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**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)**

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO  
THE SETTLEMENT ARRANGEMENT  
AND  
RESUMPTION OF TRADING**

**THE SETTLEMENT ARRANGEMENT**

On 29 November 2023, PASL and the Project Company entered into the Seventh Supplemental Agreement, pursuant to which the Project Company as transferor agreed to transfer the Target Properties to PASL as transferee to partially settle the Secured Liabilities in the amount of approximately RMB384 million.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Seventh Supplemental Agreement exceeds 100%, the transactions contemplated under the Seventh Supplemental Agreement constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Seventh Supplemental Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Seventh Supplemental Agreement and the transactions contemplated thereunder; (ii) the property valuation report of the Target Properties; (iii) other information as required under the Listing Rules; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 15 March 2024, as more time is needed to prepare the information to be included in the circular.

**Shareholders and potential investors shall note that completion of the transactions contemplated under the Seventh Supplemental Agreement is conditional upon the Shareholders' approval. Accordingly, the transactions contemplated under the Seventh**

**Supplemental Agreement may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.**

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 30 November 2023. The Company has applied to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 5 December 2023.

References are made to (i) the announcements of the Company dated 22 August 2011, 25 October 2013, 16 October 2014, 26 October 2015, 30 November 2015, 4 January 2017, 29 March 2017 and 28 June 2019 and the circulars of the Company dated 19 September 2011, 15 February 2017 and 27 September 2019 in relation to the Cooperative Reconstruction Agreement; (ii) the announcements of the Company dated 31 December 2021, 16 May 2022 and 2 June 2023 in relation to the updates of receivables due from and the additional security provided by the Project Company; (iii) the announcement of the Company dated 9 October 2023 in relation to the transfer of certain properties in the PRC by the Project Company to PASL to partially settle the Secured Liabilities; and (iv) the announcement of the Company dated 1 November 2023 in relation to the provision of additional security to secure the Secured Liabilities.

### **THE SETTLEMENT ARRANGEMENT**

The principal terms of the Seventh Supplemental Agreement are set out below:

#### **Date**

29 November 2023

#### **Parties**

- (i) PASL
- (ii) Shenzhen Warmsun
- (iii) the Project Company

#### **Asset to be transferred**

Pursuant to the Seventh Supplemental Agreement, the Project Company as transferor agreed to transfer the Target Properties to PASL as transferee to partially settle the Secured Liabilities in the amount of RMB384 million (the “**Settlement Amount**”).

As at the date of this announcement, the outstanding amount due by the Project Company to PASL amounted to RMB1,345,143,100 (excluding, among others, interest accrued thereon and liquidated damages). Upon reduction of the Settlement Amount from the Secured Liabilities, the outstanding amount due by the Project Company to PASL would amount to approximately RMB961,143,100 (excluding, among others, interest accrued thereon and liquidated damages).

#### **Basis of calculation of the Settlement Amount**

The Settlement Amount has been arrived at between the parties after arm’s length negotiations, taking into account the preliminary valuation of the Target Properties of approximately RMB384 million as at 28 November 2023 conducted by an independent property valuer.

## **Condition precedent and completion**

Completion of the transactions contemplated under the Seventh Supplemental Agreement is conditional on the approval of the Seventh Supplemental Agreement by the Shareholders at the EGM.

Completion of the transfer of the Target Properties shall be subject to the satisfaction of the following:

- (a) the relevant documents for the registration of transfer of the Target Properties having been signed by the Project Company within seven (7) working days after the execution of the Seventh Supplemental Agreement;
- (b) the registration of title transfer of the Target Properties having been completed within fifteen (15) working days after the execution of the Seventh Supplemental Agreement; and
- (c) handover of the Target Properties having been completed within sixty (60) days after completion of the registration mentioned in paragraph (b) above (or such other period as agreed by PASL in writing).

## **GUARANTEE**

On 29 November 2023, each of Warmsun Holdings and Pan-China Engineering executed a guarantee to continue to provide a joint and several guarantee in favour of PASL or its designated entity for the performance obligations of Shenzhen Warmsun, the Project Company and Singkei due to PASL under the Cooperative Reconstruction Agreement and the Relocation Compensation Agreement.

## **INFORMATION ON THE TARGET PROPERTIES**

The Target Properties are office properties situated at Longhua District, Shenzhen, the PRC with a total gross area of 14,008.56 sq.m. and comprised of 80 units. As at the date of this announcement, the Target Properties are owned by the Project Company and are subject to a mortgage in favour of PASL to secure the Secured Liabilities. The mortgage will be discharged immediately before the registration of the title transfer of the Target Properties. Certain units of the Target Properties are rented out while others are vacant.

