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亞洲聯合基建控股有限公司

ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)
(Stock Code: 00711.HK)



雅居物業管理

Modern Living Property Management

Modern Living Investments Holdings Limited

雅居投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8426)

Chun Wo Overseas Holdings Limited

(Incorporated in Cayman Islands with Limited Liability)

JOINT ANNOUNCEMENT

**(1) MAJOR TRANSACTION IN RELATION TO PROPOSED ACQUISITION
OF CONTROLLING STAKE IN**

MODERN LIVING INVESTMENTS HOLDINGS LIMITED;

**(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
SOMERLEY CAPITAL LIMITED**

**ON BEHALF OF CHUN WO OVERSEAS HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN MODERN LIVING INVESTMENTS
HOLDINGS LIMITED**

**(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY CHUN WO OVERSEAS HOLDINGS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT);**

AND

(3) RESUMPTION OF TRADING

**Financial Adviser to
Chun Wo Overseas Holdings Limited**



SOMERLEY CAPITAL LIMITED

**Independent Financial Adviser to
the Independent Board Committee of Modern Living Investments Holdings Limited**



THE SALE AND PURCHASE AGREEMENT

On 26 January 2024 (after trading hours of the Stock Exchange), the Offeror (as purchaser) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Offeror conditionally agreed to purchase, 473,870,000 Target Company Shares, which represents approximately 59.23% of the issued share capital in the Target Company as at the date of this joint announcement.

The Consideration for the Sale Shares shall be in the maximum sum of HK\$165,854,500 (equivalent to HK\$0.350 per Sale Share). A sum of HK\$136,854,500 shall be payable by the Offeror to the Vendors in cash on the Completion Date. The remaining part of the Consideration shall become payable to R5A in stages if the Profit Targets are satisfied.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

The Vendors are deemed to be parties acting in concert with the Offeror. The Offeror and parties acting in concert with it (excluding the Vendors) do not own, control or have direction over any Target Company Shares or other relevant securities of the Target Company as at the date of this joint announcement. Upon Completion, the Offeror and parties acting in concert with it (excluding the Vendors) will own an aggregate of 473,870,000 Target Company Shares (representing approximately 59.23% of the Target Company Shares in issue as at the date of this joint announcement) and the Offeror and all parties acting in concert with it (including R5A) will own an aggregate of 553,870,000 Target Company Shares (representing approximately 69.23% of the Target Company Shares in issue as at the date of this joint announcement).

Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror is required to make a mandatory unconditional cash offer (i.e. the Share Offer) for all the issued Target Company Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Subject to Completion, Somerley will, on behalf of the Offeror, make the Share Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.350 in cash

The Share Offer Price is the same as the maximum price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Share Offer, if made, will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of the Target Company Shares or any other conditions. Any acceptance of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

TARGET COMPANY INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Target Company Independent Board Committee comprising all the independent non-executive directors of the Target Company has been established by the Target Company to make a recommendation to the Target Company Independent Shareholders in respect of the Share Offer. Ms. Tam Mo Kit, the sole non-executive director of the Target Company, is the controlling shareholder of R5A and the spouse of Mr. Ng and is therefore considered to have material interest in the Acquisition and the Share Offer. Accordingly, she will not be a member of the Independent Board Committee.

Red Solar has been appointed as the independent financial adviser to advise the Target Company Independent Board Committee in connection with the Share Offer and as to their acceptance.

LISTING RULES IMPLICATIONS TO AAI

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transactions are 25% or more but less than 100%, the Acquisition together with the Share Offer constitute a major transaction for AAI and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

AAI has obtained written approval for the Acquisition and the Share Offer in accordance with Rule 14.44 of the Listing Rules from GT Winners Limited, which is the beneficial owner of 954,604,705 AAI Shares, representing approximately 53.44% of the entire issued share capital of AAI as at the date of this joint announcement.

A circular containing, among other things, details of the Acquisition and of the Share Offer and other information required to be included under the Listing Rules shall be despatched by AAI to the AAI Shareholders within 15 business days (as defined in the Listing Rules) after the publication of this joint announcement, which is on or before 23 February 2024, pursuant to Rule 14.41(a) of the Listing Rules.

