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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 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.

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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)

MAJOR TRANSACTION

IN RELATION TO ACQUISITION OF THE TARGET COMPANIES

A letter from the Board is set out on pages 6 to 21 of this circular.

8 March 2024

CONTENTS

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

"Acquisition I"	the acquisition of the Sale Shares I by Purchaser I from Pan-China Construction and Shine Sky pursuant to the terms and conditions set out in the Share Transfer Agreement I
"Acquisition II"	the acquisition of the Sale Shares II by Purchaser II from Shenzhen Warmsun pursuant to the terms and conditions set out in the Share Transfer Agreement II
"Acquisitions"	Acquisition I and Acquisition II
"ATNT Group Management"	ATNT Group Management Limited (亞洲聯網集團管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Bank"	Chong Hing Bank Limited
"Board"	the board of Directors
"Company"	Asia Tele-Net and Technology Corporation Limited (亞洲聯網科技有限公司), a company incorporated under the laws of Bermuda
"Completion Date I"	15 November 2023
"Completion Date II"	15 November 2023
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Cooperative Reconstruction Agreement"	the cooperative reconstruction agreement originally dated 7 August 2011 entered into between PASL and Shenzhen Warmsun, as amended and supplemented by (i) a supplemental agreement dated 25 October 2013; (ii) a second supplemental agreement dated 26 October 2015; (iii) a third supplemental agreement dated 30 June 2016; (iv) a fourth supplemental agreement dated 12 October 2016; (v) a fifth supplemental agreement dated 4 January 2017; (vi) a sixth supplemental agreement dated 28 June 2017 and (vii) a seventh supplemental agreement dated 29 November 2023, each entered into between PASL, Shenzhen Warmsun and the Project Company
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group, including Target Company I and Target Company II

"Further Agreement"	the third supplemental agreement dated 9 October 2023 entered into between PASL, Shenzhen Warmsun, the Project Company, Warmsun Holdings and Pan-China Engineering in relation to, among others, certain amendments to the credit enhancement arrangement under the Multi-party Collateral Agreement for the Secured Liabilities. For details, please refer to the circular dated 23 February 2024 issued by the Company.
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"J&A"	J&A Investment Limited, a company incorporated in the British Virgin Islands with limited liability
"Karfun"	Karfun Investments Limited (佳帆投資有限公司), a company incorporated in Hong Kong with limited liability
"Latest Practicable Date"	4 March 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Medusa"	Medusa Group Limited, a company incorporated in the British Virgin Islands with limited liability
"Mr. Lam"	Mr. Lam Kwok Hing *M.H., J.P.*, the chairman and managing director of the Company
"Mr. Xiao"	Mr. Xiao Tanping (肖潭平)
"Ms. He"	He Yuanfeng (何元鳳)
"Ms. Xiao JL"	Ms. Xiao Jielan (肖潔嵐)
"Ms. Xiao MZ"	Ms. Xiao Manzhen (肖曼貞)

"Multi-party Collateral Agreement"	the multi-party collateral agreement dated 31 December 2021 entered into between PASL, Shenzhen Warmsun, the Project Company, PAL and Target Company II (the details of which are set out in the paragraph headed "Agreement for the additional security" in the Company's announcement dated 31 December 2021), as amended and supplemented by (i) a supplemental agreement dated 31 January 2023 (pursuant to which, the parties agreed to extend the security period); (ii) a second supplemental agreement dated 2 June 2023 (the details of which are set out in the paragraph headed "The Credit Enhancement Arrangement" in the Company's announcement dated 2 June 2023) and (iii) a third supplemental agreement dated 9 October 2023 reflecting substantially the terms of the Settlement Agreement
"PAL"	Process Automation International Ltd (亞洲電鍍器材有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and the immediate holding company of PASL
"Pan-China Construction"	Pan-China Construction Investment Co., Limited (泛華建設投資有限公司), a company incorporated in Hong Kong with limited liability
"Pan-China Engineering"	Shenzhen Pan-China Engineering Group Co., Ltd.* (深圳泛華工程集團有限公司)
"PASL"	Process Automation (Shenzhen) Limited* (寶龍自動機械(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China
"Project Company"	Shenzhen Bao Sheng Long Yue Industrial Investment Company Limited* (深圳市寶盛龍悦實業投資有限公司), a project company established in the PRC by Shenzhen Warmsun
"Property I"	five units and two parking spaces at TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
"Property II"	four units and five parking spaces at W Luxe, 5 On Yew Street, Sha Tin, New Territories, Hong Kong
"Purchaser I"	Prosmart Developments Limited (信騰發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

"Purchaser II"	Cheer Point Corporation Limited (展邦有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Relocation Compensation Agreement"	the relocation compensation agreement originally dated 13 September 2011 entered into PASL and the Project Company, as amended and supplemented by (i) a supplemental agreement dated 14 May 2015; (ii) a second supplemental agreement dated 4 January 2017; (iii) a third supplemental agreement dated 28 June 2019; (iv) a fourth supplemental agreement dated 9 September 2019; (v) a fifth supplemental agreement dated 16 May 2022; (vi) a sixth supplemental agreement dated 2 June 2023; (vii) a seventh supplemental agreement dated 9 October 2023; and (viii) a eighth supplemental agreement dated 29 November 2023
"RMB"	the lawful currency of the PRC
"Sale Shares I"	the Sale Shares IA and the Sale Shares IB, representing 100% of the issued share capital of Target Company I
"Sale Shares IA"	70 ordinary shares in Target Company I, representing 70% of the issued share capital of Target Company I and owned by Pan-China Construction as at the date of the Share Transfer Agreement I
"Sale Shares IB"	30 ordinary shares in Target Company I, representing 30% of the issued share capital of Target Company I and owned by Shine Sky as at the date of the Share Transfer Agreement I
"Sale Shares II"	10,000 ordinary shares in Target Company II, representing 100% of the issued share capital of Target Company II
"Secured Liabilities"	all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each obligor to any secured party under each relevant finance document (including but not limited to the Relocation Compensation Agreement and the Multi-party Collateral Agreement)
"Settlement Agreement"	the settlement agreement dated 9 October 2023 entered into between PASL and the Project Company (the details of which are set out in "The Settlement Agreement" in the Company's announcement dated 9 October 2023)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company

"Share Transfer Agreement I"	the share transfer agreement dated 1 November 2023 entered into between Purchaser I, Pan-China Construction and Shine Sky in relation to the acquisition of the Sale Shares I
"Share Transfer Agreement II"	the share transfer agreement dated 1 November 2023 entered into between Purchaser II and Shenzhen Warmsun in relation to the acquisition of the Sale Shares II
"Share Transfer Agreements"	the Share Transfer Agreement I and the Share Transfer Agreement II
"Shareholder(s)"	the holder(s) of the Share(s)
"Shareholder Loan I"	all loans and interest accrued thereon due by Target Company I to Pan-China Construction and/or Shine Sky and their respective associates as at the date of the Share Transfer Agreement I
"Shareholder Loan II"	all loans and interest accrued thereon due by Target Company II to Shenzhen Warmsun and its associates as at the date of the Share Transfer Agreement II
"Shenzhen Warmsun"	Shenzhen Warmsun Zhi-di Group Company Limited* (深圳市華盛智地集團有限公司), a company established in the PRC with limited liability
"Shine Sky"	Shine Sky International Limited (瑞天國際有限公司), a company incorporated in Hong Kong with limited liability
"sq.ft."	square feet
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company I"	Treasure Chance Properties Limited (卓寶置業有限公司), a company incorporated in Hong Kong with limited liability
"Target Company II"	Singkei Real Estate Investment Co., Limited (盛基房地產投資有限公司), a company incorporated in Hong Kong with limited liability
"Target Companies"	Target Company I and Target Company II
"Warmsun Holdings"	Shenzhen Warmsun Holdings (Group) Co., Ltd.* (深圳市華盛控股(集團)有限公司)
"%"	per cent

* *For identification purposes only*

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:
Mr. Lam Kwok Hing, *M.H. J.P.*
(Chairman and Managing Director)
Mr. Nam Kwok Lun *(Deputy Chairman)*

Independent non-executive Directors:
Mr. Cheung Kin Wai
Mr. Ng Chi Kin, David
Mr. Hong Hui Lung

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business
Rooms 607-610
6/F, Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

8 March 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

IN RELATION TO ACQUISITION OF THE TARGET COMPANIES

1. INTRODUCTION

We refer to (i) the announcement of the Company dated 1 November 2023 in respect of, among others, the Acquisitions; (ii) the announcements dated 12 January 2024 and 8 February 2024 in relation to the applications for the waiver from strict compliance with Rule 14.41(a) of the Listing Rules ("**Rule 14.41 Waiver**") from the Stock Exchange; and (iii) the announcements dated 22 November 2023, 15 January 2024 and 27 February 2024 in relation to the grant of Rule 14.41 Waiver and the delay in dispatch of this circular.

The purpose of this circular is to provide you with further details about the Acquisitions and other information required under the Listing Rules.

2. THE SHARE TRANSFER AGREEMENT I

The principal terms of the Share Transfer Agreement I are set out below:

Date

1 November 2023

Parties

(i) Purchaser I (as purchaser)

(ii) Pan-China Construction and Shine Sky (as vendors)

Assets to be acquired

Pursuant to the Share Transfer Agreement I, Purchaser I conditionally agreed to acquire the Sale Shares I and take the assignment of the Shareholder Loan I, and Pan-China Construction and Shine Sky conditionally agreed to sell the Sale Shares I and assign the Shareholder Loan I. The Sale Shares I represent the entire issued share capital of Target Company I and the Shareholder Loan I represents all the loans and interest accrued thereon due by Target Company I to Pan-China Construction and Shine Sky and their respective associates.

Following completion of the Share Transfer Agreement I, Target Company I has become an indirect wholly-owned subsidiary of the Company and the financial results of Target Company I has been consolidated in the financial statements of the Group.

As at the Completion Date I, Shareholder Loan I in an amount of approximately HK$41.2 million was assigned to Purchaser I. Details of the Shareholder Loan I are as follows:

Date on which the Shareholder Loan I was first provided:	On or before 31 March 2015 *(Note)*
Outstanding principal amount as at Completion Date I:	Approximately HK$41.2 million
Interest rate:	Nil
Nature of the Shareholder Loan I:	Repayable on demand, unsecured and free from all encumbrance and third party rights

Note: Purchaser I only received audited accounts from Pan-China Construction and Shine Sky for the eight years ended 31 March 2023.

Consideration

Subject to the terms and conditions of the Share Transfer Agreement I, the total consideration of the Acquisition I was HK$82,405,000 (the "**Consideration I**"), which was satisfied by interest-free and unsecured promissory notes issued by Purchaser I.

Upon issue, the promissory notes and all benefits under the Share Transfer Agreement I have been assigned by Pan-China Construction and Shine Sky to ATNT Group Management by way of security to secure the Secured Liabilities. The promissory notes are payable by not less than five business days' notice, subject to settlement in full of the Secured Liabilities.

The promissory notes were issued by Purchaser I, which is a subsidiary of the Company, and assigned in favour of ATNT Group Management, a subsidiary of the Company, to secure the Secured Liabilities. Under the terms of the promissory notes, if the Project Company cannot repay the Secured Liabilities in full on or before 30 November 2028, the value of the Promissory Notes will be reset to zero.

If the Project Company is able to resolve its liquidity problem on or before 30 November 2028, PASL would have received the Secured Liabilities in full in PRC and Purchaser I would have to pay in accordance with the terms of the promissory notes in Hong Kong.

If the Project Company cannot resolve its liquidity problem on or before 30 November 2028 and goes into liquidation, the principal amount of the promissory notes will be reset to zero, Purchaser I will not have to pay the promissory notes.

Basis for determination of the consideration

The Consideration I has been arrived at between the parties after arm's length negotiations, taking into account (i) the valuation of the Property I of HK$82,400,000 as at 17 October 2023 conducted by an independent property valuer; and (ii) the agreed net current assets of Target Company I in the amount of HK$5,000 (which is in the form of bank balance). For information purpose, the valuation report of the Property I as at 17 October 2023 will be made available as a document on display on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (www.atnt.biz) for a period of 14 days from the date of this circular. In accordance with Rule 5.07 of the Listing Rules, an updated valuation report as at 31 December 2023 has been prepared by the valuer, details of which are set out in Appendix VA to this circular.

In the event that the net current asset of Target Company I as at the Completion Date I exceeds HK$5,000, Target Company I shall pay the difference to Pan-China Construction and Shine Sky and in the event that the net current asset of Target Company I as at the Completion Date I is less than HK$5,000, Pan-China Construction and Shine Sky shall, upon Purchaser I's request, repay the difference to Target Company I.

As at the Completion Date I, the unaudited net current asset of Target Company I was approximately HK$82,100. Purchaser I is obliged to refund a sum of HK$77,106 to Pan-China Construction and Shine Sky.

Conditions precedent

Completion of the Share Transfer Agreement I was conditional upon the following:

(a) the Company having obtained approval of the Shareholders in accordance with the Listing Rules in connection with the Share Transfer Agreement I and the transactions contemplated thereunder;

(b) Purchaser I (including its agents and professional advisers) having been satisfied with the due diligence results in relation to, inter alia, the business, operations, assets, finance and legal aspects of Target Company I to complete the Acquisition I;

(c) the warranties given by Pan-China Construction and Shine Sky remaining true and accurate in all respects and not misleading in any respect as of the date of the Share Transfer Agreement I until Completion Date I;

(d) no unusual operations, major safety liability accidents, material adverse changes or undisclosed material risks having been discovered or known about the business, assets, or operations of Target Company I;

(e) Pan-China Construction and Shine Sky having complied with and fulfilled their relevant obligations under the Share Transfer Agreement I on or before Completion Date I;

(f) there being no laws, regulations or decisions proposed or enacted, nor measures or actions taken by any governmental authority that would prohibit, restrict, or materially delay the transactions or projects contemplated under the Share Transfer Agreement I;

(g) Pan-China Construction, Shine Sky and Target Company I having obtained all necessary approvals, consents and notifications etc. in accordance with applicable laws, regulations and agreements; and

(h) all other necessary third-party approvals, consents and notifications required by law or agreements to which Pan-China Construction, Shine Sky or Target Company I is a party to and related to the matters contemplated under the Share Transfer Agreement I having been obtained.

As at the Latest Practicable Date, all of the above conditions had been satisfied.

Completion

Completion of the Share Transfer Agreement I took place on Completion Date I.

3. THE SHARE TRANSFER AGREEMENT II

The principal terms of the Share Transfer Agreement II are set out below:

Date

1 November 2023

Parties

(i) Purchaser II (as purchaser)

(ii) Shenzhen Warmsun (as vendor)

Assets to be acquired

Pursuant to the Share Transfer Agreement II, Purchaser II conditionally agreed to acquire the Sale Shares II and take the assignment of the Shareholder Loan II, and Shenzhen Warmsun conditionally agreed to sell the Sale Shares II and assign the Shareholder Loan II. The Sale Shares II represent the entire issued share capital of Target Company II and the Shareholder Loan II represents all the loans and interest accrued thereon due by Target Company II to Shenzhen Warmsun and its associates.

Following completion of the Share Transfer Agreement II, Target Company II has become an indirect wholly-owned subsidiary of the Company and the financial results of Target Company II has been consolidated in the financial statements of the Group.