## **INFORMATION ON THE PARTIES TO THE SETTLEMENT ARRANGEMENT**

### **PASL**

PASL is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, PASL is an investment holding company holding the interest of the arrangement contemplated under the Cooperative Reconstruction Agreement.

### **Shenzhen Warmsun**

Shenzhen Warmsun is a company established in the PRC with limited liability and is principally engaged in the business of property development and management. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to 41.6% by Ms. He, 24.5% by Ms. Xiao MZ, 20.9% by Ms. Xiao JL and 13% by Mr. Xiao.

### **Project Company**

The Project Company is a company established in the PRC with limited liability and is the approved developer for the property re-development project in Longhua District, Shenzhen, the PRC. As at the

date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to 60.8% by Ms. He, 19% by Mr. Xiao, 16.7% by Ms. Xiao JL and 3.5% by Ms. Xiao MZ.

### **WarmSun Holdings**

WarmSun Holdings is an investment holding company established in the PRC with limited liability. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to 64% by Ms. He, 16% by Ms. Xiao JL and 20% by Mr. Xiao.

### **Pan-China Engineering**

Pan-China Engineering is a company established in the PRC with limited liability and is principally engaged in the provision of construction services. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to approximately 66.6% by Ms. He, 16.7% by Ms. Xiao JL and 16.7% by Mr. Xiao.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Shenzhen WarmSun, the Project Company, WarmSun Holdings, Pan-China Engineering and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **INFORMATION ON THE COMPANY**

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.

## **REASONS AND BENEFITS FOR THE SETTLEMENT ARRANGEMENT**

Since the second half of 2021, there have been dramatic changes to the macro environment in the property sector in China. Property developers had been confronted with unprecedented challenges with regard to liquidity and funding. In 2022, the Chinese authorities have introduced various stimulus measures to ensure a soft-landing on the property market, for example, the 16-point policy plan was introduced in November 2022 with an aim to extending loans to property developers and ensuring completion of unfinished home projects. However, since most of the banks have not correspondingly increased their risk appetite for property developers or individual borrowers, even with such stimulus measures, market sentiment remains very weak. According to the data released by the Shenzhen Real Estate Information Platform (深圳市房地產信息平台), sales of first-hand properties has dropped significantly for three consecutive months from August to October 2023 by approximately 15.3% to 53.35% on a year-on-year basis. The ripple effects are tightened liquidity for most of the property developers and their upstream suppliers.

Based on the Board's preliminary assessment and information in hand, the Project Company has not been generating much revenue from the sales of shops and residential units, and is working on the renewal of some of its bank loans and seeking repayment from its debtors.

As set out in the section headed "*Property Re-development Project in Longhua*" of the 2022 annual report of the Company, the Company would monitor the market situation as well as to keep the dialogue with the Project Company with respect to its payment obligations. Apart from an existing mortgage over a Hong Kong property in favour of the Group, the Company had also made certain arrangements with the Project Company with the aim of recovering outstanding amounts from the Project Company

as much as possible. For example, the Company had already reached an agreement with the Project Company on the transfer of certain stores in the PRC by the Project Company to PASL to partially settle the Secured Liabilities in the amount of approximately RMB205 million, as disclosed in the announcement of the Company dated 9 October 2023. In addition, additional security for the Security Liabilities had been provided to the Group in the form of interest-free and unsecured promissory notes in the total amount of HK\$141,689,000, which were issued by two subsidiaries of the Company to the vendors in connection with the acquisition of the entire issued share capital of two property investment companies, details of which are disclosed in the announcement of the Company dated 1 November 2023.

After further negotiations with Shenzhen Warmsun, it was agreed to further supplement the Cooperative Reconstruction Agreement by entering into the Seventh Supplemental Agreement under which part of the Secured Liabilities can be recovered by the transfer of the Target Properties. The Target Properties were valued at approximately RMB384 million as at 28 November 2023 by an independent valuer. As the Group has been actively searching for business opportunities to diversify and broaden revenue sources of the Group and to generate returns and long-term value for the Shareholders, the Group intends to rent out the Target Properties following the completion of its transfer under the Seventh Supplemental Agreement, which will generate income stream for the Group. However, the Group will continue to review the market conditions and consider any offers available. The Group may consider selling the Target Properties if suitable opportunity arises and if the sale would be in the interest of the Group and the Shareholders as a whole.

As such, the Directors are of the view that the terms of the Seventh Supplemental Agreement are fair and reasonable and are on normal commercial terms and the Seventh Supplemental Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

While the Company will continue to negotiate with the Project Company with respect to the payment obligations of the Project Company, there is no assurance that the Company may be able to recover any further amount of the Secured Liabilities.