OFFER DOCUMENT

The Offeror and the Target Company intend to combine the offer document and the offeree circular in the Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document is required to be posted by or on behalf of the Offeror and the Target Company within 21 days of the date of this joint announcement. As the making of the Share Offer is conditional upon Completion, an application will be made by the Offeror to seek the Executive's consent (which may or may not be granted) under Note 2 to Rule 8.2 of the Takeovers Code to extend the latest time for the despatch of the Composite Document to a date falling within 7 days of Completion or such other date as the Executive may approve. Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Target Company as and when appropriate.

RESUMPTION OF TRADING

At the request of AAI and the Target Company, trading in the AAI Shares and the Target Company Shares on the Stock Exchange was respectively halted with effect from 9:00 a.m. on 29 January 2024 pending the publication of this joint announcement. An application has been made by each of AAI and the Target Company to the Stock Exchange respectively for the resumption of trading in the AAI Shares and the Target Company Shares on the Stock Exchange with effect from 9:00 a.m. on 1 February 2024.

WARNING

Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, and the Acquisition may or may not proceed to Completion. AAI Shareholders and potential investors of AAI are reminded to exercise caution when dealing in the securities of AAI.

The Target Company Directors make no recommendation as to the fairness or reasonableness of the Share Offer or as to the acceptance of the Share Offer in this joint announcement and strongly recommend the Target Company Independent Shareholders not to form a view on the Share Offer unless and until they have received and read the Composite Document, including the recommendations of the Target Company Independent Board Committee and the letter of advice from the independent financial adviser in respect of the Share Offer.

The making of the Share Offer is subject to Completion which may or may not take place. Accordingly, the Share Offer may or may not be made. The Target Company Shareholders and potential investors of the Target Company are advised to exercise caution when dealing in the securities of the Target Company (including the Target Company Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

INTRODUCTION

On 26 January 2024 (after trading hours of the Stock Exchange), the Offeror (as purchaser) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Offeror conditionally agreed to purchase, 473,870,000 Target Company Shares, which represents approximately 59.23% of the issued share capital in the Target Company as at the date of this joint announcement.

SALE AND PURCHASE AGREEMENT

Date

26 January 2024

Parties

- (i) R5A;
- (ii) Mr. Ng;
- (iii) Mr. Ho;
- (iv) Mr. Tang (together with R5A, Mr. Ng and Mr. Ho, as Vendors); and
- (v) the Offeror (as purchaser).

The Offeror is a company incorporated in the Cayman Islands with limited liability and its principal activity is investment holding. The Offeror is a direct wholly-owned subsidiary of AAI. The Vendors and the ultimate beneficial owners of R5A are third parties independent of AAI and connected persons of AAI and none of the Vendors have any other relationships with or connection to AAI and connected persons of AAI, notwithstanding the Vendors are deemed to be parties acting in concert with the Offeror pursuant to the Takeovers Code.

Sale Shares

Pursuant to the Sale and Purchase Agreement, the Offeror has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares free from all Encumbrances together with all rights and benefits attaching or accruing to them, including all rights to any dividend or other distribution declared made or paid, the record date of which is on or after the Completion Date. The total number of Sale Shares, comprising a total of 473,870,000 Target Company Shares, represents approximately 59.23% of the total issued share capital of the Target Company as at the date of this joint announcement.

Consideration

The Consideration for the Sale Shares shall be in the maximum sum of HK\$165,854,500 (equivalent to HK\$0.350 per Sale Share). The Initial Consideration in the sum of HK\$136,854,500 shall be payable by the Offeror to the Vendors in cash on the Completion Date. The remaining part of the Consideration shall become payable to R5A if the Profit Targets are satisfied:

- (A) If the 2024 Net Profit is of HK\$15,000,000 or more, then the 1st Deferred Consideration in the sum of HK\$10,000,000 shall be paid by the Offeror to R5A within 10 Business Days from the Target Company's publication of the annual report for the year ending 31 December 2024;
- (B) If the 2025 Net Profit is of HK\$15,000,000 or more, then the 2nd Deferred Consideration in the sum of HK\$10,000,000 shall be paid by the Offeror to R5A within 10 Business Days from the Target Company's publication of the annual report for the year ending 31 December 2025;
- (C) If the 2024 Net Profit is of HK\$13,000,000 or more and is less than HK\$15,000,000 and if the aggregate of the 2024 Net Profit and the 2025 Net Profit is of HK\$30,000,000 or more, then the 1st Deferred Consideration shall be paid by the Offeror to R5A within 10 Business Days from the Target Company's publication of the

annual report for the year ending 31 December 2025; for the avoidance of doubt, if the 2024 Net Profit less than HK\$13,000,000 and if the aggregate of the 2024 Net Profit and the 2025 Net Profit is of HK\$30,000,000 or more, the 1st Deferred Consideration shall not be payable; and

- (D) If the 2026 Net Profit is of HK\$15,000,000 or more, then 3rd Deferred Consideration in the sum of HK\$9,000,000 shall be paid by the Offeror to R5A within 10 Business Days from the Target Company's publication of the annual report for the year ending 31 December 2026.

If the Target Group undertakes new business operations other than property management services to be provided to public and subsidised housing in Hong Kong, the Offeror and R5A shall discuss in good faith as to whether any of the Profit Targets shall be adjusted, provided that the aggregate amount of all the Deferred Consideration shall not be more than HK\$29,000,000. For the avoidance of doubt, such adjustments may relate to the amounts of Profit Targets, the timing of paying the Deferred Consideration (where applicable) and/or the amount of Deferred Consideration payable in each financial year of the Target Company. The overall effect of such adjustments (if any) will be maintaining or reducing the aggregate amount of the Deferred Consideration.

If any of the Profit Targets is not satisfied, the total Consideration payable to R5A will be reduced by the relevant amount of Deferred Consideration, while the total Consideration payable to the other Vendors will not be reduced.

Given the above terms under the Sale and Purchase Agreement, for R5A to obtain the Deferred Consideration, the Target Company will have to achieve the 2024 Net Profit, 2025 Net Profit and 2026 Net Profit, which shall not be less than HK\$15,000,000 in each year. Such Profit Targets constitute a profit forecast under Rule 10 of the Takeovers Code.

The Consideration amount was arrived at based on arm's length negotiations between the Offeror and the Vendors having taken into account, among others, (i) the business outlook and financial information of the Target Group; (ii) the fact that AAI and the Offeror will obtain a controlling interest in the Target Company upon Completion; and (iii) the historical trading prices of the Target Company Shares traded on GEM.

The number of Sale Shares to be sold by, and the Consideration payable to, each Vendor are set out below:

	R5A	Mr. Ng	Mr. Ho	Mr. Tang
Number of Sale Shares to be sold	411,440,000	53,390,000	4,840,000	4,200,000
Initial Consideration	HK\$115,004,000	HK\$18,686,500	HK\$1,694,000	HK\$1,470,000
1st Deferred Consideration	HK\$10,000,000	Not applicable	Not applicable	Not applicable
2nd Deferred Consideration	HK\$10,000,000	Not applicable	Not applicable	Not applicable
3rd Deferred Consideration	<u>HK\$9,000,000</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>
Total Consideration	<u>HK\$144,004,000</u>	<u>HK\$18,686,500</u>	<u>HK\$1,694,000</u>	<u>HK\$1,470,000</u>

Conditions precedent

Completion is conditional upon the fulfilment or waiver (where applicable) of the following conditions:

- (A) up to the Completion Date, the Target Company Shares remaining listed and traded on GEM, and no notification or indication being received from the Stock Exchange or the SFC prior to Completion that the listing of the Target Company Shares on GEM will or may be, for whatever reason, withdrawn or suspended for more than 7 consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the SFC or the Stock Exchange for this joint announcement and any announcements relating to the transactions contemplated under the Sale and Purchase Agreement);
- (B) the passing by the AAI Shareholders (as required under the Listing Rules) the resolutions to approve the transactions contemplated under the Sale and Purchase Agreement;
- (C) all necessary approvals and consents by the landlord and contractual counterparties of the Target Group in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained;
- (D) in relation to the transactions contemplated in the Sale and Purchase Agreement, all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (E) no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects has occurred between the date of the Sale and Purchase Agreement and the Completion Date;
- (F) the Vendors' warranties and representations under the Sale and Purchase Agreement having remained true and accurate in all material respects; and
- (G) each Vendor having performed and complied with all agreements, obligations and conditions contained in the Sale and Purchase Agreement that are required to be performed or complied with by it/him on or before Completion.