As at the Completion Date II, Shareholder Loan II in an amount of approximately HK$97.4 million was assigned to Purchaser II. Details of the Shareholder Loan II are as follows:

Date on which the Shareholder Loan II was first provided:	9 August 2016
Outstanding principal amount as at Completion Date II:	Approximately HK$97.4 million
Interest rate:	Nil
Nature of the Shareholder Loan II:	Repayable on demand, unsecured and free from all encumbrance and third party rights

Consideration

Subject to the terms and conditions of the Share Transfer Agreement II, the total consideration of the Acquisition II was HK$59,284,000 (the "**Consideration II**"), which was satisfied by an interest-free and unsecured promissory note issued by Purchaser II.

Upon issue, the promissory note and all benefits under the Share Transfer Agreement II have been assigned by Shenzhen Warmsun to ATNT Group Management by way of security to secure the Secured Liabilities. The promissory note are payable by not less than five business days' notice, subject to settlement in full of the Secured Liabilities.

The promissory note was issued by Purchaser II, which is a subsidiary of the Company, and assigned in favour of ATNT Group Management, a subsidiary of the Company, to secure the Secured Liabilities. Under the terms of the promissory note, if the Project Company cannot repay the Secured Liabilities in full on or before 30 November 2028, the value of the Promissory Notes will be reset to zero.

If the Project Company is able to resolve its liquidity problem on or before 30 November 2028, PASL would have received the Secured Liabilities in full in PRC and Purchase II would have to pay in accordance with the terms of the promissory note in Hong Kong.

If the Project Company cannot resolve its liquidity problem on or before 30 November 2028 and goes into liquidation, the principal amount of the promissory notes will be reset to zero, Purchaser II will not have to pay the promissory notes.

Basis for determination of the consideration

The Consideration II has been arrived at between the parties after arm's length negotiations, taking into account (i) the valuation of the Property II of HK$91,115,000 as at 17 October 2023 conducted by an independent property valuer; (ii) the first mortgage dated 31 March 2021 entered into by Target Company II in favour of the Bank (which was created when Shenzhen Warmsun purchased Property II); and (iii) the agreed net current assets of Target Company II in the amount of HK$10,000 (which is in the form of bank balance). For information purpose, the valuation report of the Property I as at 17 October 2023 will be made available as a document on display on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (www.atnt.biz) for a period of 14 days from the date of this circular. In accordance with Rule 5.07 of the Listing Rules, an updated valuation report as at 31 December 2023 has been prepared by the valuer, details of which are set out in Appendix VB to this circular.

In the event the net current asset of Target Company II as at the Completion Date II exceeds HK$10,000, Target Company II shall pay the difference to Shenzhen Warmsun and in the event that the net current asset of Target Company II as at the Completion Date II is less than HK$10,000, Shenzhen Warmsun shall, upon Purchaser II's request, repay the difference to Target Company II.

As at the Completion Date II, the unaudited net current asset of Target Company II was approximately HK$167,800. Purchaser II is obliged to refund a sum of HK$157,800 to Shenzhen Warmsun.

Conditions precedent

Completion of the Share Transfer Agreement II was conditional upon the following:

(a) the Company having obtained approval of the Shareholders in accordance with the Listing Rules in connection with the Share Transfer Agreement II and the transactions contemplated thereunder;

(b) Purchaser II (including its agents and professional advisers) having been satisfied with the due diligence results in relation to, inter alia, the business, operations, assets, finance and legal aspects of Target Company II to complete the Acquisition II;

(c) the warranties given by Shenzhen Warmsun remaining true and accurate in all respects and not misleading in any respect as of the date of the Share Transfer Agreement II until Completion Date II;

(d) no unusual operations, major safety liability accidents, material adverse changes or undisclosed material risks having been discovered or known about the business, assets, or operations of Target Company II;

(e) Shenzhen Warmsun having complied with and fulfilled their relevant obligations under the Share Transfer Agreement II on or before Completion Date II;

(f) there being no laws, regulations or decisions proposed or enacted, nor measures or actions taken by any governmental authority that would prohibit, restrict, or materially delay the transactions or projects contemplated under the Share Transfer Agreement II;

(g) Shenzhen Warmsun and Target Company II having obtained all necessary approvals, consents and notifications etc. in accordance with applicable laws, regulations and agreements; and

(h) all other necessary third-party approvals, consents and notifications required by law or agreements to which Shenzhen Warmsun or Target Company II is a party to and related to the matters contemplated under the Share Transfer Agreement II having been obtained.

As at the Latest Practicable Date, all of the above conditions had been satisfied.

Completion

Completion of the Share Transfer Agreement II took place on Completion Date II.

4. INFORMATION ON THE COMPANY AND THE PURCHASERS

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

Purchaser I is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the Latest Practicable Date, it is an indirect wholly-owned subsidiary of the Company.

Purchaser II is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the Latest Practicable Date, it is an indirect wholly-owned subsidiary of the Company.

5. INFORMATION ON THE VENDORS

Pan-China Construction is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Pan-China Construction is ultimately owned as to approximately 66.6% by Ms. He, 16.7% by Ms. Xiao JL and 16.7% by Mr. Xiao.

Shine Sky is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the Latest Practicable Date, it is wholly-owned by Ms. He.

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

Ms. He is the wife of Mr. Xiao. And Ms. Xiao JL and Ms. Xiao MZ are the daughters of Ms. He and Mr. Xiao. Four of them together are beneficially interested in the entire issued share capital of the vendors listed above.

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

6. INFORMATION ON THE VENDORS AND THE PARTIES TO THE RELOCATION COMPENSATION AGREEMENT AND THE MULTIPARTY COLLATERAL AGREEMENT

Shenzhen Warmsun

Shenzhen Warmsun is principally engaged in the business of property development and management. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to 41.6% by Ms. He, 24.5% by Ms. Xiao MZ, 20.9% by Ms. Xiao JL and 13% by Mr. Xiao.

Project Company

The Project Company is the approved developer for the Re-development. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, it is ultimately owned as to 60.8% by Ms. He, 19% by Mr. Xiao, 16.7% by Ms. Xiao JL and 3.5% by Ms. Xiao MZ.

Ms. He is the wife of Mr. Xiao. And Ms. Xiao JL and Ms. Xiao MZ are the daughters of Ms. He and Mr. Xiao. Four of them together are beneficially interested in the entire issued share capital of Shenzhen Warmsun and the Project Company.

Target Company II

Information on the Target Company II is set out in the paragraph headed "INFORMATION ON THE TARGET COMPANIES – Target Company II" in this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Shenzhen Warmsun, the Project Company, the Target Company II and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

7. INFORMATION ON THE TARGET COMPANIES

Target Company I

Target Company I is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The principal asset of Target Company I is Property I which is subject to a first mortgage dated 2 June 2023 entered into by Target Company I in favour of ATNT Group Management. As at the Latest Practicable Date, Target Company I is owned as to 70% by Pan-China Construction and 30% by Shine Sky.

A summary of the audited financial information of Target Company I for the two years ended 31 March 2022 and 31 March 2023 is set out below:

	For the year ended 31 March 2023 *HK$'000* *(audited)*	**For the year ended 31 March 2022** *HK$'000* *(audited)*
Net profit before taxation	86	22
Net profit after taxation	59	22

The unaudited net liability value of Target Company I as at 31 October 2023 was approximately HK$3.4 million.

As at the Latest Practicable Date, Property I was leased to 6 tenants. There is no vacant unit nor car park.

Details of the financial information of Target Company I is set out in Appendix IIA to this circular.

Target Company II

Target Company II is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The principal asset of Target Company II is Property II which is subject to a first mortgage dated 31 March 2021 entered into by Target Company II in favour of the Bank. As at the Latest Practicable Date, Target Company II is wholly owned by Shenzhen Warmsun.

As at the Latest Practicable Date, the outstanding amount due to the Bank was approximately HK$31.84 million.

A summary of the audited financial information of Target Company II for the two years ended 31 December 2022 and 31 December 2021 is set out below:

	For the year ended 31 December 2022	**For the year ended 31 December 2021**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Net loss before taxation	6,026	4,404
Net loss after taxation	6,026	4,404

Losses were incurred due to (i) depreciation and (ii) net change in fair value of investments at fair value through profit and losses when the Target Company II was able to generate rental income only in year 2022. Please refer to Appendix II the Accountants' Report of Target Company II (Page IIB-5).

The unaudited net asset value of Target Company II as at 31 October 2023 was approximately HK$37.7 million. Please refer to Appendix IIB Accountants' Report of Target Company II (Page IIB-6) for more details.

The Target Companies recorded net liabilities because (i) the Target Companies used to trade listed securities and recorded loss from trading listed securities and (ii) the market value of Property II has dropped.

The Target Companies no longer hold any listed securities and the principal asset of Target Company I is Property I and the principal asset of Target Company II is Property II. The Company intended to acquire the Property I and Property II and was interested in the rental incomes generated from the properties before entering into the Share Transfer Agreements. Therefore, although the Target Company I and Target Company II recorded net liabilities, the Directors are of the view that the Acquisitions are fair and reasonable to the Company.

Details of the financial information of Target Company II is set out in Appendix IIB to this circular.

As at the Latest Practicable Date, Property II was leased to 4 tenants. One carpark and one motorcycle parking are vacant. One office unit is vacant since 18 February 2024.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Target Company I and Target Company II are third parties independent of and not connected with the Company and its connected persons.

8. REASONS AND BENEFITS FOR THE ACQUISITIONS

Background

References are made to the announcements of the Company dated 22 August 2011, 25 October 2013, 16 October 2014, 26 October 2015, 30 November 2015, 4 January 2017, 29 March 2017 and 28 June 2019 and the circulars of the Company dated 19 September 2011, 15 February 2017 and 27 September 2019 in relation to the Cooperative Reconstruction Agreement. References are also made to the announcements of the Company dated 31 December 2021, 16 May 2022 and 2 June 2023 in relation to the updates of receivables due from and the additional security provided by the Project Company.

On 7 August 2011, PASL, a wholly-owned subsidiary of the Company, and Shenzhen Warmsun, entered into the Cooperative Reconstruction Agreement in relation to a re-development plan of two parcels of industrial lands located in Bao An District, Shenzhen, the PRC from industrial land into residential properties for resale, under which Shenzhen Warmsun agreed to pay a relocation compensation of RMB50 million to PASL and transfer the title of certain units of the re-developed property to PASL. On 13 September 2011, PASL and the Project Company entered into the Relocation Compensation Agreement in relation to the payment of the relocation compensation and transfer of the relevant re-developed property.

Subsequently, PASL, Shenzhen Warmsun and the Project Company entered into various supplemental agreements to supplement and amend the terms of the Cooperative Reconstruction Agreement and the Relocation Compensation Agreement. On 28 June 2019 and 9 September 2019, PASL, Shenzhen Warmsun and the Project Company further supplement and amend the terms of the Cooperative Reconstruction Agreement and the Relocation Compensation Agreement under which it was agreed that PASL would receive RMB2.8 billion as full and final settlement. As at the Latest Practicable Date, the Group has received a total sum of approximately RMB1.25 billion. As at 30 June 2021, the Group has received a total sum of approximately RMB1.25 billion. The remaining receivables under the Cooperative Reconstruction Agreement and the Relocation Compensation Agreement i.e. the Secured Liabilities was RMB1.55 billion. In accordance with the requirements of HKFRS 9, an expected credit loss was calculated and, as at 30 June 2021, a deferred consideration amounting to approximately HK$1.46 billion was recorded as part of Group's assets which represented the underlying Secured Liabilities to be received.

Since the second half of 2021, there have been dramatic changes to the macro environment in the property sector in China. Property developers had been confronted with unprecedented challenges with regard to liquidity and funding. In 2022, the Chinese authorities have introduced various stimulus measures to ensure a soft-landing on the property market. However, market sentiment remains very weak.

Given the weak market outlook of the property market in mainland China and that PASL received a letter in late 2021 from the Project Company explaining that the repayment of the Secured Liabilities would be delayed, the related company of the Project Company agreed to deposit an amount of HK$200,000,000 to the Group as a security against the repayment of the Secured Liabilities.

In order to further secure the repayment obligation by the Project Company, the Project Company has created a first legal charge in favour of PASL over 7,922 sq.m. office space located in Longhua, the PRC in May 2022.

On 2 June 2023, the Project Company and its related companies agreed to create (a) a first mortgage in respect of certain Hong Kong properties and (b) a first legal charge in respect of an additional 6,086 sq.m. of office space located in Longhua, the PRC. At the same time, PASL and its related companies agreed to return the security deposit of HK$200 million.

On 9 October 2023, PASL, Shenzhen Warmsun, the Project Company, Warmsun Holdings and Pan-China Engineering entered into the Further Agreement in relation to certain amendments to the credit enhancement arrangement under the Multi-party Collateral Agreement for the Secured Liabilities. On the same date, PASL and the Project Company entered into the Settlement Agreement under which titles of 15 units of retail properties situated at Longhua District, Shenzhen, PRC with a total gross area of 3,493.28 sq.m. were transferred from the Project Company to PASL on 19 October 2023. After the transfer of titles but subject to the receipt of VAT invoices, the Secured Liabilities will be reduced from RMB1.55 billion by approximately RMB205 million to RMB1.35 billion. Pursuant to the terms of the third supplement agreement of the Multi-Party Collateral Agreement (it was defined as "Further Agreement" in the Company's announcement dated 9 October 2023), the Group has discharged the first mortgage dated 2 June 2023 entered into by Ms. He in favour of ATNT Group Management in respect of certain units and car parks at Peak One, No. 63 Mei Tin Road, Sha Tin, New Territories, Hong Kong which was valued at HK$74,800,000 as at 1 June 2023 by an independent valuer. Shareholders are advised to refer to the circular issued by the Company dated 23 February 2024.

As at the Latest Practicable Date, the outstanding Secured Liabilities was approximately RMB1.55 billion. (excluding, among other, interest accrued thereon and liquidated damages) and is repayable on demand.

For any late payment, the Project Company is liable to pay to PASL a default interest of (i) RMB50,000 per day within the first six months; and (ii) RMB100,000 per day after the first six months. If a default is lasted for thirteen months or more, PASL is entitled to request a further default payment of RMB50 million as liquidated damages and claim any losses or damages in accordance with the laws of PRC. As at the Latest Practicable Date, the Group has received default interest in the amount of RMB48,400,000.

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

Reasons and benefits for the Acquisitions

The Group has been actively searching for business opportunities to diversify and broaden revenue sources of the Group and to generate returns and long-term value for the Shareholders. The Group intends to rent out Property I and Property II following completion of the Acquisitions which will generate stable income stream for the Group. The consideration for the Acquisitions will be satisfied by interest-free and unsecured promissory notes, which will be assigned to the Group to secure the Secured Liabilities. Therefore, the Group can acquire the properties without immediate cash outlay and the Acquisitions can serve as a credit enhancement to the Secured Liabilities. At the time of entering Share Transfer Agreement I and II, all industrial and office units of Property I and II are rented out and will bring immediate cash inflow to the Group after completion. The Company intends to engage property agents to find replacement tenants when existing tenancies expire.

The Company estimates the revenue contributed by property investment will be insignificant for the year ending 31 December 2023. As at the Latest Practicable Date, the Company does not have a detailed business plan for property investment. The Directors will continue to review the situation and will consider whether or not to commence a new business for property investment in 2024. The Company does not have any intention to dispose of, downsize or terminate any of its existing businesses.

