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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Asia Tele-Net and Technology Corporation Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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

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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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND NOTICE OF THE EGM**

**Independent Financial Advisor to the  
Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from MESSIS Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening the EGM to be held at 2/F, 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 29 November 2019 at 11:00 a.m. is set out on pages N-1 to N-2 of this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish and, in such event, the relevant proxy form shall be deemed to be revoked.

5 November 2019

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

|                                       |  |
|---------------------------------------|--|
| <b>“2016 Loan Facility Agreement”</b> | 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  |
| <b>“2019 Loan Facility Agreement”</b> | 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  |
| <b>“Board”</b>                        | the board of Directors of the Company  |
| <b>“Borrower”</b>                     | Karl Thomson Financial Group Limited, a company incorporated under the laws of British Virgin Islands with limited liability   |
| <b>“Business Day”</b>                 | A day on which banks are open for general banking business in Hong Kong other than a Saturday  |
| <b>“Cap”</b>                          | the aggregate of the maximum loan amount that can be granted under the 2019 Loan Facility Agreement i.e. HK\$130,000,000 plus the interest income based on the actual amount drawn and the handling fee that can be charged by the Company |
| <b>“Company”</b>                      | 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  |
| <b>“Connected Person”</b>             | has the meaning ascribed to it under the Listing Rules   |
| <b>“Director(s)”</b>                  | the director(s) of the Company   |
| <b>“EGM”</b>                          | An extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder by the Independent Shareholders                      |
| <b>“Group”</b>                        | the Company together with its subsidiaries   |
| <b>“Hong Kong”</b>                    | the Hong Kong Special Administrative Region of the PRC   |
| <b>“Independent Board Committee”</b>  | an independent board committee of the Company comprising all the independent non-executive Directors   |

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## DEFINITIONS

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| <b>“Independent Financial Adviser” or “Messis Capital”</b> | Messis Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) 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 2019 Loan Facility Agreement and the transactions contemplated thereunder |
| <b>“Independent Shareholders”</b>                          | Shareholders of the Company, other than the Relevant Shareholders, Mr. Nam and its associates   |
| <b>“J&amp;A”</b>   | 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 circular, it is a holder of approximately 4.55% issued shares of the Company and approximately 98.63% issued shares of Karfun.  |
| <b>“Karfun”</b>  | Karfun Investments Limited, a company incorporated under the laws of Hong Kong. As at the date of this circular, it is a holder of approximately 47.37% issued shares of the Company  |
| <b>“Lender”</b>  | PAL Finance Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company   |
| <b>“Listing Rules”</b>                                     | The Rule Governing the Listing of Securities on the Stock Exchange  |
| <b>“Loan Effective Date”</b>                               | the date on which the Revolving Loan or any part thereof is made available to the Borrower and the 2019 Loan Facility Agreement takes effect  |
| <b>“Medusa”</b>  | 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 circular, it is a holder of approximately 11.38% issued shares of the Company   |
| <b>“Mr Lam”</b>  | Mr. Lam Kwok Hing, the chairman of the Board, the Managing Director and controlling shareholder of the Company. As at the date of this circular, he is the holder of approximately 0.81% issued shares of the Company   |

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## DEFINITIONS

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| <b>“Mr Nam”</b>                          | Mr. Nam Kwok Lun, the deputy chairman of the Board and an executive director of the Company  |
| <b>“Prime Rate”</b>                      | 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   |
| <b>“Relevant Shareholders”</b>           | the Medusa, Karfun, J&A and Mr. Lam, together holds 64.11% of the issued share capital of the Company  |
| <b>“Revised Supplemental Agreements”</b> | two supplemental agreements dated 28 June 2019 and the second revised supplemental agreement A dated 9 September 2019 as defined in the Company’s circular dated 27 September 2019 in respect of the cash consideration of RMB2.75 billion to be received by the Group during the period from 2020 to 2023 |
| <b>“Revolving Loan”</b>                  | A revolving loan facility of an amount not exceeding HK\$130,000,000.00 under the 2019 Loan Facility Agreement   |
| <b>“RMB”</b>                             | Renminbi, the lawful currency of the People’s Republic of China  |
| <b>“Share(s)”</b>                        | Share(s) of HK\$0.01 each in the capital of the Company  |
| <b>“Shareholders”</b>                    | Holder of the Share(s)   |
| <b>“Stock Exchange”</b>                  | The Stock Exchange of Hong Kong Limited  |
| <b>“p.a.”</b>                            | per annum  |
| <b>“HK\$”</b>                            | Hong Kong Dollar, the lawful currency of Hong Kong   |
| <b>“%”</b>                               | per cent   |

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Lam Kwok Hing (*Chairman*)

Nam Kwok Lun (*Deputy Chairman*)

*Independent non-executive Directors:*

Cheung Kin Wai

Kwan Wang Wai Alan

Ng Chi Kin David

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal Place of Business*

*in Hong Kong:*

11 Dai Hei Street

Tai Po Industrial Estate

Tai Po New Territories

Hong Kong

5 November 2019

*To the Shareholders*

Dear Sir/Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION PROVISION OF REVOLVING LOAN**

#### **INTRODUCTION**

References are made to the announcement dated 31 October 2016 and the circular dated 20 December 2016 issued by the Company in relation to continuing connected transactions contemplated under the 2016 Loan Facility Agreement. As the 2016 Loan Facility Agreement has expired on 30 October 2019, the Company has on 21 October 2019 entered into the 2019 Loan Facility Agreement for the purpose to renew the 2016 Loan Facility Agreement for a period of 3 years. All terms under the 2019 Loan Facility Agreement will be same as the 2016 Loan Facility Agreement.

