

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes 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 announcement.



ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

亞洲聯網科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 679)

RENEWAL OF CONTINUING CONNECTED TRANSACTION PROVISION OF REVOLVING LOAN

2022 Loan Facility Agreement

References are made to the announcement dated 21 October 2019 and the circular dated 5 November 2019 issued by the Company in relation to the 2019 Loan Facility Agreement. As the 2019 Loan Facility Agreement will expire on 20 October 2022, the Company has on 8 September 2022 entered into the 2022 Loan Facility Agreement for the purpose of renewing the 2019 Loan Facility Agreement for a period of 3 years. The principal terms under the 2022 Loan Facility Agreement are identical to those under the 2019 Loan Facility Agreement, except for the Cap.

Listing Rules Implication

As at the date of this announcement, Mr. Lam, who is the Chairman and Managing Director of the Company, also controls the voting rights attaching to an aggregate of 273,391,167 Shares, representing approximately 64.11% of the issued share capital of the Company, among which (i) 11.38% is held indirectly through Medusa; (ii) 47.37% is held indirectly through Karfun; (iii) 4.55% is held indirectly through J&A and (iv) 0.81% is directly held by Mr. Lam.

Mr. Lam and Mr. Nam do not hold any share in the Borrower. They are the only directors of the Borrower. As such, the Borrower is an associate of Mr. Lam and Mr. Nam and a connected person of the Company within the meaning of the Listing Rules.

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Revolving Loan exceed 5% but less than 25%, the entering into of the 2022 Loan Facility Agreement and the provision of the Revolving Loan constitute a disclosable and continuing connected transaction of the Company under Chapter 14 and 14A of the Listing Rules, respectively, and are subject to the reporting, announcement and the Independent Shareholders' approval requirement under the Listing Rules.

General Information

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the 2022 Loan Facility Agreement and the transactions contemplated thereunder. Relevant Shareholders, Mr. Nam and their respective associates (as defined in the Hong Kong Listing Rules) will abstain from voting on the ordinary resolution(s) approving the 2022 Loan Facility Agreement at the EGM.

The Independent Board Committee comprising of all the independent non-executive Directors has been established by the Company to consider the terms of the 2022 Loan Facility Agreement and the transactions contemplated thereunder and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution(s) regarding the 2022 Loan Facility Agreement and transactions contemplated thereunder. FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

An circular containing, among other things, (i) the 2022 Loan Facility Agreement and the transactions contemplated thereunder, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from FDB Financial Group Limited to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM, and (v) other information required under the Hong Kong Listing Rules, will be despatched to the Shareholders on or before 23 September 2022.

2022 LOAN FACILITY AGREEMENT

On 7 September 2022 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the 2022 Loan Facility Agreement with the Borrower. The principal terms of the 2022 Loan Facility Agreement are set out below. .

Date: 7 September 2022

Parties: (1) PAL Finance Limited as the Lender
(2) Karl Thomson Financial Group Limited as the Borrower

Total amount of Revolving Loan: Up to HK\$80,000,000

The Borrower may draw the Revolving Loan in one or multiple tranches of no less than HK\$1 million per tranche from the Loan Effective Date. The Borrower shall give the Lender at least three (3) Business Days' notice in writing. Any repaid principal amounts of the Revolving Loan will refresh the facility amount available for drawing within the term of the 2022 Loan Facility Agreement.

Interest Rate: Interest shall accrue at the Prime Rate on the principal amount of the Revolving Loan calculated from the drawdown date of such tranche until the repayment date. As at the date of this announcement, the Prime Rate quoted by The Hongkong and Shanghai Banking Corporation Limited is 5%.

The interest rate was agreed upon by the Company and the Borrower with reference to commercial practice and after arm's length negotiations taking into account the Company's cost of capital.

The interest is payable monthly in arrears.