The Secured Liabilities are the obligations under the Relocation Compensation Agreement and the Multi-party Collateral Agreement (each as defined under the Company's announcement dated 9 October 2023), which are obligations in the PRC. The Settlement Agreement related to the transfer of the Target Properties located in Shenzhen, PRC and the consideration represented an obligation in the PRC which could be offset against the Secured Liabilities. However, the Acquisitions involved acquisitions of shares in the Target Companies, which are companies incorporated in Hong Kong. The consideration represented an obligation in Hong Kong, which cannot be offset against an obligation in the PRC. Therefore, the Company agreed to settle the Acquisitions by issuing the promissory notes.

As such, the Directors are of the view that the terms of the Share Transfer Agreements are fair and reasonable and are on normal commercial terms and the entering into of the Share Transfer Agreements is in the interest of the Company and the Shareholders as a whole.

9. EFFECT OF THE ACQUISITIONS ON THE EARNINGS AND ASSETS OF THE COMPANY

Upon completion of the Share Transfer Agreements, the Target Companies will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Companies will be consolidated in the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular has been prepared to illustrate the financial effect of the Acquisitions.

Upon Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Company and the financial results, assets and liabilities of the Target Companies will be consolidated in the books and accounts of the Group. The unaudited pro-forma financial information of the Enlarged Group as set out in Appendix IV to this circular has been prepared to illustrate the financial effect of the Acquisitions.

(i) Effect on net assets

Based on the unaudited pro forma statement of financial position of the Enlarged Group as set out in Appendix IV to this circular which is prepared as if the Acquisitions had completed on 30 June 2023 to illustrate the effect of the Acquisitions, it is expected that the total assets of the Group would increase from approximately HK$1.71 billion to approximately HK$1.97 billion and the total liabilities of the Group would increase from approximately HK$444.8 million to approximately HK$641.8 million. As the expected increase in total assets is higher than the expected increase in total liabilities, the net assets attributable to owners of the Company would increase from approximately HK$1.27 billion to approximately HK$1.33 billion.

(ii) Effect on liquidity

As the considerations of both Acquisition I and Acquisition II are satisfied by interest-free and unsecured promissory notes issued by Purchaser I and Purchaser II respectively, there will not be any negative effect on the liquidity of the Company nor to the Group. On the other hands, the rental income will bring in recurring cash inflow to the Group.

(iii) Effect on earnings

The Acquisitions will enable the Group to generate rental income by leasing out the Target Properties. It is expected that subsequent to the Acquisitions, positive earnings before taxes will be recorded assuming current rental income will be maintained.

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would actually be after Completion.

10. RECONCILIATION OF FIGURES BETWEEN THE VALUATION REPORTS AND THE ACCOUNTANTS' REPORTS

Reconciliation between the net book value of Property I as at 31 October 2023 and the valuation of the same as at 31 December 2023 is set out below:

	Property I
	HKD'000
Net book value of Property I as per the Accountants' report as at 31 October 2023	37,950
Adjustment between the carrying amount under the cost model and the fair value	44,450
Fair value of Property I as at 31 October 2023	82,400
Movements for the two months ended 31 December 2023 (unaudited)	
– Change in fair value	(5,000)
Fair value of Property I as at 31 December 2023 as per the Valuation Report	77,400

Reconciliation between the net book value of Property II as at 31 October 2023 and the valuation of the same as at 31 December 2023 is set out below:

	Property II
	HKD'000
Net book value of Property II per Accountants' report at 31 October 2023	91,115
Movements for the two months ended 31 December 2023 (unaudited)	
– Change in fair value	0
Fair value of Property II as at 31 December 2023 as per the Valuation Report	91,115

11. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions is 25% or more but below 100%, the Acquisitions constitute a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, no Shareholder has any material interest in the Acquisitions, and therefore no Shareholder would be required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisitions. The Company has obtained the written approval of the Acquisitions by a closely allied group of Shareholders comprising Mr. Lam and Medusa, Karfun and J&A, which are all controlled by Mr. Lam. Each of Mr. Lam, Medusa, Karfun and J&A holds 3,474,667 Shares, 48,520,666 Shares, 201,995,834 Shares and 19,400,000 Shares respectively, together holding approximately 69.40% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Acquisitions.

If the Company were to convene a general meeting for the approval of the Acquisitions and voting was required, the Directors would have recommended the Shareholders to vote in favour of such resolutions based on the reasons set out in this letter.

12. ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Asia Tele-Net and Technology Corporation Limited
Lam Kwok Hing ***M.H., J.P.***
Chairman and Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 were set out in the relevant annual reports of the Company and the relevant interim report of the Company posted on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.atnt.biz/index.html). Please also see below quick links to the relevant financial reports:

(a) Annual report of the Company for the year ended 31 December 2020 published on 29 April 2021 (pages 52 to 138):
https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900453.pdf

(b) Annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (pages 50 to 132):
https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042902540.pdf

(c) Annual report of the Company for the year ended 31 December 2022 published on 28 April 2023 (pages 49 to 132):
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801238.pdf

(d) Interim report of the Company for the six months ended 30 June 2023 published on 14 September 2023 (pages 32 to 54):
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0914/2023091400656.pdf

2. STATEMENT OF INDEBTEDNESS

As at 31 January 2024, being the latest practicable date or the purpose of preparing the indebtedness statement, the Group had a bank borrowing of HK$31,523,000, which was secured by certain Hong Kong properties held by the Group and was guaranteed by a former shareholder of a subsidiary of the Group, and lease liabilities of approximately HK$13,340,000, which were secured by rental deposits and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 January 2024, any other debt securities issued or outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

3. WORKING CAPITAL OF THE GROUP

The Directors, after due and careful enquiry, are of the opinion that, taking into account the financial resources including the internally generated funds as well as the effect of the transactions contemplated under the Share Transfer Agreements, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Business review on electroplating equipment in Printed Circuit Boards ("PCB") sector

This sector is traded through our subsidiary Process Automation International Ltd ("**PAL**").

Two main markets driving our revenue in PCB sector are PCBs used in smartphone and car. The development of car industry is elaborated in our other sector, surface finishing sector, below.

In the third quarter of 2023, worldwide smartphone shipments experienced a marginal 0.1% decline, totaling 302.8 million units, as per preliminary data from the International Data Corporation ("**IDC**").

Top 5 Companies, Worldwide Smartphone Shipments, Market Share, and Year-Over-Year Growth, Q3 2023 (Preliminary results, shipments in millions of units)

Company	3Q23 Shipments	3Q23 Market Share	3Q22 Shipments	3Q22 Market Share	Year-Over-Year Change
1. Samsung	59.5	19.7%	65.0	21.4%	-8.4%
2. Apple	53.6	17.7%	52.3	17.2%	2.5%
3. Xiaomi	41.5	13.7%	40.5	13.4%	2.4%
4. OPPO	27.0	8.9%	28.9	9.5%	-6.5%
5. Transsion	26.0	8.6%	19.2	6.3%	35.0%
Others	95.1	31.4%	97.2	32.1%	-2.1%
Total	**302.8**	**100.0%**	**303.1**	**100.0%**	**-0.1%**

Source: IDC on 26 October 2023

Despite ongoing economic uncertainties, soft demand, inflation, and geopolitical tensions, some vendors are cautiously increasing their shipments, following a significant 6.8% year-over-year decline in global smartphone shipments in the previous quarter. Although the decline has narrowed, annual worldwide smartphone shipments are forecast to drop from 1.21 billion units in year 2022 to 1.15 billion units in year 2023.

Business review on electroplating equipment in surface finishing ("SF") sector

This sector is traded through our subsidiary PAL Surface Treatment Systems Ltd ("PSTS").

The revenue of SF sector, for past few years, was mainly streamed from multinational companies selling automotive parts. Trend of global car sales will have impact over our equipment sales.

According to an analytical report released by INK Think recently, light vehicle sales saw a strong rebound in 2023, reflecting a demand overhang from previous years which were disrupted by the Covid-19 pandemic and supply chain interruptions. The top three largest auto markets remain China, the United States and Europe.

Car sales in China soared by 13.8% year-on-year in October 2023 to 2.85 million units, marking the third consecutive month of growth. It is believed that the increase in sales was boosted by a series of auto shows and promotion activities amid recent new model launches.

Despite Ongoing United Auto Workers strike and political uncertainties, car sales in the United States are expected to rise by nearly 4% on year-over-year basis according to October data.

Car sales in Europe has reported a moderate growth between 2-3% increase for the month of October 2023 but the year-to-date numbers remain in negative territory.

The process of electrification continued to progress over the course of this year, with China leading among the three key regional auto markets. The share of the new energy vehicle sales in China has exceeded 30% in the fiscal year of 2023.

Outlook

With a relatively weak global demand over smartphone but a recovering car sales market, we are confident that our revenue in year 2023 will be a bit higher than last year. However, we remain cautious over our general financial performance such as our gross profit and overhead level because of inflation. With bank interest staying high at the region between 4-6%, cost of borrowing is high and it suppresses capital investment sentiment. High interest rate also squeezes down cash liquidity, the management will stay alert on general commercial risks such as bad debt risk.

The following is the text of a report set out on pages IIA-1 to IIA-22, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TREASURE CHANCE PROPERTIES LIMITED TO THE DIRECTORS OF ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

Introduction

We report on the historical financial information of Treasure Chance Properties Limited (the "Target Company") set out on pages IIA-4 to IIA-22, which comprises the statements of financial position of the Target Company as at 31 December 2020, 2021, 2022 and 31 October 2023 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 31 December 2022 and the ten months ended 31 October 2023 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IIA-4 to IIA-22 forms an integral part of this report, which has been prepared for inclusion in the circular of Asia Tele-Net and Technology Corporation Limited (the "Company") dated 8 March 2024 (the "Circular") in connection with the Acquisitions (as defined in the Circular).

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2020, 2021, 2022 and 31 October 2023 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the ten months ended 31 October 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIA-4 have been made.

Dividends

We refer to Note 9 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 March 2024

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December			For the ten months ended 31 October	
	NOTES	**2020**	**2021**	**2022**	**2022**	**2023**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Revenue – rental income	*5*	2,283,824	2,518,000	2,639,000	2,199,000	2,213,403
Other losses		–	–	–	–	(416,196)
Depreciation		(1,603,545)	(1,915,644)	(2,019,676)	(1,683,063)	(1,648,386)
Other expenses		(815,190)	(709,967)	(555,443)	(492,812)	(552,992)
(Loss) profit before taxation	*6*	(134,911)	(107,611)	63,881	23,125	(404,171)
Taxation	*7*	(68,323)	(155,576)	11,859	(4,447)	(1,931)
(Loss) profit and total comprehensive (expense) income for the year/period		(203,234)	(263,187)	75,740	18,678	(406,102)

STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2020 HK$	As at 31 December 2021 HK$	As at 31 December 2022 HK$	As at 31 October 2023 HK$
Non-current assets					
Investment properties	10	42,493,928	40,890,383	39,286,838	37,950,552
Motor vehicles	11	–	1,352,427	936,296	–
Amount due from a director	12	5,906,023	4,834,069	–	–
Amount due from a related party	12	1,100,000	2,280,000	–	–
Other debtors and deposits		80,193	80,193	80,193	113,073
		49,580,144	49,437,072	40,303,327	38,063,625
Current assets					
Amount due from a director	12	–	–	4,867,672	–
Amount due from a related party	12	–	–	4,000,000	–
Tax recoverable		65,850	31,528	31,528	–
Cash and cash equivalents	13	342,025	307,892	693,350	635,470
		407,875	339,420	9,592,550	635,470
Current liabilities					
Amount due to shareholders	14	52,118,984	52,118,984	52,118,984	41,361,334
Rental deposit received		447,388	477,000	477,000	477,000
Other payables		112,000	–	55,504	25,226
Tax payables		–	–	–	41,435
		52,678,372	52,595,984	52,651,488	41,904,995
Net current liabilities		(52,270,497)	(52,256,564)	(43,058,938)	(41,269,525)
		(2,690,353)	(2,819,492)	(2,755,611)	(3,205,900)
Capital and reserves					
Share capital	15	100	100	100	100
Accumulated loss		(2,823,862)	(3,087,049)	(3,011,309)	(3,417,411)
		(2,823,762)	(3,086,949)	(3,011,209)	(3,417,311)
Non-current liabilities					
Deferred tax liabilities	16	133,409	267,457	255,598	211,411
		(2,690,353)	(2,819,492)	(2,755,611)	(3,205,900)

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated loss	Total
	HK$	*HK$*	*HK$*
At 1 January 2020	100	(2,620,628)	(2,620,528)
Loss and total comprehensive expense for the year	–	(203,234)	(203,234)
At 31 December 2020	100	(2,823,862)	(2,823,762)
Loss and total comprehensive expense for the year	–	(263,187)	(263,187)
At 31 December 2021	100	(3,087,049)	(3,086,949)
Profit and total comprehensive income for the year	–	75,740	75,740
At 31 December 2022	100	(3,011,309)	(3,011,209)
Loss and total comprehensive expense for the period	–	(406,102)	(406,102)
At 31 October 2023	100	(3,417,411)	(3,417,311)
At 1 January 2022	100	(3,354,505)	(3,354,405)
Profit and total comprehensive income for the period (unaudited)	–	18,678	18,678
At 31 October 2022 (unaudited)	100	(3,335,827)	(3,335,727)

STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before taxation	(134,911)	(107,611)	63,881	23,125	(404,171)
Adjustments for:					
Depreciation of investment properties	1,603,545	1,603,545	1,603,545	1,336,286	1,336,286
Depreciation of motor vehicles	–	312,099	416,131	346,777	312,100
Loss on disposal of motor vehicles	–	–	–	–	416,196
Operating cash flows before movements in working capital	1,468,634	1,808,033	2,083,557	1,706,188	1,660,411
Increase in other debtors and deposits	–	–	–	–	(32,880)
(Decrease) increase in rental deposits received	(97,760)	29,612	–	–	–
Increase (decrease) in other payables	84,615	(112,000)	55,504	49,473	(30,278)
Cash generated from operation	1,455,489	1,725,645	2,139,061	1,755,661	1,597,253
Income tax (paid) refunded	(111,700)	12,794	–	–	26,845
NET CASH FROM OPERATING ACTIVITIES	1,343,789	1,738,439	2,139,061	1,755,661	1,624,098
INVESTING ACTIVITIES					
Purchase of motor vehicles	–	(1,664,526)	–	–	–
Proceeds from disposal of motor vehicles	–	–	–	–	208,000
Advances to a director	(2,798,950)	(573,530)	(50,445)	(12,725)	(848,476)
Repayment from a director	–	1,645,484	16,842	–	–
Advances to a related party	(1,100,000)	(1,180,000)	(1,720,000)	(1,020,000)	(800,000)
NET CASH USED IN INVESTING ACTIVITIES	(3,898,950)	(1,772,572)	(1,753,603)	(1,032,725)	(1,440,476)
CASH USED IN FINANCING ACTIVITY					
Repayment to shareholders	–	–	–	–	(241,502)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,555,161)	(34,133)	385,458	722,936	(57,880)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	2,897,186	342,025	307,892	307,892	693,350
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	342,025	307,892	693,350	1,030,828	635,470

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Target Company is a private limited liability company incorporated in Hong Kong. Prior to 15 November 2023, its immediate and ultimate holding company were Pan-China Construction Investment Co., Limited, a private limited liability company incorporated in Hong Kong and 深圳市瑞和生物技術有限公司 (Shenzhen Ruihe Biotechnology Company Limited*), a private limited liability company incorporated in People's Republic of China, and Mr. Xiao Tanping, Ms. He Yuanfeng, Ms. Xiao Jielan and Ms. Xiao Manzhen were collectively the ultimate controlling party. On 15 November 2023, the entire equity interest in the Target Company has been transferred to Prosmart Developments Limited, a limited liability company incorporated in the British Virgins Islands and it became the new immediate holding company of the Target Company. The ultimate holding company of the Target Company has been changed to Asia Tele-Net and Technology Corporation Limited, an exempted company with limited liability incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The ultimate controlling party of the Target Company becomes Mr. Lam Kwok Hing. The Target Company will change the financial year end from 31 March to 31 December in 2023 in order to align with the year end of the new ultimate holding company.