The purpose of this circular is to provide you, among other things, (i) the 2019 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 Messis Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### LOAN FACILITY AGREEMENT

The Board announced that on 21 October 2019 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company entered into the 2019 Loan Facility Agreement with the Borrower, pursuant to which the Lender has agreed to provide a Revolving Loan of HK\$130,000,000 bearing interest at Prime Rate for a term of 3 years commencing from the Loan Effective Date and ending on 20 October 2022.

**Date:** 21 October 2019

**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\$130,000,000

The Borrower may draw Revolving Loan in one or multiple tranches of no less than HK\$1 million per tranche from the date on which the approval of the 2019 Loan Facility Agreement by the Independent Shareholders is obtained. 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 2019 Loan Facility Agreement

**Interest Rate:** Prime Rate shall accrue on the principal amount of the Revolving Loan calculated from the drawdown date of such tranche until the repayment date. As at the circular, Prime Rate quoted by The Hongkong and Shanghai Banking Corporation Limited is 5% (5.125% as the date of 2019 Loan Facility Agreement).

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.

Interest is payable monthly in arrears

**Term:** Commencing from the Loan Effective Date and ending on 20 October 2022

**Purpose of fund:** As general working capital of the Borrower and its wholly-owned Subsidiaries

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## LETTER FROM THE BOARD

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**Loan Effective Date:**

The 2019 Loan Facility Agreement will be effective upon occurrence of the followings:

- (a) all consents or approvals of the Stock Exchange, 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 2019 Loan Facility Agreement;
- (c) all necessary approvals from the Borrower and its ultimate holding company, Hong Kong Finance 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 2019 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.



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## LETTER FROM THE BOARD

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**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 the 2019 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 the 2019 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\$390,000, 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

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE TRANSACTION

As at the date of the circular, the Company has not identified any suitable investments opportunity with steady income stream to pursue for the surplus cash resource on hand. Currently, the prevailing interest rate offered by The Hongkong and Shanghai Banking Corporation Limited for a 12 months fixed deposit savings is only 0.45% per annum whilst the Revolving Loan granted to the Borrower can generate an interest rate at Prime Rate. Therefore by entering into the 2019 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 18 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\$24 million to HK\$38 million; (ii) average year of business with top 10 debtors is over 10 years (iii) no bad debt has incurred and (iv) the net assets of the Borrower is much higher than the Revolving Loan. The net assets of the Borrower as at 31 December 2018 and 30 September 2019 was HK\$504 million and HK\$499 million respectively. As a result, the Company considers 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 Hong Kong Finance Investment Holding Group Limited, Mr. Lam and Mr. Nam. Search result shows that none of them has involved in any debt collection case. This is prima facie evidence to prove that the Borrower has good credit record. Lastly, the Borrower has observed all terms and conditions under the 2016 Loan Facility Agreement. This is another solid evidence to prove the credit worthiness of the Borrower. 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 fact that the Borrower has good credit record and (iv) stable operation to be able to generate stable recurring income, the Board considered that there is no need to add any risk premium rate on top of Prime Rate. In addition, Prime Rate is the basic interest rate normally charged on loans by commercial banks to private individuals 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 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). In view of the above, taking into

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## LETTER FROM THE BOARD

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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 2019 Loan Facility Agreement are on 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.

The terms of the 2019 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 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, the loan is not secured by the Borrower. The Directors are of the view that the transactions contemplated under the 2019 Loan Facility Agreement is in the interest of the Company and the terms and conditions of the 2019 Loan Facility Agreement are on normal commercial terms, which are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

### Annual Cap and basis of determination

#### *Historical figures*

Maximum loan amount borrowed together with the interest and handling fees paid by the Borrower under the 2016 Loan Facility Agreement for last three years ending were as follows:

|  | Year ended<br>31/12/2017<br>HK\$' 000 | Year ended<br>31/12/2018<br>HK\$' 000 | Six months<br>ended<br>30 June 2019<br>HK\$' 000 |
|--|---------------------------------------|---------------------------------------|--|
| Maximum loan amount during the respective period | 60,000                                | 96,000                                | 74,000   |
| Handling fee                                     | 390                                   | 0                                     | 0  |
| Interest earned by the Lender                    | 2,182                                 | 3,538                                 | 1,686  |
| Actual Cap (ie Total of above)                   | <u>62,572</u>                         | <u>99,538</u>                         | <u>75,686</u>                                    |

When setting out the maximum amount to be drawn by the Borrower under the 2019 Loan Facility Agreement i.e. HK\$130,000,000, the Group has considered (i) historical records; (ii) that the Group shall receive cash consideration of approximately RMB2.75 billion from the Revised Supplemental Agreements; (iii) that the Company has not yet identified any suitable site to construct a new production factory; and (iv) the benefits for entering into the 2019 Loan Facility Agreement as discussed above, the Directors are of the view that the basis on determining the Cap in respect of the 2019 Loan Facility Agreement is fair and reasonable.

