinary Shares, of which 244,875,000 Ordinary Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction and the Sub-division to be implemented in the following manner:

- (a) the par value of each of the issued Ordinary Shares be reduced from HK\$0.20 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.19 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each;
- (b) the credit arising from the Capital Reduction be credited to a capital reduction reserve account of the Company. The utilisation of such reserve, including any application towards the Company’s accumulated losses, will be determined by the Board from time to time having regard to the Company’s financial position and in compliance with the Companies Act and the Company’s memorandum and articles of association;

- (c) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Ordinary Shares with par value of HK\$0.20 each be subdivided into 20 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and
- (d) each of the New Ordinary Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

		As of the date of this announcement	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	:	HK\$0.20 per Ordinary Share	HK\$0.01 per New Ordinary Share
Amount of the authorised share capital	:	HK\$100,000,000	HK\$100,000,000
Number of authorised shares	:	500,000,000 Ordinary Shares	10,000,000,000 New Ordinary Shares
Amount of the issued share capital	:	HK\$48,975,000	HK\$2,448,750
Number of issued shares	:	244,875,000 Ordinary Shares	244,875,000 New Ordinary Shares

The size of each board lot of the New Ordinary Shares will remain the same as that of the Ordinary Shares, being 10,000 New Ordinary Shares per board lot. The New Ordinary Shares will rank *pari passu* in all respects with each other.

As at the date of this announcement, 244,875,000 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 244,875,000 issued Ordinary Shares will be reduced from HK\$0.20 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.19 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$48,975,000 will be reduced by HK\$46,526,250 to HK\$2,448,750.

Reasons for and Effects of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division will enable the par value of the Shares to be reduced from HK\$0.20 to HK\$0.01 each. The credit arising from the Capital Reduction will be credited to a capital reduction reserve account of the Company, the utilisation of which, including any application towards the Company's accumulated losses, will be determined by the Board from time to time having regard to the Company's financial position and in compliance with the Companies Act and the Company's memorandum and articles of association.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends (if and when the Company's accumulated losses have been eliminated) and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

The Board considers that the Capital Reduction and the Sub-division will enable the nominal or par value of the Shares to be reduced from HK\$0.20 to HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without approval by the Shareholders and order of the Court, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Ordinary Shares, even if the Capital Reduction and the Sub-division take effect.

As at the date of this announcement, the Company has no current intention or plan to carry out other corporate actions in the next twelve months which may have the effect of undermining the intended purpose of the Capital Reduction and the Sub-division. As at the date of this announcement, the Company does not have any concrete plan to conduct any equity fundraising activities. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fundraising opportunities arise in order to support future development of the Group.

As such, the Directors are of the view that the Capital Reduction and the Sub-division can serve their intended purpose and are in the best interests of the Company and the Shareholders as a whole.

Save for the transfer of the credit arising from the Capital Reduction to a capital reduction reserve account of the Company and the expenses to be incurred in relation to the Capital Reduction and the Sub-division, the Directors consider that the Capital Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (a) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reduction and the Sub-division;
- (b) the Directors signing the solvency statement in accordance with the requirements of the Companies Act;
- (c) registration by the Registrar of Companies of the Cayman Islands with a copy of the solvency statement and the minutes of the EGM approving the Capital Reduction and the Sub-division;
- (d) the Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division; and
- (e) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Capital Reduction and the Sub-division.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the Company will file the requisite documents with the Registrar of Companies in the Cayman Islands.

Listing and dealings

Application will be made to the Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The New Ordinary Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary 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 New Ordinary Shares on the Stock Exchange or 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.

Exchange of share certificates

The Capital Reduction and the Sub-division will not affect any of the rights of the existing Shareholders. All existing share certificates of the Company will continue to be evidence of title to the Shares and continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates (in yellow colour) of the Ordinary Shares for new share certificates (in green colour) for the New Ordinary Shares after the Capital Reduction and the Sub-division taking effect. Immediately following the Capital Reduction and the Sub-division becoming effective, new share certificates will be issued bearing the par value of HK\$0.01 per New Ordinary Share.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reduction and the Sub-division. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reduction and the Sub-division, and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Despatch date of circular with notice of the EGM on or before
Friday, 21 August 2026

Latest time for lodging share transfer in order to
qualify for attending and voting at the EGM 4:30 p.m. on
Monday, 7 September 2026

Closure of register of members for determining
the entitlement to attend and vote at the EGM Tuesday, 8 September 2026 to
Friday, 11 September 2026
(both dates inclusive)

Latest time for lodging forms of proxy
for the EGM 10:00 a.m. on
Wednesday, 9 September 2026

Date and time of the EGM 10:00 a.m. on
Friday, 11 September 2026

Announcement of voting results of the EGM Friday, 11 September 2026

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and the Sub-division and therefore the dates are tentative:

Expected time of the Capital Reduction and the
Sub-division before 9:00 a.m. on
Wednesday, 16 September 2026

Commencement of dealing in the New Ordinary Shares 9:00 a.m. on
Wednesday, 16 September 2026

GENERAL

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division. An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reduction and the Sub-division (which will be proposed as special resolution). A circular containing, among other things, further details of the Capital Reduction and the Sub-division, together with a notice convening the EGM and the related proxy form, shall be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules in due course.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the EGM.

As at the date of this announcement, the Capital Reduction and the Sub-division are subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“associate(s)”	has the meaning ascribed to it/them under the GEM Listing Rules
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Ordinary Share from HK\$0.20 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.19 per issued Ordinary Share
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

“Companies Act”	the Companies Act (As Revised) of the Cayman Islands as consolidated and revised
“Company”	Directel Holdings Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the GEM
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the proposed Capital Reduction and Sub-division
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“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
“Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.20 each in the share capital of the Company prior to the Capital Reduction and the Sub-division becoming effective
“Shareholder(s)”	holder(s) of the Share(s), as the case may be
“Share(s)”	the ordinary share(s) in the share capital of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-division” the proposed sub-division of each authorised but unissued Ordinary Share into 20 authorised but unissued New Ordinary Shares

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

Hong Kong, 31 July 2026

As at the date of this announcement, the executive Director is Mr. Pang Kwok Chau, the non-executive Directors are Mr. Li Kin Shing and Mr. Wong Kin Wa, the independent non-executive Directors are Ms. Lee Man Yee, Maggie, Mr. Liu Kejun and Mr. Fung Wai Hang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 website of the Stock Exchange at www.hkexnews.hk 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.