The Target Company's registered office was located at Unit 1, 14/F., New Trend Centre, 104 King Fuk Street, San Po Kong, Kowloon, Hong Kong and has changed to Rooms 607-610, 6/F., Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong since 15 November 2023.

The principal activity of the Target Company is property investment.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRSs.

The Historical Financial Information has been prepared on a going concern basis because Asia Tele-Net and Technology Corporation Limited has agreed on 31 December 2023 to provide adequate funds to enable the Target Company to meet in full its financial obligations as they fall due in the foreseeable future.

The statutory financial statements of the Target Company were prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and audited by C.C. Luk & Co., certified public accountants registered in Hong Kong.

The historical financial information contained in this Circular does not constitute the Target Company's statutory annual financial statements for any of the financial years ended 31 December 2020, 2021 and 2022. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Target Company is a private company, the Target Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Target Company's auditor has reported on these financial statements for the years ended 31 March 2021, 2022 and 2023. The independent auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. ADOPTION OF AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2023 throughout the Relevant Periods.

At the date of this report, the following amendments to HKFRSs have been issued which are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Target Company anticipate that the application of amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosure required by the Rules Governing the Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rental income which is derived from ordinary course of business are presented as revenue.

Property, plant and equipment

Property, plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from loss before tax as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Target Company recognises a loss allowance for expected credit loss ("ECL") on financial assets (including amounts due from a director and a related party, other debtors and deposits and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including amount due to shareholders, other payables and rental deposits received are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the rental income from the investment properties during the Relevant Periods.

The directors of the Target Company are identified as the chief operating decision marker for the purposes of resource allocation and performance assessment. The Target Company currently holds certain office properties for investment purpose, which is considered to be a single operating segment. Accordingly, no segment information is reported except for the entity-wide disclosures. For the Relevant Periods, all revenue and non-current assets of the Target Company are derived and located in Hong Kong.

Information about major customers

The following is an analysis of revenue from customers of the corresponding year/period contributing over 10% of the revenue of the Target Company.

	For the year ended 31 December			For the ten months ended 31 October	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Tenant A	735,965	–	–	–	–
Tenant B	350,776	N/A*	–	–	–
Tenant C	379,650	396,000	363,000	330,000	330,000
Tenant D	408,333	408,333	N/A*	N/A*	320,000
Tenant E	350,000	–	–	–	–
Tenant F	–	880,000	960,000	800,000	800,000
Tenant G	–	N/A*	387,750	323,125	N/A*
Tenant H	N/A*	384,000	352,000	320,000	330,000

* Revenue for the corresponding year/period did not contribute over 10% of the revenue of the Target Company.

6. (LOSS) PROFIT BEFORE TAXATION

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
(Loss) profit before taxation has been arrived at after charging:					
Auditor's remuneration	15,300	15,300	15,600	13,000	–
Directors' emoluments	–	–	–	–	–
Staff cost (including contribution to retirement benefit scheme of HK$8,461)	202,684	–	–	–	–
Loss on disposal of motor vehicle (included in other losses)	–	–	–	–	416,196

No remuneration was paid or is payable to the directors in respect of their services for the year/period. The directors received remunerations from entities in the group headed by 深圳市瑞和生物科技技術有限公司 (Shenzhen Ruihe Biotechnology Company Limited*). The directors are of the opinion that the services provided to the Target Company only occupy an insignificant amount of their time and therefore it is concluded that the directors are not remunerated for such services.

7. TAXATION

Hong Kong Profits Tax is calculated at 8.25% of the estimated assessable profit for the Relevant Periods as the Target Company is the qualifying corporation for two-tiered profits tax rates and the assessable profit (if any) for each of the reporting period are below HK$2 million. For the years ended 31 December 2020, 2021 and 2022, the Target Company is also eligible for tax concession of HK$10,000, HK$10,000 and HK$6,000 respectively, wherever applicable.

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Current tax	(45,850)	(21,528)	–	–	(46,118)
Deferred tax *(note 16)*	(22,473)	(134,048)	11,859	(4,447)	44,187
	(68,323)	(155,576)	11,859	(4,447)	(1,931)

Taxation for the year/period is reconciled to the (loss) profit before taxation per the statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
(Loss) profit before taxation	(134,911)	(107,611)	63,881	23,125	(404,171)
Tax at Hong Kong Profits tax rate of 8.25%	(11,130)	(8,878)	5,270	1,908	(33,344)
Tax effect of expenses not deductible	68,792	68,792	68,792	57,327	57,327
Tax effect of tax losses not recognised	11,486	96,487	–	–	–
Utilization of tax losses not previously recognised	–	–	(85,921)	(54,788)	(22,052)
Tax concessions	(825)	(825)	–	–	–
Taxation for the year/period	68,323	155,576	(11,859)	4,447	1,931

As at 31 December 2020, 2021, 2022 and 31 October 2023, the Target Company had estimated unused tax losses of approximately HK$139,224, HK$1,308,764, HK$267,297 and nil respectively available for offset against future profits. No deferred tax asset has been recognised due to the uncertainty of future profit streams. The losses may be carried forward indefinitely.

8. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

9. DIVIDENDS

No dividend was paid or declared by the Target Company in respect of the Relevant Periods.

10. INVESTMENT PROPERTIES

The Target Company leases out its office properties under operating leases for one to three years under fixed monthly rentals.

	Cost	Depreciation	Carrying values
	HK$	*HK$*	*HK$*
At 1 January 2020	54,322,286	10,224,813	
Provided for the year	–	1,603,545	
At 31 December 2020	54,322,286	11,828,358	42,493,928
Provided for the year	–	1,603,545	
At 31 December 2021	54,322,286	13,431,903	40,890,383
Provided for the year	–	1,603,545	
At 31 December 2022	54,322,286	15,035,448	39,286,838
Provided for the period	–	1,336,286	
At 31 October 2023	54,322,286	16,371,734	37,950,552

Investment properties are depreciated over the term of lease.

The fair value of the investment properties at 31 October 2023 amounted to HK$82,400,000, which is determined with reference to the contracted selling price of the equity interest of the Target Company dated 1 November 2023. This is classified as a Level 2 hierarchy fair value measurement.

The Target Company's investment properties at 31 October 2023 are pledged as a first mortgage in favour of a subsidiary of Asia Tele-Net and Technology Corporation Limited as security for an amount payable by a fellow subsidiary of the Target Company, namely 深圳市寶盛龍悦實業投資有限公司 (Shenzhen Bao Sheng Long Yue Industrial Investment Company Limited*), in respect of the re-development of a property project.

11. MOTOR VEHICLES

	HK$
COST	
At 1 January 2020 and 31 December 2020	–
Purchase	1,664,526
At 31 December 2021 and 31 December 2022	1,664,526
Disposal *(Note 20)*	(1,664,526)
At 31 October 2023	–
DEPRECIATION	
At 1 January 2020 and 31 December 2020	–
Provided for the year	312,099
At 31 December 2021	312,099
Provided for the year	416,131
At 31 December 2022	728,230
Provided for the period	312,100
Eliminated upon disposal	(1,040,330)
At 31 October 2023	–
CARRYING VALUES	
At 31 December 2020	–
At 31 December 2021	1,352,427
At 31 December 2022	936,296
At 31 October 2023	–

Motor vehicles are depreciated on a straight-line basis at 25% per annum.

12. AMOUNTS DUE FROM A DIRECTOR AND A RELATED PARTY

The amounts due from a director and a related party amounted to HK$3,107,073 and nil, respectively, at 1 January 2020. Amount due from a director, namely Mr. Xiao Tanping, at 31 December 2020, 2021 and 2022 are non-trade nature, unsecured, interest-free and repayable on demand. The amount represents advances to the director. During the years ended 31 December 2020, 2021 and 2022 and the ten months ended 31 October 2023, the maximum balances outstanding in respect of such amounts amounted to HK$5,906,023, HK$6,479,553, HK$4,884,514 and HK$5,716,147, respectively.

Amount due from a related party, namely Ms. Xiao Manzhen, at 31 December 2020, 2021 and 2022 are non-trade nature, unsecured, interest-free and repayable on demand. The amount represents advances to a related party. During the years ended 31 December 2020, 2021 and 2022 and the ten months ended 31 October 2023, the maximum balances outstanding in respect of such amounts amounted to HK$1,100,000, HK$2,280,000, HK$4,000,000 and HK$4,800,000, respectively.

At 31 December 2020 and 2021, in the opinion of the management of the Target Company, all these balances are not expected to be recovered within twelve months after the end of the reporting period and therefore are classified as non-current assets. At 31 December 2022, in the opinion of the management of the Target Company, all these balances are expected to be recovered within twelve months after the end of the reporting period and therefore are classified as current assets. During the ten months ended 31 October 2023, the amounts due from a director and a related party with an aggregate amount of HK$10,516,148 were offset against amount due to shareholders.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are bank balances which carry interest at prevailing market rates.

14. AMOUNT DUE TO SHAREHOLDERS

Amount due to shareholders are unsecured, interest-free and repayable on demand. The amount represents advances from the shareholders. On 15 November 2023, the balance of the amount due to shareholders amounting to HK$42,250,062 were novated to the immediate holding company following the change in shareholding of the Target Company as detailed in note 1.

15. SHARE CAPITAL

	As at 31 December			As at 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
Issued and fully paid:				
100 ordinary shares	100	100	100	100

16. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation
	HK$
At 1 January 2020	110,936
Charge for the year	22,473
At 31 December 2020	133,409
Charge for the year	134,048
At 31 December 2021	267,457
Credit for the year	(11,859)
At 31 December 2022	255,598
Credit for the period	(44,187)
At 31 October 2023	211,411

17. OPERATING LEASE ARRANGEMENTS

The Target Company's investments properties have committed leases for next one to three years.

Undiscounted lease payment receivable on leases are as follows:

	At 31 December			At 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	1,336,333	2,289,847	2,347,063	1,764,000
In the second year	834,097	1,171,063	934,000	394,500
In the third year	–	80,000	238,500	–
	2,170,430	3,540,910	3,519,563	2,158,500

18. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Company mainly consists of amount due to shareholders.

The directors review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Target Company will balance its overall capital structure through the payment of dividends and issuance of new shares.

19. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 31 October
	2020	2021	2022	2023
	HK$	*HK$*	*HK$*	*HK$*
Financial assets at amortised cost	7,428,241	7,502,154	9,641,215	748,543
Financial liabilities at amortised cost	52,678,372	52,595,984	52,651,488	41,863,560

Financial risk management objectives and policies

The Target Company's major financial instruments include other debtors and deposits, amounts due from/to a director/a related party/shareholders, cash and cash equivalents, other payables and rental deposits received. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Target Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances at the end of each reporting period. The Target Company currently does not have any interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analyses on the Target Company's exposure to interest rates is not presented as the management of the Target Company considers the exposure to cash flow interest rate risk arising from variable-rate bank balances is not significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. The Target Company's credit risk exposures are primarily attributable to amounts due from a director/a related party. The Target Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

The Target Company performed impairment assessment for financial assets under expected credit loss model. The estimated loss rates are estimated based on historical credit loss experience of the debtors and forward-looking information (for example, the economic growth rates which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort or proxy to loss rates published by international credit-rating agencies. Such forward-looking information is used by the management of the Target Company to assess both the current as well as the forecast direction of conditions at the reporting date. The internal credit rating categories are regularly reviewed by the management of the Target Company to ensure relevant information about specific debtors is updated.

Amounts due from a director/a related party

The Target Company considers the amounts due from a director and a related party could be recovered considering the financial resources owned by the director in Hong Kong as well as the loans to the Target Company from shareholders which is also held by the same director. As such, the loss given default for these particular amounts is insignificant and therefore expected credit loss is considered to be insignificant. These amounts were settled through offsetting arrangement in October 2023 (note 12).

Bank balances

The Target Company only placed deposits in reputable banks with high credit ratings assigned by the international rating agencies. At the end of each reporting period, the Target Company performed impairment assessment on bank balances by reference to probability of default and loss given default by credit rating grades published by international credit-rating agencies and concluded that expected credit loss is insignificant.

Other debtors and deposits

The Target Company has taken into account the economic outlook of the industries in which the debtors operate, and concluded that there has been no significant increase in credit risk since initial recognition. The expected credit loss on other debtors is considered to be insignificant.

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. On 31 December 2023, Asia Tele-Net and Technology Corporation Limited has agreed to provide adequate funds to the Target Company to enable the Target Company to meet in full its financial obligations as they fall due in the foreseeable future.

The Target Company's financial liabilities are non-interest bearing and repayable either on demand or within three months, accordingly to the remaining contractual maturity on the basis of the earliest date on which the Target Company can be required to settle.

Fair value measurements of financial instruments

The fair value of the Target Company's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The management of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

20. RELATED PARTY TRANSACTIONS

Details of the balances at the end of each reporting period and transactions with related parties during the Relevant Periods are disclosed in the statements of financial position, statements of cash flows and the related notes.

During the ten months ended 31 October 2023, the Target Company has disposed of the motor vehicle to its then ultimate controlling shareholder for cash consideration of HK$208,000, resulting in a loss on disposal of motor vehicles amounting to HK$416,196.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amounts due to shareholders
	HK$
At 1 January 2020, 31 December 2020, 31 December 2021 and 31 December 2022	52,118,984
Offsetting of amounts due from a director and related party *(note 12)*	(10,516,148)
Financing cash flows	(241,502)
At 31 October 2023	41,361,334

22. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 October 2023.

The following is the text of a report set out on pages IIB-1 to IIB-26, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SINGKEI REAL ESTATE INVESTMENT CO., LIMITED TO THE DIRECTORS OF ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

Introduction

We report on the historical financial information of Singkei Real Estate Investment Co., Limited (the "Target Company") set out on pages IIB-4 to IIB-26, which comprises the statements of financial position of the Target Company as at 31 December 2020, 2021, 2022 and 31 October 2023 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 31 December 2022 and the ten months ended 31 October 2023 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IIB-4 to IIB-26 forms an integral part of this report, which has been prepared for inclusion in the circular of Asia Tele-Net and Technology Corporation Limited (the "Company") dated 8 March 2024 (the "Circular") in connection with the Acquisitions (as defined in the Circular).