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## LETTER FROM THE BOARD

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Assuming the Borrower draws down the maximum loan amount on 1 January 2020 and remain so for the rest of the loan period and that the Prime Rate remains at 5% p.a., the Cap will not be more than HK\$136,890,000.00 which is calculated as per below:-

|  | <b>Year ended<br/>31/12/2020</b> | <b>Year ended<br/>31/12/2021</b> | <b>Period ended<br/>20/10/2022</b> |
|--|----------------------------------|----------------------------------|------------------------------------|
|  | <i>HK\$' 000</i>                 | <i>HK\$' 000</i>                 | <i>HK\$' 000</i>                   |
| Maximum loan amount during the respective period | 130,000                          | 130,000                          | 130,000                            |
| Handling fee                                     | 390                              | 0                                | 0                                  |
| Interest earned by the Lender                    | 6,500                            | 6,500                            | 5,200                              |
| Estimated Cap (ie Total of above)                | <u>136,890</u>                   | <u>136,500</u>                   | <u>135,200</u>                     |

### 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; and (iii) cash consideration of RMB2.75 billion to be received from the Revised Supplemental Agreements, 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 with investments in various disciplines. The Company is based in Asia providing advanced technologies to its customers worldwide with particular strength in electroplating technologies for application in different industries or business segments.

The Lender, PAL Finance Limited, is a 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. In addition, Mr. Lam and Mr. Nam are the only directors sitting in the board of the Borrower and are in full control of the Borrower. As such, the Borrower is a Connected Person of the Company within the meaning of the Listing Rules.

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## LETTER FROM THE BOARD

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

Mr. Lam and Mr. Nam are the executive directors of Hong Kong Finance Investment Holding Group Limited. Both of them have abstained from voting for any board resolutions in relation to 2019 Loan Facility Agreement.

### LISTING RULES IMPLICATIONS

As at the date of this circular, 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. According to the Rule 1.01 of the Listing Rules, the Borrower is regarded as the close associate of Mr. Lam and Mr. Nam. In this regard, the Borrower is a Connected Person of the Company within the meaning of the Listing Rules. Accordingly, the provision of the Revolving Loan by the Lender to the Borrower under the 2019 Loan Facility Agreement constitutes continuing connected transactions of the Company under Chapter 14A 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 2019 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 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 2019 Loan Facility Agreement is subject to the approval by the Independent Shareholders and the occurrence of various conditions precedent as stated on page 6 under the sub-header "Loan Effective Date". The 2019 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 about their positions, they should consult their professional advisers.**

### EGM

The EGM will be held at 2/F, 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 29 Novmeber 2019 11:00 a.m. to consider and if thought fit approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder. The notice of the EGM is set out on pages N-1 to N-2 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the EGM will be taken by way of poll.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Mr. Lam and Mr. Nam hold no share in the Borrower but they are the only directors of the Borrower and are in full control of the Borrower. The Lender is an indirectly wholly-owned subsidiary of the Company. Mr. Lam, who is the chairman and Managing Director of the Company, also 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. Further, as at the date of this circular, Mr. Nam who is the deputy chairman of the Company and an executive Director, through J&A, holds 98.63% of the total issued shares of Karfun. J&A is owned as to 80% by Mr. Lam and 20% by Mr. Nam. As such, the provision of the Revolving Loan by the Lender to the Borrower under the 2019 Loan Facility Agreement constitutes a disclosable and continuing connected transaction of the Company. The Relevant Shareholders, Mr. Nam and their respective associates will abstain from voting on the resolution approving the 2019 Loan Facility Agreement at the EGM.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save as the Relevant Shareholders, Mr. Nam and their respective associates, no Shareholders (or its close associates) has any material interest in the transactions contemplated under the 2019 Loan Facility Agreement and is required to abstain from voting on the resolution to be proposed at the EGM.

A proxy form for the EGM is enclosed together with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish and, in such event, the relevant proxy form shall be deemed to be revoked.

### RECOMMENDATION

The Independent Board Committee, comprising Mr. Cheung Kin Wai, Mr. Kwan Wang Wai Alan and Mr. Ng Chi Kin David (all being independent non-executive Directors) has been established to make recommendation to the Independent Shareholders in relation to the fairness and reasonableness of the transactions contemplated under the 2019 Loan Facility Agreement. Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 14 to 15 of this circular; and (ii) the letter from Messis Capital to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 29 of this circular in relation to the transactions contemplated under the 2019 Loan Facility Agreement.

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## LETTER FROM THE BOARD

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The Independent Board Committee having taken into account the advice of Messis Capital, considers that the terms of the 2019 Loan Facility Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, the Independent Board Committee would recommend the Independent Shareholders to vote in favour of the proposed resolution at the EGM and to approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Asia Tele-Net and Technology Corporation Limited**  
**Lam Kwok Hing, M.H. J.P.**  
*Chairman and Managing Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

5 November 2019

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTION PROVISION OF REVOLVING LOAN**

We refer to the circular dated 5 November 2019 issued by the Company to the Shareholders (the “Circular”) and this letter forms part of it. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the 2019 Loan Facility Agreement between PAL Finance Limited (as Lender) and Karl Thomson Financial Group Limited (as Borrower) constitute a disclosable and continuing connected transaction for the Company and are subject to reporting, announcement and approval of the Independent Shareholders at the EGM and annual review.

The Company is an investment holding company holding investments in various disciplines. While its principal business is the provision of advanced electroplating technologies to different business segments, the Company also engages in other businesses including but not limited to money lending (through the Lender) and trading in listed shares in Hong Kong. The Lender which is a wholly owned subsidiary of the Company has maintained its money lenders licence since 1997 and since then money lending is its sole operating business. Over last 22 years, number of new loans granted is about 1 to 2 per year on average. We are of the view that the entering into the 2019 Loan Facility Agreement is in the ordinary and usual course of business of the Group.