Term: Commencing from the Loan Effective Date and ending on 20 October 2025

Purpose of fund: As general working capital of the Borrower and its wholly-owned subsidiaries for the furtherance of its financial service businesses

Loan Effective Date: The 2022 Loan Facility Agreement will be effective on 21 October 2022 or such later date (the "**Loan Effective Date**") conditional upon fulfilment of the following conditions:

- (a) all consents or approvals of the Bermuda Monetary Authority, or other relevant regulatory bodies in Hong Kong and Bermuda which are necessary for the granting of the Revolving Loan having been obtained;
- (b) the Independent Shareholders having approved by way of poll at the EGM the entering into of the 2022 Loan Facility Agreement;
- (c) all necessary approvals from the Borrower and its ultimate holding company, Wisdom Wealth Resources Investment Holding Group Limited whose shares are listed on the main board of the Stock Exchange (stock code: 0007), having been obtained including but without limitation to the board resolution(s) of the directors of the Borrower and its ultimate holding company approving the 2022 Loan Facility Agreement and the transaction(s) contemplated thereunder; and
- (d) no event of default shall have occurred and be continuing or would result from the making and drawing down of the Revolving Loan.

Events of default: There shall be an Event of Default if:-

- (a) The Borrower fails to pay any sum due and has failed to rectify the same within 30 days from the due date; or
- (b) The Borrower fails to perform or observe any provision under 2022 Loan Facility Agreement and has failed to rectify the same within 30 days from the date of the failure; or

- (c) Any representation or warranty made is or proves to have been incorrect or misleading in any respect which in the opinion of the Lender does or may adversely affect the ability of the Borrower to perform its obligations under 2022 Loan Facility Agreement and has failed to rectify the same within 30 days from the date of the written notice from the Lender; or
- (d) The Borrower stops or suspends payment of all or any material part of its debts as they fall due or commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling all or part of its indebtedness; or
- (e) The Borrower takes any action for (i) the Borrower to be adjudicated or found bankrupt or insolvent or (ii) the winding-up, re-organisation, reconstruction or dissolution of the Borrower.

One-time non-refundable handling fee: HK\$240,000, being 0.3% on the Revolving Loan

Security for the Revolving Loan: Unsecured

Repayment: The Borrower may at any time prior to the maturity date repay the Revolving Loan in whole or in part (and/or the interest accrued and thereon from the drawdown date until the actual date of repayment), without any penalty, upon giving 3 Business Days' prior notice to the Lender

REASONS FOR AND BENEFITS OF THE TRANSACTION

As at the date of the announcement, the Company is in the process of identifying suitable investments opportunity with steady income stream to pursue for the surplus cash resource on hand. Currently, the prevailing interest rate offered by Hongkong and Shanghai Banking Corporation Limited for a 12months Hong Kong dollar fixed deposit savings is only 0.3% per annum whilst the Revolving Loan granted to the Borrower can generate an interest rate at the Prime Rate. During the period from December 2021 to August 2022, the Group has invested in various bonds denominated in RMB. The coupon interest rates are from 2.8% to 4%. By entering into the 2022 Loan Facility Agreement, the Company could enhance the return on investment of its surplus cash resources.

The Borrower has been in the financial services business for over 21 years with a solid customer base. The Company has reviewed the consolidated financial statements of the Borrower for last six years. Based on the review, it was noted that (i) the Borrower is able to generate stable annual income between the range of HK\$ 17 million to HK\$ 27 million; (ii) average year of business with top 10 debtors is over 10 years (iii) no major bad debt has incurred and (iv) the net assets of the Borrower are much higher than the Revolving Loan. The net assets of the Borrower as at 31 December 2021 and 30 June 2022 was HK\$501 million and HK\$503 million respectively. As a result, the Company considers that the risk profile of the Borrower is low with a very stable