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2020, 2021, 2022 and 31 October 2023 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the ten months ended 31 October 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIB-4 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 March 2024

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December			For the ten months ended 31 October	
	NOTES	**2020**	**2021**	**2022**	**2022**	**2023**
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
					(Unaudited)	
Revenue - rental income	*5*	–	–	1,478,686	1,076,097	2,062,380
Other income	*6*	1,247,606	175,049	433,067	403,945	454,011
Other losses	*7*	(179,674)	(1,366,569)	(3,800,898)	(8,766,718)	(3,247,473)
Depreciation of investment properties		–	(2,061,809)	(2,749,079)	(2,290,899)	(2,290,899)
Impairment loss of investment properties	*12*	–	–	–	–	(24,575,370)
Other expenses		(42,496)	(654,270)	(530,337)	(620,150)	(144,186)
Finance costs		–	(496,367)	(857,424)	(674,972)	(1,019,242)
Profit (loss) before taxation	*8*	1,025,436	(4,403,966)	(6,025,985)	(10,872,697)	(28,760,779)
Taxation	*9*	–	–	–	–	–
Profit (loss) and total comprehensive income (expense) for the year/period		1,025,436	(4,403,966)	(6,025,985)	(10,872,697)	(28,760,779)

STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2020 HK$	2021 HK$	2022 HK$	As at 31 October 2023 HK$
Non-current assets					
Investment properties	12	–	120,730,348	117,981,269	91,115,000
Deposits	13	26,422,404	200,173,930	200,311,952	136,789
Amount due from a director	15	110,203,889	149,104,613	–	–
Amount due from a fellow subsidiary	15	114,061,465	109,061,465	–	–
		250,687,758	579,070,356	318,293,221	91,251,789
Current assets					
Investments at fair value through profit or loss	14	–	10,212,220	12,987,988	–
Amount due from a director	15	–	–	154,634,970	–
Amount due from a fellow subsidiary	15	–	–	109,109,515	–
Amounts due from related companies	15	259,000,000	36,000,000	36,007,705	–
Rental receivables	16	–	–	352,837	301,977
Bank deposits	17	105,281,099	–	–	–
Cash and cash equivalents	17	12,127,947	32,079,227	18,686,922	2,709,199
		376,409,046	78,291,447	331,779,937	3,011,176
Current liabilities					
Other payable		28,800	188,393	90,000	12,360
Rental deposits received		–	208,000	453,242	477,962
Amount due to related companies	18	396,478,515	396,478,515	396,467,515	–
Amount due to immediate holding company	18	229,125,996	229,125,996	229,125,996	99,658,932
Bank borrowings	19	–	34,301,372	32,902,863	31,840,948
		625,633,311	660,302,276	659,039,616	131,990,202
Net current liabilities		(249,224,265)	(582,010,829)	(327,259,679)	(128,979,026)
Total asset less current liabilities		1,463,493	(2,940,473)	(8,966,458)	(37,727,237)
Capital and reserves					
Share capital	20	10,000	10,000	10,000	10,000
Reserves		1,453,493	(2,950,473)	(8,976,458)	(37,737,237)
		1,463,493	(2,940,473)	(8,966,458)	(37,727,237)

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits (accumulated losses)	Total
	HK$	*HK$*	*HK$*
At 1 January 2020	10,000	428,057	438,057
Profit and total comprehensive income for the year	–	1,025,436	1,025,436
At 31 December 2020	10,000	1,453,493	1,463,493
Loss and total comprehensive expense for the year	–	(4,403,966)	(4,403,966)
At 31 December 2021	10,000	(2,950,473)	(2,940,473)
Loss and total comprehensive expense for the year	–	(6,025,985)	(6,025,985)
At 31 December 2022	10,000	(8,976,458)	(8,966,458)
Loss and total comprehensive expense for the period	–	(28,760,779)	(28,760,779)
At 31 October 2023	10,000	(37,737,237)	(37,727,237)
At 1 January 2022	10,000	(2,950,473)	(2,940,473)
Loss and total comprehensive expense for the period (unaudited)	–	(10,872,697)	(10,872,697)
At 31 October 2022 (unaudited)	10,000	(13,823,170)	(13,813,170)

STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	1,025,436	(4,403,966)	(6,025,985)	(10,872,697)	(28,760,779)
Adjustments for:					
Interest income	(1,247,606)	(156,956)	(13,117)	(3,471)	(79,621)
Dividend income	–	(18,093)	(419,950)	(400,474)	(374,390)
Net change in fair value of investments at fair value through profit or loss	–	1,366,569	3,800,898	8,766,718	3,192,595
Impairment of investment properties	–	–	–	–	24,575,370
Depreciation of investment properties	–	2,061,809	2,749,079	2,290,899	2,290,899
Finance costs	–	496,367	857,424	674,972	1,019,242
Operating cash flows before movements in working capital	(222,170)	(654,270)	948,349	455,947	1,863,316
(Increase) decrease in deposits	–	(173,930)	(138,022)	(138,022)	175,163
Increase (decrease) in other payables	1,445	159,593	(98,393)	24,656	(77,640)
Increase in rental deposits received	–	208,000	245,242	245,242	24,720
(Increase) decrease in rental receivable	–	–	(352,837)	(79,421)	50,860
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(220,725)	(460,607)	604,339	508,402	2,036,419
INVESTING ACTIVITIES					
Interest received	1,247,606	156,956	13,117	3,471	79,621
Dividend received	–	18,093	419,950	400,474	374,390
Placement of bank deposits	(105,281,099)	–	–	–	–
Release of bank deposits	–	105,281,099	–	–	–
Advance to a director	–	(38,900,724)	(5,530,357)	(5,530,357)	–
Repayment from a director	22,370,285	–	–	–	–
Advance to a fellow subsidiary	(20,000,000)	–	(48,050)	(48,050)	(226,182,389)
Repayment from a fellow subsidiary	–	5,000,000	–	–	–
Advance to related companies	(259,000,000)	–	(7,705)	(7,705)	–
Repayment from related companies	–	223,000,000	–	–	–
Deposit for acquisition of investment properties	(26,422,404)	–	–	–	–
Acquisition of investment properties	–	(96,369,753)	–	–	–
Payment on behalf of a related company relating to a settlement obligation	–	(200,000,000)	–	–	–
Return of the payment on behalf of a related company relating to a settlement obligation	–	–	–	–	200,000,000
Acquisitions of investments at fair value through profit or loss	–	(11,578,789)	(16,684,663)	(16,684,663)	–
Disposals of investments at fair value through profit or loss	–	–	10,107,997	5,975,871	9,795,393
NET CASH USED IN INVESTING ACTIVITIES	(387,085,612)	(13,393,118)	(11,729,711)	(15,890,959)	(15,932,985)

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
FINANCING ACTIVITIES					
Repayment to related companies	–	–	(11,000)	(11,000)	–
Advance from related companies	336,478,515	–	–	–	–
New bank borrowings raised	–	35,400,000	–	–	–
Repayments of bank borrowings	–	(1,098,628)	(1,398,509)	(1,180,518)	(1,061,915)
Interest paid	–	(496,367)	(857,424)	(674,972)	(1,019,242)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	336,478,515	33,805,005	(2,266,933)	(1,866,490)	(2,081,157)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(50,827,822)	19,951,280	(13,392,305)	(17,249,047)	(15,977,723)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	62,955,769	12,127,947	32,079,227	32,079,227	18,686,922
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	12,127,947	32,079,227	18,686,922	14,830,180	2,709,199

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Target Company is a private limited liability company incorporated in Hong Kong. Prior to 15 November 2023, its immediate and ultimate holding company were 深圳市華盛智地集團有限公司 (Shenzhen Warmsun Zhi-di Group Company Limited*) and 深圳市瑞和生物技術有限公司 (Shenzhen Ruihe Biotechnology Company Limited*), which are both private limited liability companies incorporated in People's Republic of China, and Mr. Xiao Tanping, Ms. He Yuanfeng, Ms. Xiao Jielan and Ms. Xiao Manzhen were collectively the ultimate controlling party. On 15 November 2023, the entire equity interest in the Target Company has been transferred to Cheer Point Corporation Limited, a limited liability company incorporated in Hong Kong and it became the new immediate holding company of the Target Company. The ultimate holding company of the Target Company has been changed to Asia Tele-Net and Technology Corporation Limited, an exempted company with limited liability incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The ultimate controlling party of the Target Company becomes Mr. Lam Kwok Hing.

The Target Company's registered office was located at Unit 1, 14/F., New Trend Centre, 104 King Fuk Street, San Po Kong, Kowloon, Hong Kong and has changed to Rooms 607 - 610, 6/F, Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong since 15 November 2023.

The principal activities of the Target Company is property investment and securities investment.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRSs.

The Historical Financial Information has been prepared on a going concern basis because Asia Tele-Net and Technology Corporation Limited has agreed on 31 December 2023 to provide adequate funds to enable the Target Company to meet in full its financial obligation as they fall due in the foreseeable future.

The statutory financial statements of the Target Company were prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and audited by C.C. Luk & Co., certified public accountants registered in Hong Kong.

The historical financial information contained in this Circular does not constitute the Target Company's statutory annual financial statements for any of the financial years ended 31 December 2020, 2021 and 2022. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Target Company is a private company, the Target Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Target Company's auditor has reported on these financial statements for all three years. The independent auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. ADOPTION OF AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2023 throughout the Relevant Periods.

At the date of this report, the following amendments to HKFRSs have been issued which are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Target Company anticipate that the application of amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Rental income which is derived from ordinary course of business are presented as revenue.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from loss before tax as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Current and deferred tax are recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other losses" line item.

Impairment of financial assets

The Target Company recognises a loss allowance for ECL on financial assets (including deposits, amounts due from a director/a fellow subsidiary/related companies, bank deposits, cash and cash equivalents and rental receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company always recognises lifetime ECL for rental receivables. The Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including other payable, rental deposits received, amounts due to related companies and immediate holding company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses of non-financial assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

5. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the rental income from the investment properties during the Relevant Periods.

The directors of the Target Company are identified as the chief operating decision marker for the purposes of resource allocation and performance assessment. The Target Company currently holds certain office properties for investment purpose, which is considered to be a single operating segment. Accordingly, no segment information is reported except for the entity-wide disclosures. For the Relevant Periods, all revenue and non-current assets of the Target Company are derived and located in Hong Kong.

Information about major customers

The following is an analysis of revenue from customers of the corresponding year/period contributing over 10% of the revenue of the Target Company.

	For the year ended 31 December			For the ten months ended 31 October	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Tenant A	–	–	585,041	488,627	482,072
Tenant B	–	–	551,240	453,865	533,958
Tenant C	–	–	161,280	N/A*	403,200
Tenant D	–	–	181,125	N/A*	603,750

* Revenue for the corresponding year/period did not contribute over 10% of the revenue of the Target Company.

6. OTHER INCOME

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Interest income	1,247,606	156,956	13,117	3,471	79,621
Dividend income	–	18,093	419,950	400,474	374,390
	1,247,606	175,049	433,067	403,945	454,011

7. OTHER LOSSES

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Net change in fair value of investments at fair value through profit or losses *(note 14)*	–	(1,366,569)	(3,800,898)	(8,766,718)	(3,192,595)
Exchange loss on bank balances	(179,674)	–	–	–	(54,878)
	(179,674)	(1,366,569)	(3,800,898)	(8,766,718)	(3,247,473)

8. PROFIT (LOSS) BEFORE TAXATION

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Profit (loss) before taxation has been arrived at after charging:					
Auditor's remuneration	10,000	45,000	45,000	–	–
Directors' emoluments	–	–	–	–	–

No remuneration was paid or is payable to the directors in respect of their services for the year/period. The directors received remunerations from entities in the group headed by 深圳市瑞和生物技術有限公司 (Shenzhen Ruihe Biotechnology Company Limited*). The directors are of the opinion that the services provided to the Target Company only occupy an insignificant amount of their time and therefore it is concluded that the directors are not remunerated for such services.

9. TAXATION

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the relevant periods. No provision for Hong Kong Profits Tax has been made in the Historical Financial Information as the Target Company has no assessable profit for the year/period.

Taxation for the year/period is reconciled to the profit (loss) before taxation per the statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December			For the ten months ended 31 October	
	2020	2021	2022	2022	2023
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(Unaudited)	
Profit (loss) before taxation	1,025,436	(4,403,966)	(6,025,985)	(10,872,697)	(28,760,779)
Tax at Hong Kong Profits Tax rate of 16.5%	169,197	(726,654)	(994,288)	(1,793,995)	(4,745,532)
Tax effect of income not taxable for tax purpose	(205,855)	(28,883)	(71,456)	(66,651)	(74,912)
Tax effect of expenses not deductible for tax purpose	36,658	395,583	853,947	1,626,058	4,751,813
Tax effect of tax losses not recognised	–	359,954	211,797	234,588	68,631
Taxation for the year/period	–	–	–	–	–

As at 31 December 2020, 2021, 2022 and 31 October 2023, the Target Company had estimated unused tax losses of approximately nil, HK$3,603,741, HK$5,965,920 and HK$7,689,521 respectively available for offset against future profits. No deferred tax asset has been recognised amounting to HK$2,181,539, HK$3,465,157 and HK$3,881,103, respectively, at 31 December 2021, 2022 and 31 October 2023 due to the uncertainty of future profit streams. The losses may be carried forward indefinitely.

10. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

11. DIVIDENDS

No dividend was paid or declared by the Target Company in respect of the Relevant Periods.

12. INVESTMENT PROPERTIES

	HK$
COST	
At 1 January 2020 and 31 December 2020	–
Addition	122,792,157
At 31 December 2021, 31 December 2022 and 31 October 2023	122,792,157
DEPRECIATION AND IMPAIRMENT	
At 1 January 2020 and 31 December 2020	–
Provided for the year	2,061,809
At 31 December 2021	2,061,809
Provided for the year	2,749,079
At 31 December 2022	4,810,888
Provided for the period	2,290,899
Impairment loss recognised in profit or loss	24,575,370
At 31 October 2023	31,677,157
CARRYING VALUES	
At 31 December 2020	–
At 31 December 2021	120,730,348
At 31 December 2022	117,981,269
At 31 October 2023	91,115,000

Investment properties are depreciated over the term of lease.

The fair value of the investment properties at 31 October 2023 amounted to HK$91,115,000, which is determined with reference to the contracted selling price of the equity interest of the Target Company dated 1 November 2023. This is classified as a level 2 hierarchy fair value measurement. As a result, impairment loss amounting to HK$24,575,370 is recognised in profit or loss during the ten months ended 31 October 2023 to reflect the fluctuation in the property market.

13. DEPOSITS

	As at 31 October			As at 31 December
	2020	2021	2022	2023
	HK$	*HK$*	*HK$*	*HK$*
Deposit for acquisition of investment properties	26,422,404	–	–	–
Utility deposits	–	173,930	311,952	136,789
Security deposits for payment obligations *(note)*	–	200,000,000	200,000,000	–
	26,422,404	200,173,930	200,311,952	136,789

Note: A fellow subsidiary of the Target Company, namely 深圳市寶盛龍悦實業投資有限公司 (Shenzhen Bao Sheng Long Yue Industrial Investment Company Limited*), has an amount payable to 寶龍自動機械(深圳)有限公司 (Process Automation (Shenzhen) Limited*) (which is a wholly-owned subsidiary of Asia Tele-Net and Technology Corporation Limited) in respect of the re-development of a property project which has been regarded as default as at 31 December 2021. Pursuant to relevant agreements, on 31 December 2021, the Target Company has provided HK$200,000,000 as security deposits, of which the amount is eligible for refund to the Target Company if the above said payment obligation has been satisfied. In June 2023, the fellow subsidiary has negotiated with the creditor and the creditor has refunded the security deposits to the Target Company and in return obtain collaterals over certain properties located in PRC owned by the fellow subsidiary of the Target Company.