We have been appointed by the Board to consider the terms of the 2019 Loan Facility Agreement and to advise the Independent Shareholders in connection with the 2019 Loan Facility Agreement as to whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned. Messis Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

\* *For identification purpose only*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board and the letter from Messis Capital as set out in the Circular. Having considered the principal factors, reasons and the advice of Messis Capital as set out in its letter of advice, we consider that the 2019 Loan Facility Agreement is on normal commercial terms, and that the terms therein are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

**Cheung Kin Wai**

**Kwan Wang Wai Alan**

**Ng Chi Kin David**

*Independent Non-executive Directors*

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## LETTER FROM MESSIS CAPITAL

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2019 Loan Facility Agreement and the transaction contemplated thereunder for inclusion in this circular.*



5 November 2019

To: *The Independent Board Committee and the Independent Shareholders  
of Asia Tele-Net and Technology Corporation Limited*

Dear Sir/Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS PROVISION OF REVOLVING LOAN

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2019 Loan Facility Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 5 November 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

References are made to the announcement dated 31 October 2016 and the circular dated 20 December 2016 issued by the Company in relation to the continuing connected transactions contemplated under the 2016 Loan Facility Agreement. As the 2016 Loan Facility Agreement has expired on 30 October 2019, the Company has on 21 October 2019 entered into the 2019 Loan Facility Agreement for the purpose to renew the 2016 Loan Facility Agreement for a period of three years. All terms under the 2019 Loan Facility Agreement will be same as the 2016 Loan Facility Agreement.

As at the Latest Practicable Date, Mr. Lam, who is the Chairman and Managing Director of the Company, also 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. Further, as at the Latest Practicable Date, Mr. Nam, who is the deputy chairman of the Company and an executive Director, through J&A, holds 98.63% of the total issued shares of Karfun. J&A is owned as to 80% by Mr. Lam and 20% by Mr. Nam.

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## LETTER FROM MESSIS CAPITAL

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As at the Latest Practicable Date, Mr. Lam and Mr. Nam do not hold any share in the Borrower but they are the only directors of the Borrower and are in full control of the Borrower. According to the Rule 1.01 of the Listing Rules, the Borrower is regarded as the close associate of Mr. Lam and Mr. Nam. In this regard, the Borrower is a Connected Person of the Company within the meaning of the Listing Rules. Accordingly, the provision of the Revolving Loan by the Lender to the Borrower constitutes continuing connected transactions of the Company under Chapter 14A 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 2019 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 and are subject to the reporting, announcement and the Independent Shareholders' approval requirement under the Listing Rules. The EGM will be held and convened for the Independent Shareholders to consider and, if thought fit, to approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder. Pursuant to the Listing Rules, any shareholder with a material interest in the relevant transaction is required to abstain from voting in relating to such transaction. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save as the Relevant Shareholders, Mr. Nam and their respective associates, none of the Shareholders (or its close associates) has any material interest in the transactions contemplated under the 2019 Loan Facility Agreement and is required to abstain from voting on the resolution to be proposed at the EGM.

The Independent Board Committee, comprising of all the independent non-executive Directors, namely Mr. Cheung Kin Wai, Mr. Kwan Wang Wai Alan and Mr. Ng Chi Kin David has been set up to advise the Independent Shareholders as to (i) whether the terms of the 2019 Loan Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the 2019 Loan Facility Agreement is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder at the EGM. We, Messis Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM MESSIS CAPITAL

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### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Company, the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We have not carried out any independent investigation into the business and affairs of the Company. However, we have taken the steps pursuant to the Listing Rules which include the following:

- (a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the transactions, including but not limited to, the announcement and circular of the Company dated 28 June 2019 and 27 September 2019 respectively in relation to the Second Revised Supplemental Agreement A and Revised Supplemental Agreement B, the 2019 Loan Facility Agreement, the interim report of the Company for the six months ended 30 June 2019 and the annual report of the Company for the year ended 31 December 2018;
- (b) reviewed the background of, the reasons for and benefits of the transactions under the 2019 Loan Facility Agreement;
- (c) researched (i) similar transactions with the 2019 Loan Facility Agreement on companies listed on the Stock Exchange; and (ii) interest rates on time deposit for a period of twelve months from banks;
- (d) reviewed the fairness, reasonableness and completeness of any assumptions or projections relevant to the transactions; and
- (e) confirmed that no third-party expert opinion being relevant to the transactions.

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## LETTER FROM MESSIS CAPITAL

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Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of whether the transactions are in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, we have considered the individual factors and reasons in relation to the transactions set out below:

#### 1. Background of the provision of the Revolving Loan

##### *Information of 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 with investments in various disciplines. The Company is based in Asia providing advanced technologies to its customers worldwide with various disciplines with particular strength in electroplating technologies for application in different industries or business segments.

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

##### *Information of 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 SFO 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. In addition, Mr. Lam and Mr. Nam are the only directors sitting in the board of the Borrower and are in full control of the Borrower. As such, the Borrower is a Connected Person of the Company within the meaning of the Listing Rules.

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## LETTER FROM MESSIS CAPITAL

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

Mr. Lam and Mr. Nam are the executive directors of Hong Kong Finance Investment Holding Group Limited. Both of them have abstained from voting for any board resolutions in relation to the 2019 Loan Facility Agreement.

