



**Asia Tele-Net and Technology Corporation Limited**  
(Stock Code: 0679)  
(Incorporated in Bermuda with limited liability)



**KARL THOMSON HOLDINGS LIMITED**  
(Stock Code: 0007)  
(Incorporated in Bermuda with limited liability)

**JOINT ANNOUNCEMENT  
VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION  
FOR  
KARL THOMSON HOLDINGS LIMITED  
ACQUISITION OF AN ADDITIONAL 12.20% INTEREST IN ATNT  
Financial Adviser to Karl Thomson Holdings Limited  
Karl Thomson Financial Advisory Limited**

**Acquisition of ATNT Shares from Optimist and Mr. Lam Kwok Yan**

On 25 November 2004, Karfun, a wholly-owned subsidiary of the Company, conditionally agreed to acquire 48,520,667 ATNT Shares from Optimist and 3,475,167 ATNT Shares from Mr. Lam Kwok Yan for a consideration of HK\$21,834,300.00. Medusa is currently owned by Mr. Lam Kwok Hing, as to 50%, and Mr. Lam Kwok Yan, as to 50%. Medusa's sole asset is the entire issued share capital of Optimist which holds 97,041,333 ATNT Shares representing approximately 22.755% of the issued share capital of ATNT. Upon completion, Medusa and Optimist will be wholly owned by Mr. Lam Kwok Hing.

At the same time, Mr. Lam Kwok Yan entered into a Conditional Agreement with Mr. Lam Kwok Hing, pursuant to which Mr. Lam Kwok Hing acquired 50% interest in Medusa from Mr. Lam Kwok Yan for a consideration of HK\$21,834,300.00. Medusa is currently owned by Mr. Lam Kwok Hing, as to 50%, and Mr. Lam Kwok Yan, as to 50%. Medusa's sole asset is the entire issued share capital of Optimist which holds 97,041,333 ATNT Shares representing approximately 22.755% of the issued share capital of ATNT. Upon completion, Medusa and Optimist will be wholly owned by Mr. Lam Kwok Hing.

Karfun, a wholly-owned subsidiary of the Company, currently holds 35.173% of the issued share capital of ATNT. Prior to the Acquisition, Karfun and parties acting in concert with it (namely, Optimist, Mr. Lam Kwok Yan and Mr. Lam Kwok Hing) hold together 59.558% of the issued share capital of ATNT. Upon Completion, Karfun will hold 47.365% interest in the issued share capital of ATNT, Optimist and Mr. Lam Kwok Hing will aggregately hold approximately 12.192% interest in the issued share capital of ATNT whereas Mr. Lam Kwok Yan will cease to have any interest in ATNT.

**Very Substantial Acquisition and Connected Transaction**

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules.

The Company is beneficially owned as to about 67.76% by J&A, which is beneficially owned as to 80% by Mr. Lam Kwok Hing, the deputy chairman, the managing director, an executive director and a controlling shareholder of ATNT through Optimist and the chairman and an executive director of the Company, and 20% by Mr. Nam Kwok Lun, the deputy chairman, the managing director and an executive director of the Company. Mr. Lam Kwok Yan is currently the chairman and a executive director of ATNT.

Accordingly, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and the Acquisition is subject to, among other things, approval by the Independent Shareholders at the SGM. Mr. Lam Kwok Hing and his associates are required to abstain from voting in respect of the proposed resolution to approve the Acquisition which will be conducted by poll.

A circular containing, among other things, a letter of advice from each of the independent financial adviser and the independent board committee of the Company in respect of the Acquisition and a notice of the SGM will be dispatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

Trading in the shares of the Company and ATNT on the Stock Exchange were suspended at the request of the Company and ATNT with effect from 9:30 a.m. on 24 November 2004 and 25 November 2004 respectively pending the release of this announcement. The Company and ATNT have applied to the Stock Exchange for the resumption of trading in the Shares and ATNT Shares with effect from 9:30 a.m. on 14 December 2004.

**INFORMATION ON THE ACQUISITION AND THE S&P AGREEMENT**

**Date**

25 November 2004

**Parties**

- (1) Optimist and Mr. Lam Kwok Yan as vendors
- (2) Karfun, a wholly-owned subsidiary of the Company as purchaser

**ATNT Shares to be acquired under the S&P Agreement**

48,520,667 ATNT Shares owned by Optimist and 3,475,167 ATNT Shares owned by Mr. Lam Kwok Yan, a total of 51,995,834 ATNT Shares, representing 12.192% of the total issued share capital of ATNT of 426,463,400 ATNT Shares.