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited. The fair value of investments is classified as Level 1 of fair value hierarchy. The decrease in fair value of these investments amounting to HK$1,366,569, HK$3,800,898, HK$8,766,718 and HK$3,192,595, respectively during the years ended 31 December 2021 and 2022 and the ten months ended 31 October 2022 and 2023, were recognised in profit or loss as other losses (note 7). These investments are expected to be realised within next twelve months and therefore classified as current assets.

15. AMOUNTS DUE FROM A DIRECTOR/A FELLOW SUBSIDIARY/RELATED COMPANIES

The amounts represent advances to these related parties which are non-trade nature, unsecured, interest-free and repayable on demand. The amounts due from a director, a fellow subsidiary and related companies (companies also controlled by Mr. Xiao Tanping) amounted to HK$132,574,174, HK$94,061,465 and nil, respectively, at 1 January 2020. At 31 December 2020, 2021 and 2022, in the opinion of the management of the Target Company, the amounts due from related companies are expected to be recovered within twelve months after the end of each reporting period and therefore are classified as current assets. At 31 December 2020 and 2021, in the opinion of the management of the Target Company, the amounts due from a director and a fellow subsidiary are not expected to be recovered within twelve months after the end of the reporting period and therefore are classified as non-current assets. At 31 December 2022, in the opinion of the management of the Target Company, the amounts due from a director and a fellow subsidiary are expected to be recovered within twelve months after the end of the reporting period and therefore are classified as current assets.

During the ten months ended 31 October 2023, the amounts due from a director, a fellow subsidiary and related companies with an aggregate amount of HK$525,934,579 were offset against amounts due to immediate holding company and amount due to related companies.

The maximum balances outstanding in respect of these amounts during the Relevant Periods are as follows:

	For the year ended 31 December			For the ten months ended 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
Director:				
Mr. Xiao Tanping	132,574,174	160,202,578	154,634,970	155,842,639
Fellow subsidiary:				
Pan-China Construction Investment Co., Limited	114,061,465	114,061,465	109,109,515	322,713,935
Related company:				
Fine Giant Limited	239,000,000	239,000,000	16,007,705	16,007,705
AS PLUS LIMITED	20,000,000	20,000,000	20,000,000	20,000,000

16. RENTAL RECEIVABLES

Rental receivables are due for settlement upon issuance of monthly debit notes to tenants, which is normally at the beginning of each month. Rental receivables at 31 December 2022 and 31 October 2023 includes receivables in respect of rent-free periods amounting to HK$179,037 and HK$106,816.

The following is an ageing analysis of rental receivables based on date of debit notes at the end of each reporting period.

	As at 31 December			As at 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
0 - 30 days	–	–	63,800	55,000
31 - 90 days	–	–	110,000	110,000
Over 90 days	–	–	–	30,161
	–	–	173,800	195,161

The rental receivables past due for more than 90 days are not considered as default since the customer has a good business relationship with the Target Company. There are subsequent settlement received from such rental receivables. Except for the rental deposits placed by the tenants, the Target Company does not hold any collateral over those balances.

17. BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank deposits represent time deposits which are held for investment purpose, carry fixed interest rate at 1.2% per annum, at 31 December 2020.

Cash and cash equivalents are bank balances which carry interest at market rates ranging from 0.01% to 0.10% per annum at 31 December 2020, 2021 and 2022 and 31 October 2023.

18. AMOUNTS DUE TO RELATED COMPANIES/IMMEDIATE HOLDING COMPANY

Amounts due to related companies and immediate holding company are non-trade nature, unsecured, interest-free and repayable on demand. On 15 November 2023, the balance of the amount due to shareholders amounting to HK$97,388,932 were novated to the immediate holding company following the change in shareholding of the Target Company as detailed in note 1.

19. BANK BORROWINGS

	As at 31 December			As at 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
Bank borrowings were repayable (based on scheduled repayment dates set out in the loan agreement):				
Within one year	-	1,481,922	1,290,198	1,188,827
Within a period of more than one year but not exceeding two years	-	1,511,215	1,335,150	1,348,064
Within a period of more than two years but not exceeding five years	-	4,713,576	4,359,885	4,408,724
Within a period of more than five years	-	26,594,659	25,917,630	24,895,333
	-	34,301,372	32,902,863	31,840,948
Less: Amounts that contain a repayment on demand clause shown under current liabilities	-	(34,301,372)	(32,902,863)	(31,840,948)
Amounts shown under non-current liabilities	-	-	-	-

During the year ended 31 December 2021, the Target Company has obtained a mortgage loan from a licensed bank in Hong Kong for financing the acquisition of the investment properties. At 31 December 2021 and 2022 and 31 October 2023, bank borrowings carry interest at the lower of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.8% or Hong Kong Dollar Prime Rate minus 2.2%. The borrowings are repayable in instalments and are fully repayable in 2041. The borrowings are secured by the Target Company's investment properties and guaranteed by a director.

20. SHARE CAPITAL

	As at 31 December			As at 31 October
	2020	2021	2022	2023
	HK$	*HK$*	*HK$*	*HK$*
Issued and fully paid:				
10,000 ordinary shares	10,000	10,000	10,000	10,000

21. DEFERRED TAX

	Accelerated tax depreciation	Tax losses	Total
	HK$	*HK$*	*HK$*
At 1 January 2020 and 31 December 2020	-	-	-
Charge (credit) for the year	234,663	(234,663)	-
At 31 December 2021	234,663	(234,663)	-
Charge (credit) for the year	177,963	(177,963)	-
At 31 December 2022	412,626	(412,626)	-
Charge (credit) for the period	215,763	(215,763)	-
At 31 October 2023	628,389	(628,389)	-

22. OPERATING LEASE ARRANGEMENTS

The Target Company's investment properties have committed leases for next 1 to 3 years.

Undiscounted lease payment receivables on leases are as follows:

	At 31 December			At 31 October
	2020	2021	2022	2023
	HK$	*HK$*	*HK$*	*HK$*
Within one year	–	–	2,532,000	2,080,320
In the second year	–	–	1,612,000	710,880
In the third year	–	–	612,000	102,000
	–	–	4,756,000	2,893,200

23. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Company mainly consists of bank borrowing and amounts due to immediate holding company and related companies.

The management of the Target Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the management of the Target Company, the Target Company will balance its overall capital structure through the payment of dividends and issuance of new shares or new debts.

24. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 31 October
	2020	**2021**	**2022**	**2023**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
at fair value through profit or loss	–	10,212,220	12,987,988	–
at amortised cost	600,674,400	526,419,235	519,103,901	3,147,965
Financial liabilities at amortised cost	625,633,311	660,302,276	659,039,616	131,990,202

Financial risk management objectives and policies

The Target Company's major financial instruments include investments at fair value through profit or loss, deposits, amounts due from/to a director/a fellow subsidiary/related companies/immediate holding company, other payables, bank deposits, cash and cash equivalents, rental deposits received and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

As at 31 December 2020, 2021, 2022 and 31 October 2023, the Target Company has held bank balances denominated in United States Dollars amounting to HK$2,303,449, HK$2,303,682, HK$56,303 and HK$8,886 respectively. The Target Company currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The directors of the Target Company expect the foreign exchange exposure on USD against HKD to be minimal because HKD is pegged with USD under the Linked Exchange Rate System. Accordingly, no sensitivity analysis on exposure to currency movement is presented.

Interest rate risk

The Target Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings denominated in HIBOR and bank balances at the end of each reporting period (see notes 17 and 19 for details). The increase in finance costs during the ten months ended 31 October 2023 is caused by the increase in market interest rate. It is the Target Company's policy to keep its bank borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Target Company currently does not have any interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable rate bank borrowings at the end of each reporting period. The analysis is prepared assuming the amounts of bank borrowings outstanding at the end of each reporting period were outstanding for the whole year/period. A 200 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points higher/lower and all other variables were held constant, the Target Company's post-tax loss for the years ended 31 December 2021 and 31 December 2022 and the ten months ended 31 October 2023 would increase/decrease by HK$686,027, HK$658,057 and HK$530,682, respectively.

Progress towards implementation of alternative benchmark interest rates

The bank borrowings are linked to HIBOR and have not been transition to alternative interest rate, but the loan agreements include fallback clauses to change the basis for determining the interest cash flows which is to be separately agreed by the Group and the lenders. The management of the Target Company closely monitors the interest environment and will start the negotiation with the lenders in appropriate timing.

Equity price risk

The Target Company is exposed to potential loss in market value resulting from an adverse change in prices through its investments at fair value through profit or loss. Management manages this exposure by closely monitoring the performance of the investments and market conditions. Management will consider diversifying the portfolio of investments as they consider appropriate. The Target Company's stock portfolio is diversified to different industries in the PRC which allows the Target Company to increase the return of the funds.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks for investments at fair value through profit or loss at the end of each reporting period.

If the prices of the respective equity instruments had been 20% higher/lower, the Target Company's post-tax loss for the years ended 31 December 2021, 31 December 2022 would decrease/increase by HK$2,042,444 and HK$2,597,598 respectively, as a result of the changes in fair value of investments at fair value through profit or loss.

In the management's opinion, the above sensitivity analysis is unrepresentative of the inherent risk as the year end exposure does not reflect the exposure during the year/period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. The Target Company's credit risk exposures are primarily attributable to deposits and amounts due from related parties. The Target Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

The Target Company performed impairment assessment for financial assets under expected credit loss model. The estimated loss rates are estimated based on historical credit loss experience of the debtors and forward-looking information (for example, the economic growth rates which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort or proxy to loss rates published by international credit-rating agencies. Such forward-looking information is used by the management of the Target Company to assess both the current as well as the forecast direction of conditions at the reporting date. The internal credit rating categories are regularly reviewed by the management of the Target Company to ensure relevant information about specific debtors is updated.

Amounts due from a director/a fellow subsidiary/related companies

The Target Company considers the amounts due from a director, a fellow subsidiary and a related company could be recovered considering the financial resources owned by the director in Hong Kong as well as the loans to the Target Company from shareholders and related companies which is also held by the same director. As such, the loss given default for these particular amounts is insignificant and therefore expected credit loss is considered to be insignificant. These amounts were settled through offsetting arrangement in October 2023 (note 15).

Bank deposits

The Target Company only placed deposits in reputable banks with high credit ratings assigned by the international rating agencies. At the end of each reporting period, the Target Company performed impairment assessment on bank balances by reference to probability of default and loss given default by credit rating grades published by international credit-rating agencies and concluded that expected credit loss is insignificant.

Deposits

The Target Company has taken into account the economic outlook of the industries in which the debtors operate, and concluded that there has been no significant increase in credit risk since initial recognition. In particular, the counterparty in respect of amount receivables of HK$200,000,000 is a wholly-owned subsidiary of a listed company in Hong Kong namely Asia Tele-Net and Technology Corporation Limited which has vast financial resources with multiples of current ratio. The expected credit loss on deposits is considered to be insignificant.

Rental receivables

The Target Company collected rental deposits from the tenants to secure any potential losses from uncollectible debts as part of the credit risk management. The Target Company determines the ECL on rental receivables individually and the expected credit loss is determined to be insignificant. The debtors have made continuous settlement and settled the outstanding amount after the end of each reporting period.

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. On 31 December 2023, Asia Tele-Net and Technology Corporation Limited has agreed to provide adequate funds to the Target Company to enable the Target Company to meet in full its financial obligations as they fall due in the foreseeable future.

All the Target Company's financial liabilities are non-interest bearing (except for bank borrowings as detailed below) and repayable either on demand or within three months, accordingly to the remaining contractual maturity on the basis of the earliest date on which the Target Company can be required to settle.

The Target Company's bank borrowings contain a repayment on demand clause, but the management of the Target Company considers it is not probable the bank will exercise such right taking into account the loan-to-value ratio of the investment properties. The management of the Target Company considers that such borrowings will be repaid based on the agreed repayment terms set out in the loan agreement which are set out below. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$	HK$	HK$	HK$	HK$	HK$
At 31 December 2021	1.90	368,860	1,128,152	6,600,006	33,813,395	41,910,413	34,301,372
At 31 December 2022	2.55	318,873	986,909	6,116,388	35,536,513	42,958,683	32,902,863
At 31 October 2023	3.15	321,504	999,286	6,323,138	36,061,874	43,705,802	31,840,948

Fair value measurements of financial instruments

The fair value of investments at fair value through profit or loss (listed in Hong Kong) are determined with reference to the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

The fair value of financial assets and financial liabilities recorded at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The management of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

25. RELATED PARTY TRANSACTION

Details of the balances at the end of each reporting period and transactions with related parties during the Relevant Periods are disclosed in the statements of financial position, statements of cash flows and the related notes.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amounts due to related companies	**Amount due to immediate holding company**	**Bank borrowings**
	HK$	*HK$*	*HK$*
At 1 January 2020	60,000,000	229,125,996	–
Financing cash flows	336,478,515	–	–
At 31 December 2020	396,478,515	229,125,996	–
Finance cost recognised	–	–	496,367
Financing cash flows	–	–	33,805,005
At 31 December 2021	396,478,515	229,125,996	34,301,372
Finance cost recognised	–	–	857,424
Financing cash flows	(11,000)	–	(2,255,933)
At 31 December 2022	396,467,515	229,125,996	32,902,863
Finance cost recognised	–	–	1,019,242
Offsetting of related party balances *(note 15)*	(396,467,515)	(129,467,064)	–
Financing cash flows	–	–	(2,081,157)
At 31 October 2023	–	99,658,932	31,840,948

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 October 2023.

This appendix summarises the management discussion and analysis of the Target Companies for the three years ended 31 December 2020, 2021, 2022 and the ten months ended 31 October 2023 (the "Relevant Periods"). The following financial information is based on the accountants' report of the Target Company I as set out in page IIA-1 to page IIA-22.

BUSINESS REVIEW

Target Company I is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The principal asset of Target Company I is Property I which is subject to a first mortgage dated 2 June 2023 entered into by Target Company I in favour of ATNT Group Management.

Immediately prior to Completion, Target Company I was owned as to 70% by Pan-China Construction and 30% by Shine Sky. After Completion, Target Company I is owned as to 100% by Purchase I and is an indirect wholly-owned subsidiary of the Company.

Target Company I is currently holding 5 units and 2 car parking spaces located in a 27-storey building within an industrial development, namely TML Tower. Please refer to the valuation report for further details of Target Properties.

According to a report issued by Knight Frank, in 2023, the industrial leasing market remains resilient, driven by sizable deals from the logistics and car repairing sectors. Average monthly rents for general industrial buildings in Q3 2023 increased by 11% YoY to HK$12.9 per sq ft. Hong Kong's merchandise exports remained weak in 2023 due to the ongoing US-China trade war. It is expected the weak external demand for goods will continue to impede Hong Kong's export performance in the near future. As a result, industrial rents will come under pressure and vacancy rates is expected to increase in 2024.

At the time of entering the Share Transfer Agreement I, Property I was fully rented out. The leasing business was previously managed by its former director Mr. Xiao who has more than 40 years of experience in property development. As at the Completion Date I, there was no staff in Target Company I. After the completion, the leasing business will be managed by the internal staff of the Group and, where appropriate, professional organizations such as property agencies will be hired.