### **2. Reasons for and benefits of the entering into the 2019 Loan Facility Agreement**

According to the interim report of the Company for the six months ended 30 June 2019, the bank balances and cash of the Group as at 30 June 2019 amounted to approximately HK\$136.6 million. Furthermore, as noted from the announcement and the circular of the Company dated on 28 June 2019 and 27 September 2019 respectively, the Company has entered into the Revised Supplemental Agreement B and Second Revised Supplemental Agreement A in respect of the cash consideration of RMB2.75 billion to be received by the Group during the period from 2020 to 2023. Such resolution(s) were duly passed by the Shareholders at an extraordinary general meeting of the Company held on 24 October 2019. Based on the agreed timetable between the Group and the counterparties, the cash consideration of RMB2.75 billion will be received by the Group in six (6) tranches on or before 5 January 2023. Assuming the first tranche of cash consideration amounted to approximately RMB400 million under the Second Revised Supplemental Agreement A will be received on or before 6 January 2020 and there is no further change in bank balances and cash, the Group's bank balances and cash will amount to of approximately HK\$589.9 million.

We have enquired with the Directors as to whether the Company has considered other form of investments. As advised by the Directors, the Company has assessed different investment options to fully utilise the existing cash resources in order to enhance the return, with a fairly low risk, to the Company and the Shareholders as a whole including but not limited to deposits in a bank. As disclosed in the Board Letter, the prevailing interest rate offered by Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) for a 12-month fixed deposit savings is only 0.45% per annum. We have made reference to the annual report of the Company for the year ended 31 December 2018 and noted that the bank balances of the Group including saving deposits and time deposits carry interest at market rates ranging from 0.001% (rates for saving deposits held in Hong Kong) to 2.4% p.a. (rates for time deposits held in PRC). We have also obtained the time deposit rates for a 12-month term from five banks, including HSBC, Standard Chartered Bank (HK) Limited, Bank of China (Hong Kong) Limited, Public Bank (Hong Kong) Limited and China Construction Bank (Asia) Corporation Limited, and noted that the rates range from 0.35% p.a. to 2.10% p.a.. Despite the credit risk of the provision of the Revolving Loan to the Borrower may not be comparable with that of offer rates with the banks, such rates were much lower than the interest rates offered by the Borrower.

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## LETTER FROM MESSIS CAPITAL

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Having considered that (i) the cash position of the Group as at 30 June 2019 and the cash surplus as demonstrated above; (ii) the Company has not identified any suitable investments opportunity to pursue for the surplus cash resource on hand; (iii) the Company holds a money lending licence in Hong Kong and is engaged in money lending business; (iv) the entering into the 2019 Loan Facility Agreement could enhance the return on investment of the its surplus cash and provide a stable source of income to the Group; and (v) the interest rate charged under the 2019 Loan Facility Agreement are much higher than the deposit interest rate offered by banks, we are of the view that the entering into the 2019 Loan Facility Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the 2019 Loan Facility Agreement

Details of the 2019 Loan Facility Agreement are set out as follows:

**Date:** 21 October 2019

**Parties:** PAL Finance Limited (as the Lender); and  
Karl Thomson Financial Group Limited (as the Borrower).

**Total amount of Revolving Loan** Up to HK\$130,000,000

The Borrower may draw Revolving Loan in one or multiple tranches of no less than HK\$1 million per tranche from the date on which the approval of the 2019 Loan Facility Agreement by the Independent Shareholders is obtained. 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 2019 Loan Facility Agreement

**Interest rate:** Prime Rate shall accrue on the principal amount of the Revolving Loan calculated from the drawdown date of such tranche until the repayment date. As at the Latest Practicable Date, Prime Rate quoted by The Hongkong and Shanghai Banking Corporation Limited is 5% (5.125% as the date of 2019 Loan Facility Agreement).

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

Interest is payable monthly in arrears

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## LETTER FROM MESSIS CAPITAL

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- Term:** Commencing from the Loan Effective Date and ending on 20 October 2022
- Purpose of fund:** As general working capital of the Borrower and its wholly-owned Subsidiaries
- Loan Effective Date:** The 2019 Loan Facility Agreement will be effective upon occurrence of the followings:
- (a) all consents or approvals of the Stock Exchange, 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 2019 Loan Facility Agreement;
  - (c) all necessary approvals from the Borrower and its ultimate holding company, Hong Kong Finance 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 2019 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.



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## LETTER FROM MESSIS CAPITAL

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**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;
- (b) the Borrower fails to perform or observe any provision under the 2019 Loan Facility Agreement and has failed to rectify the same within 30 days from the date of the failure;
- (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 the 2019 Loan Facility Agreement and has failed to rectify the same within 30 days from the date of the written notice from the Lender;
- (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\$390,000, 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

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## LETTER FROM MESSIS CAPITAL

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### 3.1 *Maximum loan amount and basis of determination*

The existing maximum loan amount for the Revolving Loan for the three years ending 31 October 2019 under the 2016 Loan Facility Agreement were HK\$130,000,000, HK\$130,000,000 and HK\$130,000,000, respectively. The tables below summarised the maximum loan amount borrowed by the Borrower under the 2016 Loan Facility Agreement for the two years ended 31 December 2018 and six months ended 30 June 2019 and the maximum loan amount under the 2019 Loan Facility Agreement (the “**Maximum Loan Amount**”):

|                              | Year ended 31 December | Six months ended |              |
|------------------------------|------------------------|------------------|--------------|
|                              | 2017                   | 2018             | 30 June 2019 |
|                              | HK\$' 000              | HK\$' 000        | HK\$' 000    |
| Maximum loan amount borrowed | 60,000                 | 96,000           | 74,000       |

|                     | <b>Year ending 31 December</b> |                  |                  |
|---------------------|--------------------------------|------------------|------------------|
|                     | <b>2019</b>                    | <b>2020</b>      | <b>2021</b>      |
|                     | <i>HK\$' 000</i>               | <i>HK\$' 000</i> | <i>HK\$' 000</i> |
| Maximum Loan Amount | 130,000                        | 130,000          | 130,000          |

When setting out the Maximum Loan Amount i.e. HK\$130,000,000, the Group has considered (i) the historical records; (ii) that the Group shall receive cash consideration of approximately RMB2.75 billion from the Second Revised Supplemental Agreement A; (iii) that the Company has not yet identified any suitable site to construct a new production factory; and (iv) the benefits for entering into the 2019 Loan Facility Agreement as discussed in the section headed “2. Reasons for and benefits of the entering into the 2019 Loan Facility Agreement” above.