**Aggregate Purchase Price**

The purchase prices payable by Karfun to Optimist and Mr. Lam Kwok Yan in respect of the ATNT Shares is HK\$21,834,300.15 and HK\$1,563,825.15, respectively, at an acquisition price of HK\$0.45 per ATNT Share. The purchase prices of HK\$21,834,300.15 and HK\$1,563,825.15 shall be payable in cash to Optimist and Mr. Lam Kwok Yan respectively on or before 31 January 2005, or completion of the Acquisition, whichever is earlier. Optimist and Mr. Lam Kwok Yan agree to refund all payment made by the Company if the Acquisition cannot be completed and the S&P Agreement is lapsed. The Company intends to fund the consideration from its internal resources.

The acquisition price of HK\$0.45 per ATNT Share represents:

- (i) a premium of about 1.12% to the closing price of HK\$0.445 per ATNT Share quoted on the Stock Exchange on 24 November 2004, being the last trading date immediately prior to the suspension of trading of ATNT Shares on the Stock Exchange;
- (ii) a discount of about 0.22% to the average closing price of approximately HK\$0.451 per ATNT Share over the 5 trading days up to and including 24 November 2004, being the last trading date immediately prior to the suspension of trading of ATNT Shares on the Stock Exchange;
- (iii) a discount of about 0.55% to the average closing price of approximately HK\$0.4525 per ATNT Share over the 10 trading days up to and including 24 November 2004, being the last trading date immediately prior to the suspension of trading of ATNT Shares on the Stock Exchange; and
- (iv) a premium of about 5.04% to the published unaudited consolidated net tangible asset value of approximately HK\$0.4284 per ATNT Share as at 30 June 2004.

The aggregate purchase price has been determined on an arm's length basis between Karfun and Optimist and Mr. Lam Kwok Yan with reference to the current market price of ATNT. After completion of the Acquisition, Optimist's assets will be comprised of 48,520,666 ATNT Shares and HK\$21,834,300.15 in cash.

**Conditions**

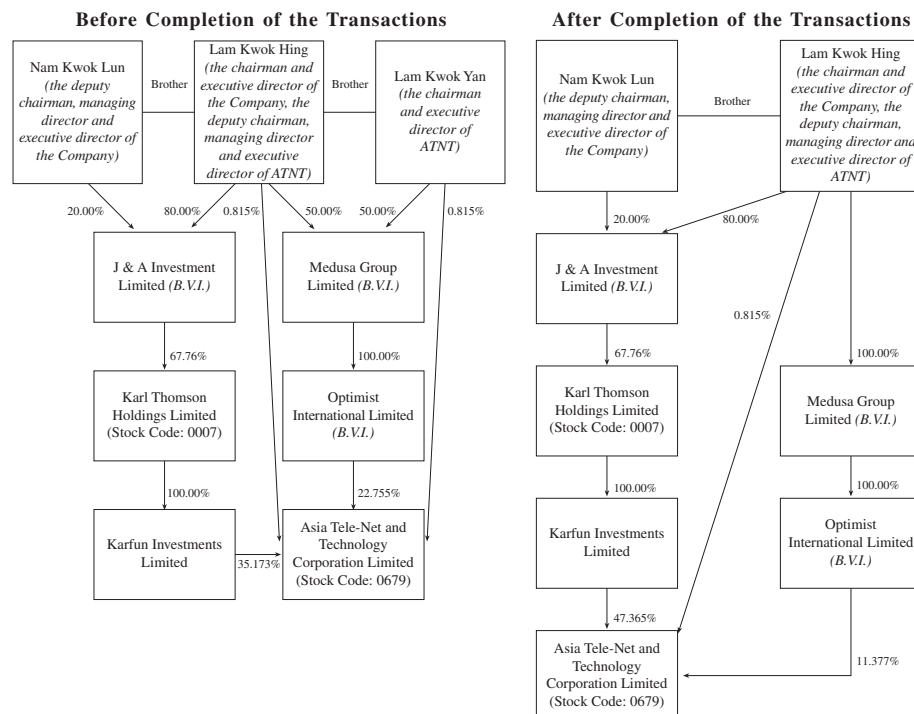
Completion of the Acquisition is subject to the following conditions being satisfied or waived:

- (A) execution of all necessary documents in relation of the Acquisition;
- (B) all necessary approvals and consents being obtained in compliance with all applicable laws, rules and regulations including, without limitation, the Listing Rules, the Takeovers Code and the bye-laws of the Company; and
- (C) all necessary approvals from Shareholders having been obtained including, without limitation, the Company having convened a special general meeting at which resolutions shall have been duly passed by the Independent Shareholders to approve, inter alia, the Acquisition.