FINANCIAL REVIEW

Revenue

Revenue represented rental income from leasing of Property I. Rental income recorded for the three years ended 31 December 2020, 2021 and 2022 were HK$2,283,824, HK$2,518,000 and HK$2,639,000 respectively. Rental income for the ten months ended 31 October 2023 was HK$2,213,403. The increase was mainly due to increase of monthly rent following negotiations with tenants.

Other losses

For the ten months ended 31 October 2023, the other losses represented loss on disposal of motor vehicle of HK$416,196.

Depreciation

Investment properties are depreciated over the term of lease. Motor vehicles are depreciated on a straight-line basis at 25% per annum. Depreciation charged to the profit and loss account for the three years ended 31 December 2020, 2021 and 2022 were HK$1,603,545, HK$1,915,644 and HK$2,019,676 respectively. Depreciation for the ten months ended 31 October 2023 was HK$1,648,386.

Other expenses

During the Relevant Periods, other expenses represented mainly (i) building management fees (ii) government rent & rates (iii) expenses in relation to the entering of new rental agreements.

For the three years ended 31 December 2020, 2021 and 2022, the other expenses incurred were HK$815,190, HK$709,967 and HK$555,443 respectively. Other expenses for the ten months ended 31 October 2023 was HK$552,992. The decrease was primarily due to decrease in staff cost and expenses in relation to the entering of new rental agreements. Target Company I hired one staff for a few months in year 2020. There was no staff as at 31 December 2020, 2021, 2022 and 31 October 2023.

Taxation

This represented current tax and deferred tax of Hong Kong Profits tax for the relevant periods. Please refer to note 7 of historical financial information of the Target Company I in this circular for more detailed explanation.

Significant investments, material acquisitions and disposals

A motor vehicle was acquired in year 2021 and was subsequently disposed of before Completion.

There was no other significant investment, material acquisitions and disposals of subsidiaries and associated companies during the Relevant Periods.

Other debtors and deposits under non-current assets

It represented deposit paid for the building management fees.

Other debtors and deposits under current assets

It represented prepayment of government rent and rates.

Other payables

It mainly represented rent received in advance and accrued charges related to the investment properties.

Capital structure, liquidity and financial resources

As at 31 December 2020, 2021 and 2022 and 31 October 2023, Target Company I had net liabilities of HK$2,823,762, HK$3,086,949, HK$3,011,209 and HK$3,417,311 respectively. The gearing ratio Target Company I was nil in the period end of the Relevant Periods. The gearing ratio is calculated by dividing the aggregate amount of bank borrowings and other interest-bearing loans over the amount of equity of Target Company I.

Contingent liabilities

As at 31 December 2020, 2021 and 2022 and 31 October 2023, Target Company I did not have any contingent liabilities.

Charges on assets

There was no charge on any asset as at 31 December 2020, 2021 and 2022 and 31 October 2023.

Foreign Currency exposure

All transactions were conducted in HK dollars and Target Company I did not have foreign currency exposure.

Employees and remuneration policy

Target Company I hired one staff for a few months in year 2020.

There was no employee as at 31 December 2020, 2021 and 2022 and 31 October 2023.

Future plans and prospects

The Group expects to continue to lease out Property I for rental income and may have potential appreciation in the investment properties in the long run.

This appendix summarises the management discussion and analysis of the Target Companies for the three years ended 31 December 2020, 2021, 2022 and the ten months ended 31 October 2023 (the "**Relevant Periods**"). The following financial information is based on the accountants' report of the Target Company II as set out in page IIB-1 to page IIB-26.

BUSINESS REVIEW

Target Company II is a company incorporated in Hong Kong with limited liability and is an investment holding company. As at the latest practicable date, the principal asset of Target Company II is Property II which is pledged for a mortgage loan. At 31 January 2024, the outstanding amount of the mortgage loan was approximately HK$31.5 million. Target Company II also held investments in listed securities and a vehicle which were disposed entirely before the Completion Date II.

Immediately prior to Completion, Target Company II was owned as to 100% by 深圳市華盛智地集團有限公司. After Completion, Target Company II is owned as to 100% by Purchase II and is an indirect wholly-owned subsidiary of the Company.

Target Company II is currently holding 4 office units, 4 car parking spaces and a motorcycle parking space located in a 24-storey office building within a commercial development, namely W LUXE. Please refer to the valuation report for further details of Target Properties.

According to JLL's newly released Year-End Property Market Review and 2024 Forecast, Hong Kong's commercial property leasing and investment markets experienced a slower-than-expected improvement in 2023. As high interest rates and global economic slowdown persist, the road to recovery will remain bumpy and challenging in 2024.

Property II was acquired by Target Company II during 2021. At the time of entering the Share Transfer Agreement II, all office units and 3 out of 4 carparks of Property II was rented out. One carpark and one motorcycle parking are vacant. The leasing business was previously managed by its former director Mr. Xiao who has more than 40 years of experience in property development. As at the Completion Date II, there was no staff in Target Company II. After the completion, the leasing business will be managed by the internal staff of the Group and, where appropriate, professional organizations such as property agencies will be hired.

FINANCIAL REVIEW

Revenue

Revenue represented rental income from leasing of Property II. Rental income recorded for the three years ended 31 December 2020, 2021 and 2022 were nil, nil and HK$1,478,686 respectively. Rental income for the ten months ended 31 October 2023 was HK$2,062,380. The increase was mainly due to increase of monthly rent following negotiations with tenants.

Other income

Other income mainly represented bank interest income and dividend income. Please refer to note 6 of historical financial information of the Target Company II in this circular for more detailed information.

Other losses

It represented (i) net change in fair value of investments at fair value through profit or losses and (ii) exchange loss on bank balances.

(i) For the three years ended 31 December 2020, 2021 and 2022, net change in fair value of investments at fair value through profit or losses were nil, HK$1,366,569 and HK$3,800,898 respectively. Net change in fair value of investments at fair value through profit or losses for the ten months ended 31 October 2023 was HK$3,192,595.

(ii) For the three years ended 31 December 2020, 2021 and 2022, exchange loss on bank balances were HK$179,674, nil and nil respectively. Exchange loss on bank balances for the ten months ended 31 October 2023 was HK$54,878.

Depreciation of investment properties

Investment properties are depreciated over the term of lease. Depreciation of investment properties charged to the profit and loss account for the three years ended 31 December 2020, 2021 and 2022 were nil, HK$2,061,809 and HK$2,749,079 respectively. Depreciation for the ten months ended 31 October 2023 was HK$2,290,899.

Impairment loss of investment properties

The fair value of the investment properties at 31 October 2023 amounted to HK$91,115,000, which is determined with reference to the contracted selling price of the equity interest of Target Company II dated 1 November 2023. This is classified as a level 2 hierarchy fair value measurement. As a result, impairment loss amounting to HK$24,575,370 is recognised in profit or loss during the ten months ended 31 October 2023.

Other expenses

During the Relevant Periods, other expenses represented mainly (i) building management fees (ii) government rent & rates (iii) expenses in relation to the entering of new rental agreements and (iv) other property related expenses.

For the three years ended 31 December 2020, 2021 and 2022, the other expenses incurred were HK$42,496, HK$654,270 and HK$530,337 respectively. Other expenses for the ten months ended 31 October 2023 was HK$144,186. The fluctuation was mainly due to the incurrence of expenses in relation to the entering of new rental agreements in certain years.

Finance costs

This represented interest on bank borrowings. The borrowings are secured by the Target Company II's investment properties and guaranteed by a director.

For the three years ended 31 December 2020, 2021 and 2022, the finance costs incurred were nil, HK$496,367 and HK$857,424 respectively. Finance costs for the ten months ended 31 October 2023 was HK$1,019,242. The increase was due to interest rate hikes since March 2022.

Investment properties

Details of movements in investment properties of the Target Company II for the Relevant Periods are set out in note 12 to the accountants' report of the Target Company II.

Deposits under non-current assets

It mainly represented deposit for acquisition of investment properties, utility deposits and security deposits for payment obligations. Please refer to note 13 of historical financial information of the Target Company II in this circular for more detailed explanation.

Investments at fair value through profit or loss

Investments at fair value through profit or loss represent equity securities listed in Hong Kong. Target Company II started investing in listed securities in year 2021 and they were disposed entirely by a former director of Target Company II before the Completion Date II. As at 31 December 2021 and 2022, Target Company II had investments in listed securities in Hong Kong with a market value of HK$10,212,220 and HK$12,987,988 respectively.

Below are information of the investments at fair value through profit or loss of Target Company II as at 31 December 2021 and 2022:

		As at 31 December 2021	
Security Name	**Stock Code**	**Investment Cost**	**Fair Value**
		HKD	*HKD*
EUROEYES	01846	2,406,699	1,636,000
MAN WAH HLDGS	01999	1,179,757	1,208,000
YADEA	01585	269,040	304,000
MEITUAN-W	03690	1,271,933	1,127,000
SMOORE INTERNATIONAL	06969	787,040	795,000
ZTO EXPRESS CAYMAN INC	02057	1,693,541	1,514,800
TENCENT	00700	2,437,214	2,284,000
CHUNLI MEDICAL	01858	516,135	423,920
FU SHOU YUAN	01448	1,017,430	919,500
TOTAL		11,578,789	10,212,220

		As at 31 December 2022	
Security Name	**Stock Code**	**Investment Cost**	**Fair Value**
		HKD	*HKD*
EUROEYES	01846	2,813,190	1,383,480
MAN WAH HLDGS	01999	1,116,699	777,000
YADEA	01585	269,040	261,200
MEITUAN-W	03690	2,622,553	2,445,800
SMOORE INTERNATIONAL	06969	787,040	242,400
TENCENT	00700	2,437,214	1,670,000
FU SHOU YUAN	01448	1,290,987	1,340,000
YANCOAL AUS	03668	1,237,782	1,264,000
CHINA MOBILE	00941	1,699,565	1,552,500
JD-SW	09618	-	52,408
INTRON TECH	01760	2,780,253	1,999,200
TOTAL		17,054,323	12,987,988

Significant investments, material acquisitions and disposals

As at 31 December 2020, 2021 and 2022 and 31 October 2023, Target Company II had investments in listed securities in Hong Kong with a market value of nil, HK$10,212,220, HK$12,987,988 and nil respectively. The fair values of the investments are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited. They were all disposed of by the former director of Target Company II before the completion.

There was no other significant investment, material acquisitions and disposals of subsidiaries and associated companies during the Relevant Periods.

Rental receivables

Rental receivables are due for settlement upon issuance of monthly debit notes to tenants, which is normally at the beginning of each month. Please refer to note 16 of historical financial information of the Target Company II in this circular for more detailed explanation.

Other payable

It mainly represented accrued charges related to investment properties and professional services.

Capital structure, liquidity and financial resources

As at 31 December 2020, Target Company II had net assets of HK$1,463,493. As at 31 December 2021, 2022 and 31 October 2023, Target Company II had net liabilities of HK$2,940,473, HK$8,966,458 and HK$37,727,237 respectively. At 31 December 2021 and 2022 and 31 October 2023, Target Company II had bank borrowings of HK$34,301,372, HK$32,902,863 and HK$31,840,948.

Contingent liabilities

As at 31 December 2020, 2021 and 2022 and 31 October 2023, Target Company II did not have any contingent liabilities.

Charges on assets

As at December 2021 and 2022 and 31 October 2023, Target Property II was charged to a licensed bank for a mortgage loan. The loan is guaranteed by a former shareholder of Target Company II.

Save as disclosed above, there was no charge on assets as at 31 December 2020, 2021 and 2022 and 31 October 2023.

Foreign Currency exposure

Most of the assets in the Group were denominated in HK dollars. Almost all transactions are conducted in HK dollars and Target Company II has minimum foreign currency exposure.

Employees and remuneration policy

There was no employee as at 31 December 2020, 2021 and 2022 and 31 October 2023.

Future plans and prospects

The Group expects to continue to lease out Property II for rental income and may have potential appreciation in the investment properties in the long run.

(A) BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with the Acquisitions, the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Enlarged Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants and is solely for the purpose to illustrate the impact of the Acquisition on the Enlarged Group as if the Acquisitions had been completed on 30 June 2023.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on the consolidated statement of financial position of the Group as at 30 June 2023 which has been extracted from the published interim report of the Group for the six months ended 30 June 2023, after making unaudited pro forma adjustments that are (i) directly attributable to the Acquisitions and (ii) factually supportable, as if the Acquisitions had been completed on 30 June 2023.

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information for illustrative purpose only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the assets and liabilities of the Enlarged Group upon completion of the Acquisitions as of 30 June 2023 or at any future dates.

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group at 30 June 2023 (Unaudited)	Target Company I at 31 October 2023	Target Company II at 31 October 2023	Pro forma adjustments				Unaudited pro forma total for the Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current assets								
Property, plant and equipment	29,725							29,725
Investment properties	-	37,950	91,115	44,450				173,515
Deferred Consideration	433,967					81,939		515,906
Loans receivable	25,747							25,747
Investments in debt instruments	305,130							305,130
Interests in associates	-							-
Other debtors and deposits	-	113	137					250
	794,569							1,050,273
Current assets								
Inventories	31,937							31,937
Loans receivable	6,938							6,938
Contract assets	68,157							68,157
Debtors and prepayments	78,576		302					78,878
Investments at fair value through profit or loss	185,999							185,999
Investments in debt instruments	377,845							377,845
Amounts due from associates	104							104
Taxation recoverable	1,243							1,243
Pledged bank deposits	1,302							1,302
Bank balances and cash	164,371	635	2,709					167,715
	916,472							920,118
Current liabilities								
Creditors and accrued charges	155,576	502	490				1,875	158,443
Other payables	1,000				141,689			142,689
Dividend payable	7,879							7,879
Warranty provision	15,717							15,717
Contract liabilities	105,560							105,560
Bank borrowing	27,484		31,841					59,325
Lease liabilities	2,175							2,175
Amounts due to immediate holding company	-	41,361	99,659		(141,020)			-
Taxation payable	7,825	41						7,866
	323,216							499,654
Net current assets	593,256							420,464
Total assets less current liabilities	1,387,825							1,470,737
Non-current liabilities								
Warranty provision	2,880							2,880
Bank borrowing	-							-
Lease liabilities	4,270							4,270
Deferred tax liabilities	114,384	211				20,485		135,080
	121,534							142,230
Net assets	1,266,291							1,328,507

Notes:

1. The amounts are extracted from the unaudited condensed consolidated financial statements of the Group as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023.

2. The amounts are extracted from the historical information of Target Company I and Target Company II for the ten months ended 31 October 2023, as set out in the "Accountants' Report of Target Company I" and "Accountants' Report of Target Company II" as shown in Appendices IIA and IIB of this Circular, respectively. For illustration purpose, it is assumed that the financial position of the Target Companies as at 31 October 2023 are the same as 30 June 2023. Certain figures of the Target Companies were reclassified to conform with the presentation of the Group.

3. The Acquisitions were accounted for acquisitions of assets. The properties held by the Target Companies were currently held for rental and it is expected that the Group will continue to hold those properties for the same purpose. The investment properties are initially measured at cost, which represent the respective fair value of the properties held by Target Company I and Target Company II amounting to approximately HK$82,400,000 and HK$91,115,000 which is determined with reference to the contracted selling price set out in Share Transfer Agreement I and Share Transfer Agreement II (for simplicity, which assumed to be the fair value of the properties at 30 June 2023). The adjustment represents the fair value adjustment of HK$44,450,000 for the investment properties held by Target Company I based on the fair value of the investment properties less the carrying amount of the investment properties as extracted from the accountants' report included in Appendix IIA. The carrying amount of investment properties held by Target Company II as extracted from the accountants' report included in Appendix IIB is carried at fair value.