The Offeror may waive any of the conditions precedent set out in (A), (C), (E), (F) and (G) above and such waiver may be made subject to such terms and conditions as may be determined by the Offeror. All of the other conditions precedent may not be waived.

As at the date of this joint announcement, the condition precedent set out in (B) has been fulfilled. None of the remaining conditions precedent has been fulfilled.

If the conditions precedent have not been fulfilled or waived (where applicable) at or before 12:00 noon on the Long Stop Date (or such later date as the Vendors and the Offeror may agree in writing), the Sale and Purchase Agreement shall lapse and all rights and obligations of the Offeror and the Vendors shall cease to have effect except in respect of any accrued rights and obligations and shall be without prejudice to certain surviving provisions contained in the Sale and Purchase Agreement.

Completion

If all the conditions precedent under the Sale and Purchase Agreement are fulfilled or waived (as the case maybe), Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of AAI and the financial statements of the Target Company will be consolidated into the financial statements of AAI.

Vendors' undertakings

The Vendors have given the following undertakings to the Offeror in the Sale and Purchase Agreement:

- (1) Non-acceptance of Share Offer: R5A shall not accept the Share Offer in respect of the Remaining Shares and any other securities of the Target Company held or controlled by R5A during the offer period (as defined in the Takeovers Code).
- (2) Non-disposal: R5A shall not sell, transfer or otherwise dispose of, or create any Encumbrance over, any of the Remaining Shares or any economic interests in the Remaining Shares for a period commencing on the date of the Sale and Purchase Agreement and expiring on the day falling 36 months after the Completion Date. There is no agreement between the Offeror and R5A as to how R5A may dispose of the Remaining Shares after the above-mentioned 36 months' period.
- (3) No material adverse change: The Vendors undertake that, during the Relevant Period, there shall not be any material write off nor shall there be any material accounting provision for probable loss pursuant to HKFRSs made to (A) any of the claims or proceedings against the Target Group or any of the existing litigations set out in the Sale and Purchase Agreement; (B) the Target Group's business of providing property management services; and (C) the value of the Designated Assets.

This undertaking shall not apply to (a) any new litigation, claim or proceedings made against the Target Group after the Completion Date; (b) any new contract of property management services entered into by the Target Group after the Completion Date; (c) any new financial assets acquired by the Target Group after the Completion Date; (d) any change or development or any event or series of events, matters or circumstances in relation to any Designated Asset which is unforeseeable and unforeseen, or uncontrollable by the Target Group at the Completion Date but the occurrence of which during the Relevant Period will result in the making of a material write off or a material provision to the Designated Asset during the Relevant Period.

- (4) The Vendors undertake that the total amount of the Cash and Equivalents as at the Completion Date shall not be less than HK\$100 million.