Having (i) taken into account the utilisation rate of the maximum loan amount borrowed by the Borrower under the 2016 Loan Facility Agreement was approximately 74% and the Borrower’s bad debt ratio is zero on average over the last thirty-three months ended 30 September 2019 as mentioned in the Board Letter; (ii) reviewed the announcement and circular of the Company dated 28 June 2019 and 27 September 2019 respectively in relation to Second Revised Supplemental Agreement A and Revised Supplemental Agreement B and noted that as at 28 June 2019, the Group has already received approximately RMB50 million from the counterparty and the Directors expect that a further sum of approximately RMB400 million shall be received on or before 6 January 2020; and (iii) taken into account the Company’s decision regarding the production factory and the benefits for entering into the 2019 Loan Facility Agreement, we consider that the basis of determination of the Maximum Loan Amount is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM MESSIS CAPITAL

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### 3.2 *One-time non-refundable handling fee and basis of determination*

The amount of one-time non-refundable handling fee of HK\$390,000 was the same as that under the 2016 Loan Facility Agreement. As advised by the Directors, the Company proposed and the Borrower agreed that the legal and professional fees in relation to the Revolving Loan shall be borne by the Borrower. Such estimated fees were charged to the Borrower in the form of handling fee, which comprised fees for engaging independent financial adviser, auditors for the confirmation of working capital sufficiency and other professional parties for the compliance of Listing Rules implications.

As understood from the Company that the relevant legal and professional fees in relation to the revolving loan under the 2016 Loan Facility Agreement was approximate to that of the amount of handling fee, we are of the view that such handling fee is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### 3.3 *Other terms and basis of determination*

According to the Board Letter, the Company considers the risk profile of the Borrower is low and there is no need to add any risk premium rate on top of Prime Rate. In addition, Prime Rate is the basic interest rate normally charged on loans by commercial banks to private individuals and companies. Given the fact that the Borrower has good credit record and stable operation to be able to generate stable recurring income, the Directors are of the view that it is a normal commercial term to adopt Prime Rate for the Revolving Loan. Furthermore, the terms of the 2019 Loan Facility Agreement 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, the Company considered that it is acceptable for the provision of Revolving Loan without security. Please refer to the section headed "Reasons for and benefits of the transaction" in the Board Letter for further details of the basis and factors considered by the Board to conclude that the Borrower has low risk profile and good credit record, and the Board's view on the fairness and reasonableness of the Prime Rate without any risk premium.

In assessing the fairness and reasonableness of the terms of 2019 Loan Facility Agreement, we have reviewed similar transactions involving the provision of loan to a connected person with a fixed interest rate by companies listed on the Stock Exchange during the period from 1 July 2019 to 21 October 2019, being approximately three-month period prior to the date of the 2019 Loan Facility Agreement. To the best of our knowledge, we have identified thirteen comparable companies ("**Market Comparables**") based on the aforesaid criteria, in which two of the Market Comparables involved revolving loan facility. We consider that the list of Market Comparables is exhaustive as far as we are aware of and is sufficient to provide a fair and representative sample to be taken as a general reference of the prevailing market practices in relation to the 2019 Loan Facility Agreement under recent market sentiment. Despite the background, businesses and credibility of the Borrower may not be exactly the same as the Market Comparables, we considered that the terms of the Market Comparables were determined under similar market conditions, and thus, provide a reference in assessing the fairness and reasonableness of the terms of 2019 Loan Facility Agreement.

## LETTER FROM MESSIS CAPITAL

| Date of announcement | Company name   | Terms (years) | Interest rate (per annum) | Security/ Guarantee (Yes/No/N/A) | Revolving loan (Yes/No) |
|----------------------|--|---------------|---------------------------|----------------------------------|-------------------------|
| 2019/9/27            | eprint Group Limited<br>(Stock code: 1884)                                       | 1             | 9%                        | N/A                              | No                      |
| 2019/9/27            | Lee's Pharmaceutical Holdings Limited<br>(Stock Code: 950)                       | 1             | 4%                        | N/A                              | No                      |
| 2019/9/19            | Forgame Holdings Limited<br>(Stock code: 484)                                    | 1             | 12%                       | Yes                              | No                      |
| 2019/9/12            | China Sanjiang Fine Chemicals Company Limited<br>(Stock code: 2198)              | 3             | 10%                       | N/A                              | No                      |
| 2019/9/3             | Fortunet E-commerce Group Limited<br>(Stock Code: 1039)                          | 3             | 6.5%                      | No                               | Yes                     |
| 2019/8/28            | Enviro Energy International Holdings Limited (Stock Code: 1102)                  | 1             | 10%                       | Yes                              | No                      |
| 2019/8/23            | AviChina Industry & Technology Company Limited<br>(Stock Code: 2357)             | 3             | 4.35%                     | Yes                              | No                      |
| 2019/8/21            | Enterprise Development Holdings Limited (Stock Code: 1808)                       | 0.5           | 8%                        | No                               | No                      |
| 2019/8/13            | Smart-Core Holdings Limited<br>(Stock Code: 2166)                                | 0.63          | 7%                        | Yes                              | Yes                     |
| 2019/8/8             | China Chengtong Development Group Limited (Stock Code: 217)                      | 1             | 9%                        | N/A                              | No                      |
| 2019/8/2             | China Travel International Investment Hong Kong Limited<br>(Stock Code: 308)     | 3             | 5.225%                    | No                               | No                      |
| 2019/7/19            | Lee's Pharmaceutical Holdings Limited<br>(Stock Code: 950)                       | 1             | 4%                        | N/A                              | No                      |
| 2019/7/12            | Sany Heavy Equipment International Holdings Company Limited<br>(Stock Code: 631) | 0.53          | 5.5%                      | Yes                              | No                      |
|                      | Maximum  | 3             | 12%                       |                                  |                         |
|                      | Minimum  | 0.5           | 4%                        |                                  |                         |
|                      | Average  | 1.5           | 7.3%                      |                                  |                         |
|                      | The Company  | 3             | 5.125%                    | No                               | Yes                     |