4. Pursuant to the terms in the Share Transfer Agreements, the amounts due to shareholders or immediate holding company shall be assigned to the Group upon Completion and hence such amounts of HK$141,020,000 at 31 October 2023 is adjusted in order to reflect the inter-company balances elimination of the Group. The Consideration of the Acquisitions is to be satisfied by:

   (i) issue of interest-free and unsecured promissory notes by the Group with an aggregate principal amount of HK$141,689,000. The benefits of promissory notes are immediately assigned to the Group upon issue, as a security to secure the Deferred Consideration. The Group is obliged to settle the promissory notes five business days after the full settlement of the Deferred Consideration. If the Deferred Consideration had not been settled by November 2028, all the rights and obligations of the promissory notes will expire. Accordingly, the promissory notes were treated as the liability for the Acquisitions and presented as "other payables".

   (ii) cash payment in the case net working capital amount (i.e. total assets and liabilities of Target Company I and Target Company II except for investment properties and bank borrowings) exceeds HK$5,000 and HK$10,000 respectively for Target Company I and Target Company II. Such portion of cash payment is not adjusted for the purpose of illustration since the directors of the Company consider the impact to the Group is not significant.

5. As disclosed in the interim condensed consolidated financial statements of the Company for the six months ended 30 June 2023, the measurement of expected credit loss of Deferred Consideration has considered the amount and timing of cash flows that are expected from the foreclosure on the pledged properties (including the properties held by Target Company I). The adjustment illustrates the remeasurement gain of expected credit loss resulting from (i) changes in collaterals; and (ii) the possibility of non-settlement of the promissory notes, that resulted in an increase in the carrying amount of the Deferred Consideration amounting to HK$81,939,000, and deferred tax impact arising from Deferred Consideration amounting to HK$20,485,000 is also adjusted accordingly.

6. The adjustment reflects the recognition of the transaction costs directly attributable to the Acquisitions, which are estimated to be approximately HK$1,875,000.

7. No other adjustments have been made to reflect any trading results or other transactions of the Group, Target Company I and Target Company II entered into subsequent to 30 June 2023, including the impact of the settlement agreement as set out in the circular issued by the Company on 23 February 2024.

The following is the text of the independent reporting accountants' assurance report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Tele-Net and Technology Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2023 and related notes as set out on pages IV-1 to IV-3 of the circular issued by the Company dated 8 March 2024 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-3 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisitions (as defined in the Circular) on the Group's financial position as at 30 June 2023 as if the transaction had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2023, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 March 2024

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent property valuer, in connection with its opinion of value of Property I as of 31 December 2023.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

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8 March 2024

The Board of Directors
Asia Tele-Net and Technology Corporation Limited
Rooms 607-610, 6/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions from Asia Tele-Net and Technology Corporation Limited (亞洲聯網科技有限公司) (the "**Company**") for us to carry out the valuation of the property interest (the "**Property**") located in Hong Kong acquired and held by the Company and its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2023 (the "**Valuation Date**").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

In valuing the Property, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

VALUATION METHODOLOGY

In valuing the property interests acquired and held by the Group, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry in respect of the properties in Hong Kong. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Property. The site inspections were carried out on 25 May 2023 by Samuel Lau (Senior Valuer) who has about 5 years' experience in the valuation of properties in Hong Kong.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the Property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of Property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Notes: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2023 *HKD*
1.	Workshop A on 16th Floor and Car Parking Space Nos. 29 and 30 on 3rd Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories. Section A and the Remaining Portion of Section B of Tsun Wan Inland Lot No. 29, Sub-Section 1 of Section A and the Remaining Portion of Sub-Section 2 of Section A of Tsun Wan Island Lot No. 34.	The property comprises a workshop unit and 2 car parking spaces located in a 27-storey building within an industrial development, namely TML Tower. The property was completed in 2013. The subject development is located near the junction of Chai Wan Kok Street and Pun San Street, with approximately 1km to Tsuen Wan West Station. The locality of the property is characterized by a mixture of commercial and industrial developments of various ages. The saleable area of the workshop unit is approximately 8,474 sq.ft. The property is held from the Government under the 4 Government leases. The respective lease term and Government rent of the lots are as follows:	The property was leased to 6 tenants for industrial use and car parking use as at the Valuation Date.	77,400,000 (100% interest attributable to the Group: HKD 77,400,000)

Lot No.	Lease Term	Government Rent per annum
TWIL 29 S.A	75 years from 1 July 1898 renewable for 24 years	HKD 60,784
TWIL 34 S.A SS.1	75 years from 1 July 1898 renewable for 24 years	HKD 10,630
TWIL 29 S.B	75 years from 1 July 1898 renewable for 24 years	HKD 48,478
TWIL 34 S.A SS.2	75 years from 1 July 1898 renewable for 24 years	HKD 14,002

Notes:

1. As at the Valuation Date, the registered owner of the property is Treasure Chance Properties Limited.

2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrances are registered against the property:–

   i. Deed of Mutual Covenant and Management Agreement vide memorial no. 13090902020031 dated 28 August 2013.

   ii. Mortgage in favour of ATNT Group Management Limited vide memorial no. 23060601260013 dated 2 June 2023.

3. The property is zoned for Other Specified (Business) Use under Tsun Wan Outline Zoning Plan No. S/TW/36.

4. Pursuant to 5 tenancy agreements for workshop unit and advised by the Company, the property with a saleable area of approximately 8,474 sq.ft. was leased to 5 independent third parties for industrial use at a total fixed monthly rent of HKD 214,000 (inclusive of government rent, rates and management fees) for various terms with the expiry dates from 31 January 2024 to 31 May 2025.

5. Pursuant to a tenancy agreement for car parking units and advised by the Company, the property with 2 car parking spaces was leased to an independent third party for car parking use at a total fixed monthly rent of HKD 9,000 (inclusive of government rent, rates and management fees) for 2 years with the expiry date of 13 June 2025.

6. Our valuation for the workshop unit has been made on the following basis and analysis:

   In the course of our valuation, we have made references to relevant comparables in the locality which have similar characteristics as the subject property such as nature, use and accessibility. The unit prices of the comparables are ranging from HKD 9,000 to HKD 11,600 per sq.ft. on saleable area basis. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

7. Our valuation for the car parking spaces has been made on the following basis and analysis:

   In the course of our valuation, we have made references to relevant comparables in the locality which have similar characteristics as the subject property such as nature, use and accessibility. The unit prices of the comparables for car parking space are ranging from HKD 1,800,000 to HKD 2,000,000 per unit. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent property valuer, in connection with its opinion of value of Property II as of 31 December 2023.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

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8 March 2024

The Board of Directors
Asia Tele-Net and Technology Corporation Limited
Rooms 607-610, 6/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions from Asia Tele-Net and Technology Corporation Limited (亞洲聯網科技有限公司) (the "**Company**") for us to carry out the valuation of the property interest (the "**Property**") located in Hong Kong acquired and held by the Company and its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2023 (the "**Valuation Date**").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

In valuing the Property, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

VALUATION METHODOLOGY

In valuing the property interests acquired and held by the Group, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry in respect of the properties in Hong Kong. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Property. The site inspections were carried out on 9 September 2023 by Samuel Lau (Senior Valuer) who has about 5 years' experience in the valuation of properties in Hong Kong.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the Property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of Property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HKD).

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Notes: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2023 *HKD*
1.	Units N1, N2, S1 and S2 on 27th Floor (including the Flat Roof adjacent thereto, the Roofs thereabove and the Stairhood pertaining thereto) and Car Parking Spaces Nos. P3, P5, P6, P47 and Motorcycle Parking Space No. M2 on Basement 1 Floor, W Luxe, No. 5 On Yiu Street, Shatin, New Territories. Sha Tin Town Lot No. 617.	The property comprises 4 office units, 4 car parking spaces and a motorcycle parking space located in a 24-storey office building within a commercial development, namely W LUXE. The property was completed in 2020. The subject development is located near the junction of On Yiu Street and On Kwan Street, with approximately 170m to Shek Mun Station. The locality of the property is characterized by a mixture of commercial and industrial developments of various ages. The saleable area and ancillary area of the 4 office units are listed as below:	The property was leased to 5 tenants for office or business use and car parking use as at the Valuation Date. The remaining portion of the property was vacant.	91,115,000 (100% interest attributable to the Group: HKD 91,115,000)

Units on 27/F	Saleable Area (sq.ft.)	Roof Area (sq.ft.)	Flat Roof Area (sq.ft.)
N1	875	612	–
N2	1,100	505	–
S1	1,080	1,080	491
S2	951	919	469

The property is held from the Government under New Grant No. 22220 for a lease term of 50 years commenced from 17 November 2015. The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

1. As at the Valuation Date, the registered owner of the property is Singkei Real Estate Investment Co., Limited.

2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrances are registered against the property:–

   i. Certificate of Compliance from District Lands Office, Sha Tin Lands Department vide memorial no. 20120301970075 dated 25 October 2020.

   ii. Deed of Mutual Covenant and Management Agreement vide memorial no. 20121602010429 dated 2 December 2020.

iii. Mortgage in favour of Chong Hing Bank Limited vide memorial no. 21042902400051 dated 31 March 2021.

iv. Assignment of Rentals in favour of Chong Hing Bank Limited vide memorial no. 21042902400066 dated 31 March 2021.

3. The property is zoned for Other Specified (Business) Use under Sha Tin Outline Zoning Plan No. S/ST/36.

4. Pursuant to 3 tenancy agreements for office units and advised by the Company, the property with a saleable area of 3,055 sq.ft. was leased to 3 independent third parties for office or business use at a total fixed monthly rent of HKD 169,000 (exclusive of government rent, rates and management fees) for various terms with the expiry dates from 14 February 2024 to 31 December 2025.

5. Pursuant to a tenancy agreement for office unit and advised by the Company, the property with a saleable area of 951 sq.ft. was leased to an independent third parties for business use at a fixed monthly rent of HKD 42,000 (inclusive of government rent, rates and exclusive of management fees) for 2 years with the expiry date of 30 September 2024.

6. Pursuant to a tenancy agreement for car parking spaces and advised by the Company, the property with 3 car parking spaces was leased to an independent third party for car parking use at a total fixed monthly rent of HKD 12,360 (inclusive of government rent, rates and management fees) for 2 years with the expiry date of 30 June 2025.

7. Our valuation for the office units has been made on the following basis and analysis:

   In the course of our valuation, we have made references to relevant comparables in the locality which have similar characteristics as the subject properties such as nature, use and accessibility. The unit prices of the comparables are ranging from HKD 17,800 to HKD 22,000 per sq.ft. on saleable basis. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

8. Our valuation for the car parking spaces has been made on the following basis and analysis:

   In the course of our valuation, we have made references to relevant comparables in the locality which have similar characteristics as the subject properties such as nature, use and accessibility. The unit prices of the comparables for car parking space are ranging from HKD 1,800,000 to HKD 2,500,000 per unit. The unit prices of the comparables for motorcycle parking space are ranging from HKD 185,000 to HKD 230,000 per unit. All the unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

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 Company. 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. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive in the Shares, underlying Shares and/or debentures of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange:

Long position in Shares

	Number of Shares held			
Name of Director	**Personal interest**	**Corporate interest**	**Total**	**Percentage of the issued share capital of the company**
Mr. Lam Kwok Hing	3,474,667	269,916,500 *(Note)*	273,391,167	69.40%

Note: The amount composed of 48,520,666, 201,995,834 and 19,400,000 Shares that were held by Medusa, Karfun and J&A respectively as at the Latest Practicable Date. Medusa is a company wholly-owned by Mr. Lam. Karfun is owned by J&A for approximately 98.63%. Mr. Lam owns 80% shareholding in J&A.

(b) Interests and short positions of the substantial shareholders of the Company in the Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Total	Percentage of the issued share capital of the company
Medusa	Beneficial owner	48,520,666	12.32%
Karfun	Beneficial owner	201,995,834	51.27%
J&A	Beneficial owner	19,400,000	4.92%

Save as disclosed above, no other person (other than the Directors or the chief executive of the Company) had an interest or short position in the Shares or underlying Shares as recorded in the register kept by the company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

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

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business which competes or is likely to compete either directly or indirectly with the Group's business pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business of the Group) which have been entered into by the Group within the two years immediately preceding the date of this circular:

(a) the original Multi-party Collateral Agreement dated 31 December 2021 entered into between PASL, Shenzhen Warmsun, the Project Company, PAL and Target Company II, pursuant to which additional security were provided for the Project Company's repayment obligations under the fourth supplemental agreement to the Relocation Compensation Agreement dated 9 September 2019 (the "**Fourth Supplemental Agreement**");

(b) the agreement dated 16 May 2022 entered into between PASL and the Project Company, pursuant to which the Project Company agreed to provide a first legal charge for 7,922 sq.m. of the office space as security for the Project Company's repayment obligations under the Fourth Supplemental Agreement;

(c) the second supplemental agreement to the Multi-party Collateral Agreement dated 2 June 2023 entered into between PASL, Shenzhen Warmsun, the Project Company, PAL and Target Company II, pursuant to which the parties agreed to certain enhancement arrangement to secure the Project Company's repayment obligations under the Fourth Supplemental Agreement;

(d) the third supplemental agreement dated 9 October 2023 entered into between PASL, Shenzhen Warmsun, the Project Company, Warmsun Holdings and Pan-China Engineering in relation to, among others, certain amendments to the credit enhancement arrangement under the Multi-party Collateral Agreement for the Secured Liabilities;

(e) the settlement agreement dated 9 October 2023 entered into between PASL and the Project Company in relation to the settlement arrangement through acquiring the stores located at Longhua, Shenzhen;

(f) the Share Transfer Agreement I;

(g) the Share Transfer Agreement II;

(h) the seventh supplemental agreement dated 29 November 2023 entered into between PASL, the Project Company and Shenzhen Warmsun in relation to settlement arrangement through acquiring 14,008.56 sq.m. of office units located at Longhua, Shenzhen.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified public accountants and Registered Public Interest Entity Auditor
AVISTA Valuation Advisory Limited	Property valuer

As at the Latest Practicable Date, each of the above experts (i) had no shareholding in 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; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company is situated at Rooms 607-610, 6/F, Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) Ms. Yung Wai Ching, Ada ("**Ms. Yung**") is the company secretary of the Company and the Deputy General Manager of the Group. Ms. Yung joined the Group in 1998. She holds a Bachelor degree in Accountancy from the City University of Hong Kong and is a member of Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute.

(e) This circular is prepared in both English and Chinese. In the event of inconsistency, English text shall prevail over its Chinese text unless otherwise specified.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (http://www.atnt.biz/) for a period of 14 days from the date of this circular:

(a) the Share Transfer Agreement I;

(b) the Share Transfer Agreement II;

(c) the accountants' report of each of Target Company I and Target Company II, the text of which is set out in Appendix IIA and Appendix IIB to this circular;

(d) the report of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix IV to this circular;

(e) the valuation report of each of the Property I and Property II, the text of which is set out in Appendix VA and Appendix VB to this circular;

(f) the written consents referred to in the section headed "Experts and Consents" in this Appendix; and

(g) this circular.