## **LISTING RULES IMPLICATIONS**

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## **GENERAL**

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**Shareholders and potential investors shall note that completion of the transactions contemplated under the Seventh Supplemental Agreement is conditional upon the Shareholders' approval. Accordingly, the transactions contemplated under the Seventh Supplemental Agreement may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.**

## RESUMPTION OF TRADING

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## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Asia Tele-Net and Technology Corporation Limited (亞洲聯網科技有限公司), a company incorporated under the laws of Bermuda and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Cooperative Reconstruction Agreement”	the cooperative reconstruction agreement originally dated 7 August 2011 entered into between PASL and Shenzhen Warsun, as amended and supplemented by (i) a supplemental agreement dated 25 October 2013; (ii) a second supplemental agreement dated 26 October 2015; (iii) a third supplemental agreement dated 30 June 2016; (iv) a fourth supplemental agreement dated 12 October 2016; (v) a fifth supplemental agreement dated 4 January 2017; and (vi) a sixth supplemental agreement dated 28 June 2017, each entered into between PASL, Shenzhen Warsun and the Project Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Seventh Supplemental Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xiao”	Mr. Xiao Tanping (肖潭平)
“Ms. He”	Ms. He Yuanfeng (何元鳳)
“Ms. Xiao JL”	Ms. Xiao Jielan (肖潔嵐)
“Ms. Xiao MZ”	Ms. Xiao Manzhen (肖曼貞)
“Multi-party Collateral Agreement”	the multi-party collateral agreement dated 31 December 2021 entered into between PASL, Shenzhen Warsun, the Project Company, PAL and Singkei, as amended and supplemented by (i) a supplemental

	agreement dated 31 January 2023; (ii) a second supplemental agreement dated 2 June 2023; and (iii) a third supplemental agreement dated 9 October 2023
“PAL”	Process Automation International Ltd (亞洲電鍍器材有限公司), a company incorporated in Hong Kong with limited liability and the holding company of PASL as at the date of this announcement
“Pan-China Engineering”	Shenzhen Pan-China Engineering Group Co., Ltd.* (深圳泛華工程集團有限公司)
“PASL”	Process Automation (Shenzhen) Limited* (寶龍自動機械(深圳)有限公司)
“PRC”	the People’s Republic of China
“Project Company”	Shenzhen Bao Sheng Long Yue Industrial Investment Company Limited* (深圳市寶盛龍悅實業投資有限公司)
“Relocation Compensation Agreement”	the relocation compensation agreement originally dated 13 September 2011 entered into between PASL and the Project Company, as amended and supplemented by (i) a supplemental agreement dated 14 May 2015; (ii) a second supplemental agreement dated 4 January 2017; (iii) a third supplemental agreement dated 28 June 2019; (iv) a fourth supplemental agreement dated 9 September 2019; (v) a fifth supplemental agreement dated 16 May 2022; (vi) a sixth supplemental agreement dated 2 June 2023; and (vii) a seventh supplemental agreement dated 9 October 2023
“RMB”	the lawful currency of the PRC
“Secured Liabilities”	all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each obligor to any secured party under each relevant finance document (including but not limited to the Relocation Compensation Agreement and the Multi-party Collateral Agreement)
“Settlement Amount”	has the meaning ascribed to it in the paragraph headed “The Settlement Arrangement – Asset to be transferred” in this announcement
“Settlement Arrangement”	the arrangement contemplated under the Seventh Supplemental Agreement to partially settle the Secured Liabilities with the Settlement Amount by means of transfer of the Target Properties from the Project Company to PASL
“Seventh Supplemental Agreement”	the seventh supplemental agreement dated 29 November 2023 entered into between PASL, Shenzhen WarmSun and the Project Company in relation to, among others, certain amendments to the Cooperative Reconstruction Agreement in relation to the Settlement Arrangement
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shenzhen Warmsun”	Shenzhen Warmsun Zhi-di Group Company Limited* (深圳市華盛智地集團有限公司)
“Singkei”	Singkei Real Estate Investment Co., Limited (盛基房地產投資有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Shenzhen Warmsun as at the date of this announcement
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Properties”	the office units situated at Longhua District, Shenzhen, the PRC
“Warmsun Holdings”	Shenzhen Warmsun Holdings (Group) Co., Ltd.* (深圳市華盛控股(集團)有限公司)
“%”	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, 4 December 2023

*As at the date of this announcement, the executive directors of the Company are Messrs. LAM Kwok Hing M.H., J.P. and NAM Kwok Lun, and the independent non-executive directors of the Company are Messrs. CHEUNG Kin Wai, NG Chi Kin David and HONG Hui Long.*

*\* For identification purpose only*