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## LETTER FROM MESSIS CAPITAL

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From the above table, we noted that (i) the term of the Market Comparables ranged from 0.5 year to 3 years, with an average of approximately 1.5 years. As the term under the 2019 Loan Facility Agreement is within the range of the Market Comparables, we consider the term under the 2019 Loan Facility Agreement is fair and reasonable; (ii) the interest rate charged by the Market Comparables ranged from 4% to 12%, with an average of approximately 7.3%. Although the interest rate of 5.125% under the 2019 Loan Facility Agreement is below the average, it falls within the range of the interest rate of the Market Comparables. Therefore, we consider the interest rate under the 2019 Loan Facility Agreement is fair and reasonable; and (iii) for those Market Comparables where no information on security or guarantee was disclosed in their respective announcements, we assume there is no security or guarantee for such loans. In such regard, we noted there are eight out of thirteen Market Comparables do not require security or guarantee for the respective provision of loans. Furthermore, we have also taken into account the internal control procedures mentioned in the section headed “4. Internal control procedures” below, so we consider the provision of Revolving Loan without security or guarantee is fair and reasonable.

#### **4. Internal control procedures**

Regarding the possible credit risks under the 2019 Loan Facility Agreement, we have attempted to obtain the credit rating of the Borrower. However, such crediting rating is not publicly available as the Borrower is a private company. Alternatively, we have conducted an independent research on Hong Kong Finance Investment Holding Group Limited, the parent company of the Borrower, and the shares of which are listed on the Stock Exchange, and we noted that no announcement was made as required under the Rule 13.19 of the Listing Rules or default in its payment over the past 10 years for the Borrower and its parent company. Besides, we have reviewed the unaudited consolidated statement of financial position of the Borrower as at 30 September 2019 as provided by the Company in order to assess the financial strength of the Borrower. We noted that the unaudited net asset value attributable to the equity shareholders of the Borrower as at 30 September 2019 amounted to approximately HK\$499 million, which is higher than the Maximum Loan Amount.

Pursuant to the Company’s internal control procedures, the Borrower provides financial statements and top 10 debtor list to the Company on a monthly basis, thus the Company is able to review the general collectability of its debtors portfolio and its general financial performance on regular basis. 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).

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## LETTER FROM MESSIS CAPITAL

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We have also reviewed the internal control policy of the Group in relation to loan receivable management and noted that a loan register is to be maintained by the group accountant who is also responsible for loan account reconciliation regularly and table showing outstanding loan principal together with any forthcoming interest is to be distributed by the group accountant to the financial controller and/or deputy general manager on monthly basis. The internal control policy also set out the procedures for its staff to follow when a third party borrower is showing sign of delinquency in paying interest and/or principal.

Regarding the Company's internal control procedures, we have obtained and reviewed (i) three samples of the monthly financial positions and the top 10 debtor list of the Borrower which were submitted to the Company by the Borrower during the term under the 2016 Loan Facility Agreement; and (ii) three samples of monthly loan register maintained by the Group and no delinquency was noted for the outstanding loans. Furthermore, as advised by the Directors, the Borrower did not have any previous record of default of payment to the Group. As such, we consider that the internal control procedures implemented by the Company were in place and have been complied with.

In light of the above, we are of the view that there are sufficient internal control procedures to ensure that the transactions under the 2019 Loan Facility Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders.

### 5. Financial impacts of the provision of the Revolving Loan

#### (a) *Net assets*

The Group plans to finance the Revolving Loan with its internal resources. It is expected that the net assets of the Group remained unchanged as a result of the provision of the Revolving Loan.

#### (b) *Earnings*

As the Company will be entitled to the one-time non-refundable handling income, which is HK\$390,000, being 0.3% on the Revolving Loan and interest income on the Revolving Loan in the event that any amount is drawn down by the Borrower, the provision of the Revolving Loan would likely to have a positive impact on the future earnings of the Group.

#### (c) *Gearing ratio and working capital*

Since the Company intends to finance the provision of the Revolving Loan by its internal resources and the Revolving Loan to be provided will be classified as current assets of the Group, the Group's gearing ratio (being calculated as total borrowings over total equity attributable to the owners of the Company) and working capital (being calculated as current assets minus current liabilities) will remain unchanged as a result of the provision of the Revolving Loan.