operation. The Company has also conducted court debt search on the Borrower, its associated companies, its ultimate parent company Wisdom Wealth Resource Investment Holding Group Limited, Mr. Lam and Mr. Nam. Search result shows that none of them has involved in any debt collection court case. The Company considers that the search results show that the Borrower has good credit record. Lastly, the Borrower has observed all terms and conditions under the 2016 Loan Facility Agreement and the 2019 Loan Facility Agreement, proving its credit worthiness. Based on the information provided by the Borrower, the Company understands that unlike some other security brokerage houses who offer zero commission or even rebate to attract new clients, the Borrower is very selective in engaging new clients. When it comes to offer margin financing, the Borrower will ensure that the debt to securities ratio is reasonable. With this business model, the Borrower is able to generate stable income without incurring significant risk. Having considered (i) the business model of the Borrower; (ii) the low risk profile of the Borrower; (iii) the good credit track record of the Borrower; and (iv) the stable business operations of the Borrower in generating stable recurring income, the Board considered that there is no need for it to charge any risk premium rate on the top of Prime Rate. In addition, Prime Rate is the basic interest rate normally charged on loans by commercial banks to private individual and companies. The Directors are of the view that it is fair and reasonable to adopt Prime Rate for the Revolving Loan.

The Borrower will provide financial statements and top 10 debtor list to the Company on a monthly basis. The Company will be able to review the general collectability of its debtors portfolio and its general financial performance on regular basis. Enquiry and suggested actions (including but not limited to selling the Hong Kong listed stock which is held as a collateral by the subsidiaries of the Borrower or lowering the facility previously granted to the customer whose receivable status is deteriorating) shall be made by the Company to the Borrower if any delinquency of the Borrower's debtors is noted. Ms. Yung Wai Ching, the Deputy General Manager of the Company, shall be responsible for reviewing monthly financial position and the general receivable status of the Borrower. She will report any deficiency to the Independent Board Committee and seek for their approval for any suggested action(s). Report will be copied to Mr. Lam and Mr. Nam but since Mr. Lam and Mr. Nam are the only directors of the Borrower, in order to maintain impartialness, they will abstain from voting for board resolutions in relation to any suggested action(s).

The terms of the 2022 Loan Facility Agreement, including the total amount of Revolving Loan and the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices, the Borrower's good credit record and its ability to generate solid and stable recurring income. Furthermore, given the asset-light business nature of the Borrower, it does not have any fixed asset which is suitable for securing the Revolving Loan. Having considered the reasons as discussed above, no additional security is required from the Borrower.

In view of the above, taking into account the financial background of the Borrower and the Group's expected interest income, the Directors are of the view that the terms of the 2022 Loan Facility Agreement (including the Cap) are normal commercial terms and the provision of the Revolving Loan is fair and reasonable, and in the interests of the Company and its Shareholders taken as a whole.

Annual Cap and basis of determination

Historical transaction amounts

Under the 2019 Loan Facility Agreement, the amount available under the revolving loan was HK\$130,000,000.

The maximum loan amount borrowed together with the interest and handling fees paid by the Borrower under the 2019 Loan Facility Agreement were as follows:

	Three months Ended 2019 (HK\$'000)	Year ended 31 December 2020 (HK\$' 000)	Year ended 31 December 2021 (HK\$' 000)	Six months ended 30 June 2022 (HK\$ 000)
Maximum loan amount during the respective period	55,000	73,000	67,500	36,000
Handling fee	390	0	0	0
Interest earned by the Lender	394	3,050	2,445	695
Actual cap utilized (ie Total of above)	55,784	76,050	69,945	36,695

When setting out the maximum amount to be drawn by the Borrower under the 2022 Loan Facility Agreement i.e. HK\$80,000,000, the Group has considered (i) the historical transaction amounts; (ii) Group's internal financial resources currently available; and (iii) the benefits for entering into the 2022 Loan Facility Agreement as discussed above.