**Completion**

Completion of the Acquisition will take place on the date falling 7 business days after the date on which the last of the conditions to be satisfied or waived (as the case may be) and in any case, no later than 30 June 2005. Further announcement will be made if any conditions is waived or not satisfied by 30 June 2005.

**CHARTS SHOWING THE SHAREHOLDING STRUCTURE BEFORE AND AFTER COMPLETION OF THE TRANSACTIONS**



**INFORMATION ON MEDUSA, OPTIMIST, MR. LAM KWOK HING AND MR. LAM KWOK YAN**

Optimist, a wholly-owned subsidiary of Medusa, is a holding company and its sole investment is 97,041,333 ATNT Share. Optimist, Mr. Lam Kwok Hing, Mr. Lam Kwok Yan and Karfun are substantial shareholders of ATNT who act in concert and hold 22.755% (97,041,333 ATNT Shares), 0.815% (3,474,667 ATNT Shares), 0.815% (3,475,167 ATNT Shares) and 35.173% (150,000,000 ATNT Shares), respectively (a total of 59.558%), interest in the issued share capital of ATNT.

The original purchase cost of ATNT Shares owned by Optimist and Mr. Lam Kwok Yan to be sold to Karfun under the S&P Agreement, which dated back for almost seven years ago, was estimated to be above the acquisition consideration of HK\$23,398,125.30.

At the same time of Karfun entering into the S&P Agreement, Mr. Lam Kwok Yan entered into a Conditional Agreement with Mr. Lam Kwok Hing, pursuant to which Mr. Lam Kwok Hing acquired 50% interest in Medusa from Mr. Lam Kwok Yan for a consideration of HK\$21,834,300.00 in cash upon the completion of the Conditional Agreement.

Before completion of the Conditional Agreement, Medusa is currently owned by Mr. Lam Kwok Yan, the chairman and executive director of ATNT, as to 50% and Mr. Lam Kwok Hing, the deputy chairman, managing director and executive director of ATNT and the chairman of the Company, as to 50%. Medusa's sole asset is the entire issued share capital of Optimist which holds 97,041,333 ATNT Shares representing approximately 22.755% of the issued share capital of ATNT. Upon completion of the Conditional Agreement, Medusa will be solely owned by Mr. Lam Kwok Hing. Since Optimist is 100% owned by Medusa, thus after completion, Optimist, in which its sole asset will be 48,520,666 ATNT Shares (representing 11.377% of the issued share capital of ATNT), will be effectively wholly owned by Mr. Lam Kwok Hing.

As a result, the Company will effectively acquire all direct and indirect interest of ATNT owned by Mr. Lam Kwok Yan upon completion and Mr. Lam Kwok Yan will cease to have any interest in ATNT.

#### INFORMATION ON ATNT

ATNT is incorporated on 19 December 1990 in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange (Stock code: 0679) on 31 January 1991. ATNT is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture, and worldwide sale of custom built electroplating equipment, horizontal wet processing equipment and other automation machinery; entertainment production services; money lending and investment holding in properties.

There will not be any change in the leader of the concert group as a result of completion of the Acquisition. The Company, through its ownership in Karfun, will remain the single largest controlling shareholder of ATNT and the Acquisition will only result in an increase of ownership of ATNT from 35.173% to 47.365%.

The board of directors of ATNT had resolved to change its accounting year-end date from 31 March to 31 December effective from the year of 2003 on 23 December 2003. The audited consolidated net loss before and after taxation, minority interest and extraordinary items of ATNT were approximately HK\$35,053,000 and approximately HK\$29,075,000 respectively for the financial year ended 31 December 2003 (for the nine month ended 31 December 2003). The audited consolidated net loss before and after taxation, minority interest and extraordinary items of ATNT were approximately HK\$163,262,000 and HK\$157,796,000 respectively for the financial year ended 31 March 2003. As at 31 March 2003, the total assets amounted to approximately HK\$519,147,000 and turnover was approximately HK\$385,228,000. As at 31 December 2003, the audited consolidated net tangible asset value of the Company was approximately HK\$134,609,000 or approximately HK\$ 0.3156 per share. As at 31 December 2003, the total assets amounted to approximately HK\$453,965,000 and turnover (for the nine month ended 31 December 2003) was approximately HK\$340,263,000. As ATNT has changed its year-end date from 31 March to 31 December, no published or audited financials is available for the year ended 31 March 2004.