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## LETTER FROM MESSIS CAPITAL

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### RECOMMENDATION

We are of the view that (i) the entering into the 2019 Loan Facility Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and Shareholders as a whole; and (ii) the terms of the 2019 Loan Facility Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions at the EGM so as to approve the 2019 Loan Facility Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Erica Law**  
*Director*

*Ms. Erica Law is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of MESSIS Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 9 years of experience in corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

**2. DIRECTORS' INTERESTS****a. Director's Interest in the securities of the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

*Long position*

| Name of director  | Number of issued<br>ordinary shares held |                       | Total       | Percentage of<br>the issued<br>share capital<br>of the<br>Company |
|-------------------|--|-----------------------|-------------|---|
|                   | Personal<br>interest                     | Corporate<br>interest |             |   |
| Mr. Lam Kwok Hing | 3,474,667                                | 269,916,500<br>(Note) | 273,391,167 | 64.11%  |

*Note:* The amount composed of 48,520,666, 201,995,834 and 19,400,000 Shares of the Company that were held by Medusa Group Limited, Karfun Investments Limited and J & A Investment Limited respectively. Medusa Group Limited is a company wholly-owned by Mr. Lam Kwok Hing. Karfun Investments Limited is owned by J & A Investment Limited for approximately 98.63%. Mr. Lam Kwok Hing who is the Chairman and Managing Director of the Company owns 80% shareholding in J & A Investment Limited.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

**b. Directors' competing interests**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**c. Directors' interests in assets**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

**d. Directors' interests in contract or arrangement**

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

**e. Directors' service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

#### *Long position*

| Name of shareholder        | Capacity         | Number of<br>Shares held | Company's<br>issued share<br>capital |
|----------------------------|------------------|--------------------------|--------------------------------------|
| Medusa Group Limited       | Beneficial owner | 48,520,666               | 11.38%                               |
| Karfun Investments Limited | Beneficial owner | 201,995,834              | 47.37%                               |
| J & A Investment Limited   | Beneficial owner | 19,400,000               | 4.55%                                |

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any share options in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2018, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**5. EXPERT'S QUALIFICATION AND CONSENT**

The following is the qualification of the expert whose name and report are contained in this circular:

| <b>Name</b>    | <b>Qualification</b>  |
|----------------|---|
| Messis Capital | A licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2018, the date to which the latest audited consolidated financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

**6. LITIGATION**

At the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatening against the Company or any of its subsidiaries.

**7. GENERAL**

- a. The company secretary of the Company is Ms. Yung Wai Ching, who is a member of Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and Hong Kong Institute of Chartered Secretaries.
- b. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is at 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.
- c. The share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- d. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at 2/F., 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- a) the bye-laws of the Company;
- b) the written consent referred to in the paragraph headed “Expert’s qualification and consent” in this Appendix;
- c) the annual reports of the Company for the two years ended 31 December 2017 and 2018 and the interim report of the Company for the period ended 30 June 2019;
- d) 2016 Loan Facility Agreement;
- e) 2019 Loan Facility Agreement; and
- f) this circular.

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## NOTICE OF EGM

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Asia Tele-Net and Technology Corporation Limited (the “**Company**”) will be held at 2/F, 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 29 November 2019 at 11:00 a.m. (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the 2019 loan facility agreement for revolving loan facilities of up to HK\$130,000,000 dated 21 October 2019 (the “**Loan Facility Agreement**”, a copy of which has been produced to the EGM marked “A” and initialed by the Chairman of the meeting for the purpose of identification) between PAL Finance Limited, an indirect wholly-owned subsidiary of the Company, as the lender and Karl Thomson Financial Group Limited as the borrower and the transactions contemplated under the 2019 Loan Facility Agreement as shown in the Company’s circular dated 5 November 2019 be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company (the “**Directors**”) be and are hereby authorized to do all such acts and things, and to sign and execute all such further documents and to take all steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient or implement and/or give full effect to or in connection with the 2019 Loan Facility Agreement and to agree to any amendment to any of the terms of the 2019 Loan Facility Agreement which in the opinion of the Directors is not of a material nature and is in the interests of the Company.”

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, 5 November 2019

\* *For identification purpose only*

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## NOTICE OF EGM

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head Office and Principal Place of  
Business in Hong Kong:*

11 Dai Hei Street  
Tai Po Industrial Estate  
Tai Po, New Territories  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him/her. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed herewith.
3. The form of proxy must be signed by the member or member's attorney duly authorized in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorized.
4. Where there are joint holders of any share, any one of such holders may vote at the EGM, either in person or by proxy, in respect of such share as if he were solely entitled to vote, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
5. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof).
6. For determining the qualification of members to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 25 November 2019 to Friday, 29 November 2019, both days inclusive, during the period no transfer of shares will be registered. In order to be eligible as members to attend and vote at the EGM, investors are urged to lodge all transfers of shares accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 November 2019. Shareholders whose names appear on the register of members at 4:30 p.m. on Friday, 22 November 2019 are entitled to attend and vote at the EGM after completing the registration procedures required.
7. Completion and delivery of the form of proxy will not preclude a member from attending and voting at the EGM if the member so desires and in such event, the form of proxy shall be deemed to be revoked.
8. If a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 8 a.m. on Friday, 29 November 2019, the EGM will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same time and place on Friday, 6 December 2019 instead.
9. The resolution as set out in this notice will be taken by poll.
10. As at the date of this notice, the executive directors of the Company are Messrs. Lam Kwok Hing and Nam Kwok Lun, and the independent non-executive directors of the Company are Messrs. Cheung Kin Wai, Kwan Wang Wai Alan and Ng Chi Kin David.