For illustration purposes, assuming the Borrower draws down the maximum loan amount during the term of the 2022 Loan Facility Agreement and that the Prime Rate remains at 5% p.a., the Cap will not be more than HK\$84,240,000.00 which is calculated as per below:-

	Year ended 31/12/2023 (HK\$' 000)	Year ended 31/12/2024 (HK\$' 000)	Period ended 20/10/2025 (HK\$ 000)
Maximum loan amount during the respective period	80,000	80,000	80,000
Handling fee	240	0	0
Interest earned by the Lender	4,000	4,000	3211
Estimated Cap (ie Total of above)	84,240	84,000	83,211

FINANCIAL EFFECTS OF THE PROVISION OF REVOLVING LOAN

After taking into account (i) the current financial resources available to the Group and (ii) its present requirements, the Group plans to finance the Revolving Loan with its internal resources. The provision of Revolving Loan would not have any impact on the liabilities of the Group as the Revolving Loan is not financed through any additional borrowings. The Group will accrue interest income on the actual loan amount drawn by the Borrower at Prime Rate.

INFORMATION ON THE COMPANY AND THE LENDER

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange. The Company is an investment holding company based in Asia providing advanced technologies to its customers worldwide, with various disciplines with particular strength in electroplating technologies for application in different applications or business segments.

The Lender, PAL Finance Limited, is an indirect wholly-owned subsidiary of the Group holding a money lending licence in Hong Kong and is engaged in money lending business.

INFORMATION ON THE BORROWER

The Borrower, Karl Thomson Financial Group Limited, is an investment holding company with its subsidiaries engaged in the business of securities and futures brokerage, securities margin financing, financial management and advisory services in Hong Kong. Certain subsidiaries of the Borrower are licensed corporations within the meaning of the Securities and Futures Ordinance and are licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management) regulated activities. Mr. Nam is the responsible officer for such licenses.

The Borrower is an indirect wholly-owned subsidiary of Wisdom Wealth Resources Investment Holding Group Limited, a company listed on the Stock Exchange (stock code: 0007). The ultimate controlling shareholder of Wisdom Wealth Resources Investment Holding Group Limited is Dr. Hui Chi Ming.

Mr. Lam and Mr. Nam are the executive directors of Wisdom Wealth Resources Investment Holding Group Limited. Both of them have abstained from voting for any board resolutions in relation to 2022 Loan Facility Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lam, who is the Chairman and Managing Director of the Company, controls voting rights attaching to an aggregate of 273,391,167 Shares, representing approximately 64.11% of the issued share capital of the Company, among which (i) 11.38% is held indirectly through Medusa; (ii) 47.37% is held indirectly through Karfun; (iii) 4.55% is held indirectly through J&A and (iv) 0.81% is directly held by Mr. Lam.

Mr. Lam and Mr. Nam do not hold any share in the Borrower. They are the only directors of the Borrower and are in full control of the Borrower. As such, the Borrower is an associate of Mr. Lam and Mr. Nam and a connected person of the Company within the meaning of the Listing Rules.

As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Revolving Loan exceed 5% but less than 25%, the entering into of the 2022 Loan Facility Agreement and the provision of the Revolving Loan constitute a disclosable and continuing connected transaction of the Company under Chapter 14 and 14A of the Listing Rules, respectively, and are subject to the reporting, announcement and the Independent Shareholders' approval requirement under the Listing Rules.

Shareholders and potential investors should note that the 2022 Loan Facility Agreement is subject to the approval by the Independent Shareholders and the fulfilment of conditions precedent as stated in page 3 under the sub-header "Loan Effective Date". The 2022 Loan Facility Agreement may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and if there is any doubt, they should consult their professional advisers.

GENERAL

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the 2022 Loan Facility Agreement and the transactions contemplated thereunder. The Relevant Shareholders, Mr. Nam and their respective associates will abstain from voting on the resolutions approving the 2022 Loan Facility Agreement at the EGM.