The unaudited consolidated net profit before and after taxation, minority interest and extraordinary items of ATNT were approximately HK\$46,693,000 and approximately HK\$43,439,000 respectively for the six month ended 30 June 2004. As at 30 June 2004, the unaudited consolidated net tangible asset value of ATNT was approximately HK\$182,700,000 or approximately HK\$0.4284 per share. The total assets amounted to approximately HK\$456,276,000 and the turnover was approximately HK\$345,155,000.

The significant improvement in the financial performance of ATNT of the period ended 31 December 2003 was mainly due to an improvement of orders from its design, manufacture, and worldwide sale of custom built electroplating equipment, horizontal wet processing equipment and other automation machinery operations. Furthermore, there was little provision to be made for its investment during the fiscal year ended 31 December 2003.

As at the date hereof, the board of directors of ATNT comprises of Mr. Lam Kwok Yan as the chairman and executive director, and Mr. Lam Kwok Hing as deputy chairman, managing director and executive director; and Messrs. Cheung Kin Wai, Ng Chi Kin David and Kwan Wang Wai Alan as independent non-executive directors. After completion, Mr. Nam Kwok Lun will be appointed as the executive director and other members of the board of ATNT will remain unchanged.

#### INFORMATION ON THE COMPANY

The Company is incorporated on 29 March 2000 in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock code: 0007) on 8 September 2000. The Company is an investment holding company and the subsidiaries of which are principally engaged in the business of providing financial services, including securities broking, futures and options broking, mutual funds and insurance-linked investment plans and products broking, securities margin financing services, private and public placement of shares, arrangement of debt and equity securities and corporate finance advisory services in Hong Kong.

Karfun, an investment holding company, was incorporated in Hong Kong on 9 October 1987 and is a wholly-owned subsidiary of the Company. On 29 July 2004, Karfun had converted a HK\$30,000,000 convertible note at HK\$0.20 per ATNT Shares pursuant to a convertible note issued by ATNT and subscribed by the Company in cash, on 6 February 2004, which constituted as a discloseable and connected transaction as announced by the Company on 6 February 2004 and a circular dispatched to the Shareholders on 27 February 2004. As of the date of this announcement, the Company holds 35.173% interest in the issued share capital of ATNT.

The audited consolidated net profit before and after taxation and extraordinary items of the Company were approximately HK\$8,178,000 and approximately HK\$8,148,000 respectively for the financial year ended 31 March 2004. The audited consolidated net loss before and after taxation and extraordinary items of the Company were approximately HK\$61,114,000 and HK\$42,731,000 respectively for the financial year ended 31 March 2003. As at 31 March 2004, the audited consolidated net tangible asset value of the Company was approximately HK\$116,699,000 or approximately HK\$0.25 per share.

#### REASONS FOR THE ACQUISITION

Since the Company converted the convertible note issued by ATNT to ATNT Shares on 29 July 2004, the Company has been diversifying its business interests into other sector by holding ATNT as its 35.173% associate company. Given the current business environment and in view of the latest financial of ATNT, the Company considers that this is a good opportunity to increase its stake in ATNT. It is expected that this will enhance the profitability and contribution of ATNT to the Company in the long term. Currently, the Company has not made any decision as to further acquire more interests or not in ATNT.

Since the conversion of the said convertible note, ATNT has been treated as an associate company of the Company for equity accounting purposes and after the Acquisition, there will be no change on this status save and except that the Company will be sharing 47.365% of ATNT's profit instead of 35.173% after the Acquisition.

The Directors believe that the Acquisition is in the interests of the Shareholders as a whole and that the terms are fair and reasonable as the Acquisition Price is in line with the current market price.

#### VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Since Karfun is a wholly-owned subsidiary of the Company and the Company is beneficially owned as to about 67.76% by J&A, which is beneficially owned as to 80% by Mr. Lam Kwok Hing, being Director and substantial Shareholder, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules.

#### GENERAL

As the Acquisition is constituted as a very substantial acquisition and connected transaction for the Company, completion of the Acquisition will be subject to the approval of the Independent Shareholders at the SGM by way of a poll. Mr. Lam Kwok Hing and his respective associates, including Mr. Lam Kwok Yan, Mr. Nam Kwok Lun and their associates (who beneficially owns 13.3% issued share capital of the Company as at the date of this announcement) will abstain from voting on the resolution approving the Acquisition.

After completion of the transactions, Mr. Lam Kwok Yan will cease to have any interest in ATNT.

#### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising such independent non-executive directors of the Company who are not interested or involved in the Acquisition will be established to advise the Independent Shareholders in respect of the Acquisition.

#### INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be engaged as the Independent Financial Adviser to the Company in respect of the Acquisition.