The Independent Board Committee comprising of all the independent non-executive Directors has been established by the Company to consider the terms of the 2022 Loan Facility Agreement and the transactions contemplated thereunder and to advise and make recommendations to the Independent Shareholders as to the voting at the EGM on the ordinary resolution(s) regarding the 2022 Loan Facility Agreement and transactions contemplated thereunder. FDB Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the 2022 Loan Facility Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from FDB Financial Group Limited to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information required to be disclosed under the Listing Rules will be despatched to the Shareholders on or before 23 September 2022.

DEFINITIONS

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

“2016 Loan Facility Agreement”	the loan facility agreement dated 31 October 2016 entered into between the Lender and the Borrower in connection with the provision of the revolving loan
“2019 Loan Facility Agreement”	the loan facility agreement dated 21 October 2019 entered into between the Lender and the Borrower in connection with the provision of the revolving loan
“2022 Loan Facility Agreement”	the loan facility agreement dated 8 September 2022 entered into between the Lender and the Borrower in connection with the provision of the Revolving Loan
“Board”	the board of Directors of the Company
“Borrower”	Karl Thomson Financial Group Limited, a company incorporated under the laws of British Virgin Islands with limited liability
“Business Day”	a day on which banks are open for general banking business in Hong Kong other than a Saturday
“Cap”	the aggregate of the maximum amount that can be granted under the 2022 Loan Facility Agreement i.e. HK\$80,000,000 plus the interest income based on the actual amount drawn and the handling fee that can be charged by the Company
“Company”	Asia Tele-Net And Technology Corporation Ltd, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the 2022 Loan Facility Agreement and the transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors

“Independent Financial Adviser” or “FDB Financial Group”	FDB Financial Group Limited, a licensed corporation to carry on type 4 (advising in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 Loan Facility Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders of the Company, other than the Relevant Shareholders, Mr. Nam and its associates
“J&A”	J&A Investment Limited, a company incorporated under the laws of the British Virgin Islands and owned as to 80% by Mr. Lam and 20% by Mr. Nam. As at the date of this announcement, it is a holder of approximately 4.55% of the issued shares of the Company and approximately 98.63% of the issued shares of Karfun.
“Karfun”	Karfun Investments Limited, a company incorporated under the laws of Hong Kong. As at the date of this announcement, it is a holder of approximately 47.37% of the issued shares of the Company
“Lender”	PAL Finance Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company
“Listing Rules”	The Rule Governing the Listing of Securities on the Stock Exchange
“Loan Effective Date”	has the meaning ascribed to it under the section headed “2022 LOAN FACILITY AGREEMENT” of this announcement
“Medusa”	Medusa Group Limited, a company incorporated under the laws of the British Virgin Islands and wholly owned by Mr. Lam. As at the date of this announcement, it is a holder of approximately 11.38% of the issued shares of the Company
“Mr. Lam”	Mr. LAM Kwok-hing, the chairman of the Board, the Managing Director and controlling shareholder of the Company. As at the date of this announcement, he is the holder of approximately 0.81% issued shares of the Company
“Mr. Nam”	Mr. NAM Kwok-lun, the deputy chairman of the Board and an executive director of the Company
“Prime Rate”	the interest rate announced from time to time by the Hongkong and Shanghai Banking Corporation Limited as its prime rate for lending Hong Kong Dollars
“Relevant Shareholders”	Medusa, Karfun, J&A and Mr. Lam, which together hold 64.11% of the issued share capital of the Company

“Revolving Loan”	a revolving loan facility of an amount not exceeding HK\$80,000,000.00 under the 2022 Loan Facility Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	Share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	Holder of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“p.a.”	per annum
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Asia Tele-Net and Technology Corporation Limited
LAM Kwok-hing, M.H., J.P.
Chairman and Managing Director

Hong Kong, 7 September 2022

As at the date of this announcement, the Executive Directors of the Company are Messrs. LAM Kwok Hing and NAM Kwok Lun, and the Independent Non-Executive Directors are Messrs. CHEUNG Kin Wai, KWAN Wang Wai Alan and NG Chi Kin David.

** For identification purpose only*