#### SPECIAL GENERAL MEETING

The SGM will be convened at which the Independent Shareholders will be asked to consider, and if thought fit, approve, amongst other things, the Acquisition. The voting in respect of the approval of the resolution regarding the Acquisition will be conducted by way of a poll. Mr. Lam Kwok Hing and his respective associates will abstain from voting on the resolution approving the Acquisition.

#### CIRCULAR

A circular will be dispatched to Shareholders as soon as practicable containing, amongst other things, (1) details of the S&P Agreement and the Acquisition, (2) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders, (3) a letter from an independent financial adviser with its advice to the Independent Board Committee, and (4) a notice convening the SGM.

#### CLARIFICATION

For the purpose of clarification, the Directors wish to clarify that the terms "Paragraph 3 of the Listing Agreement" and "Paragraph 2 of the Listing Agreement" as appeared in the Company's announcement dated 22 November 2004 shall mean "Rule 13.23 of the Listing Rules" and "Rule 13.09 of the Listing Rules" accordingly.

#### RESUMPTION OF TRADING

Trading in the shares of the Company and ATNT on the Stock Exchange were suspended at the request of the Company and ATNT with effect from 9:30 a.m. on 24 November 2004 and 25 November 2004, respectively, pending the release of this announcement. The Company and ATNT have applied to the Stock Exchange for the resumption of trading in the Shares and ATNT Shares with effect from 9:30 a.m. on 14 December 2004.

#### DEFINITIONS

"Acquisition"	the acquisition of the ATNT Shares subject to and in accordance with the S&P Agreement
"ATNT"	Asia Tele-Net and Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"ATNT Share(s)"	ordinary share(s) of HK\$0.01 each in the issued share capital of ATNT
"Company"	Karl Thomson Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Conditional Agreement"	conditional sale and purchase agreement dated 25 November 2004 and entered into between Mr. Lam Kwok Hing and Mr. Lam Kwok Yan pursuant to which Mr. Lam Kwok Hing acquired 50% interest in Medusa from Mr. Lam Kwok Yan on the terms therein mentioned
"Directors"	the directors of the Company, including its independent non-executive directors
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the board comprising the independent non-executive directors of the Company who are not interested or involved in the Acquisition
"Independent Shareholders"	Shareholders who do not have a material interest in the Acquisition or who are not otherwise required by the Stock Exchange to abstain from voting
"J&A"	J&A Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned by Mr. Lam Kwok Hing, the deputy chairman, managing director and controlling shareholder of ATNT and the chairman and executive director of the Company, as to 80% and Mr. Nam Kwok Lun, the deputy chairman and managing director of the Company, as to 20%
"Karfun"	Karfun Investments Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
"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, which is beneficially owned by Mr. Lam Kwok Hing, the chairman and executive director of ATNT, as to 50% and Mr. Lam Kwok Hing, brother of Lam Kwok Yan and the deputy chairman, managing director and executive director of ATNT and the chairman and an executive director of the Company, as to 50%
"Optimist"	Optimist International Limited, a company incorporated in the British Virgin Islands with limited liability, which is 100% owned by Medusa.
"PRC"	the People's Republic of China
"S&P Agreement"	the sales and purchase agreement dated 25 November 2004 and entered into between Karfun as purchaser and Optimist and Mr. Lam Kwok Yan as vendors in relation to the Acquisition
"Shareholders"	holders of Shares
"Shares"	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
"SGM"	the special general meeting of the Company to be convened to approve, amongst other things, the Acquisition
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

By Order of the board of  
Asia Tele-Net and Technology Corporation Limited  
Lam Kwok Yan  
Chairman

By Order of the board of  
Karl Thomson Holdings Limited  
Lam Kwok Hing  
Chairman

Hong Kong, 13 December 2004

*As at the date of this announcement, the board of directors of the Company comprises Messrs. Lam Kwok Hing and Nam Kwok Lun as executive Directors; and Messrs. Chen Wei-Ming Eric, Ng Chi Kin David and Kwan Wang Wai Alan as independent non-executive Directors.*

*As at the date of this announcement, the board of directors of ATNT comprises Messrs. Lam Kwok Yan and Lam Kwok Hing as executive Directors; and Messrs. Cheung Kin Wai, Ng Chi Kin David and Kwan Wang Wai Alan as independent non-executive Directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to ATNT and its subsidiaries) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to ATNT and its subsidiaries) have been arrived at after due and careful consideration and there are no other facts (other than those relating to ATNT and its subsidiaries) not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The directors of ATNT jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Company) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Company) not contained in this announcement, the omission of which would make any statement in this announcement misleading.*