- (5) In respect of property management practitioner licences:
- (a) Mr. Ho undertakes to maintain his Property Management Practitioner (Tier 1) Licence granted by the PMSA for a period commencing on the date of the Sale and Purchase Agreement and ending on the date falling 36 months from the Completion Date.
 - (b) Mr. Tang undertakes to maintain his Property Management Practitioner (Tier 2) Licence granted by the PMSA for a period commencing on the date of the Sale and Purchase Agreement and ending on the date falling 36 months from the Completion Date.
 - (c) Mr. Ho, Mr. Tang and R5A undertake that the Target Group will maintain sufficient holders of Property Management Practitioner Licences granted by the PMSA, as required by law, during the contract term (including the potential extension thereof) of each property management contract to which a member of the Target Group is party as at the date of the Sale and Purchase Agreement. As at the date of this joint announcement, the Target Group maintains sufficient holders of Property Management Practitioner Licences for all of its current property management contracts.
- (6) The Purchaser shall appoint the auditor of the Target Company to certify, within 30 Business Days after the Completion, the total amount of Cash and Equivalents as at the Completion Date. In the event that the total amount of Cash and Equivalents as at the Completion Date is less than HK\$100 million, then the Vendors shall pay to the Offeror in cash within 10 Business Days from the aforesaid certification an amount which is equivalent to the product of (x) the aggregate amount of the shortfall in the Cash and Equivalents as at the Completion Date below HK\$100 million times (y) 59.23%.
- (7) Each of the Vendors undertakes and covenants that for the Non-Compete Period, neither it/he nor any of its/his Affiliates shall:
- (a) either on its/his own account or through any of its/his Affiliates, or in conjunction with or on behalf of any other person, be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with the Business in Hong Kong; and
 - (b) either on its/his own account or through any of its/his Affiliates or in conjunction with or on behalf of any other person, employ, solicit or entice away or attempt to employ, solicit or entice away from any member of the Target Group any person for the purpose of carrying on any business in direct competition with the Business in Hong Kong who is or shall have been at the date of or within twelve (12) months prior to such cessation a director, officer, legal representative, manager or employee of any such member of the Target Group whether or not such person would commit a breach of contract by reason of leaving such employment.
- (8) During the Non-Compete Period, other than in connection with his or her employment with and for the benefit of the Target Group, directly or indirectly, either individually or as a principal, partner, member, manager, agent, employee, employer, consultant,

independent contractor, stockholder, joint venturer or investor, or as a director or officer of any corporation, limited liability company, partnership or other entity, or in any other manner or capacity whatsoever, none of the Vendors nor any of its/his Affiliates (as procured by any Vendor) shall:

- (a) solicit or divert or attempt to solicit or divert from the Target Group any business with any Client;
- (b) solicit or divert or attempt to solicit or divert from the Target Group any business with any person or entity who was being solicited as a Client by the Target Group;
- (c) induce or cause, or attempt to induce or cause, any salesperson, supplier, vendor, representative, independent contractor, broker, agent or other person transacting business with any member of the Target Group to terminate or modify such relationship or association or to represent, distribute or sell services in competition with services of the Target Group; or
- (d) otherwise provide any services to any Client that are or have been provided by any member of the Target Group.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Target Company has 800,000,000 Target Company Shares in issue.

The Target Company does not have any other outstanding options, warrants or relevant securities which are convertible or exchangeable into the Target Company Shares as at the date of this joint announcement.

The Vendors are deemed to be parties acting in concert with the Offeror. The Offeror and parties acting in concert (excluding the Vendors) with it do not own, control or have direction over any Target Company Shares or other relevant securities of the Target Company as at the date of this joint announcement, and have not dealt for value in the Target Company Shares or other relevant securities of the Target Company during the 6-month period preceding the date of this joint announcement.

Upon Completion, the Offeror and parties acting in concert with it (excluding the Vendors) will own an aggregate of 473,870,000 Target Company Shares (representing approximately 59.23% of the Target Company Shares in issue as at the date of this joint announcement) and the Offeror and all parties acting in concert with it (including R5A) will own an aggregate of 553,870,000 Target Company Shares (representing approximately 69.23% of the Target Company Shares in issue as at the date of this joint announcement). Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Target Company Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Principal terms of the Share Offer

Subject to Completion, Somerley will, on behalf of the Offeror, make the Share Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.350 in cash

The Share Offer Price is the same as the maximum price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Share Offer is extended to all Target Company Independent Shareholders in accordance with the Takeovers Code. However, as mentioned in paragraph (1) in the section headed “Sale and Purchase Agreement — Vendors’ undertakings” in this joint announcement, R5A shall not accept the Share Offer in respect of the Remaining Shares and any other securities of the Target Company held or controlled by R5A during the offer period (as defined in the Takeovers Code).

The making of the Share Offer is subject to Completion, which is conditional on the fulfilment or waiver (as the case may be) of the conditions precedent under the Sale and Purchase Agreement by the Long Stop Date. If any of such conditions precedent is not fulfilled or waived (as the case maybe) by the Long Stop Date (or such later date as may be agreed between the Offeror and the Vendors in writing), the Sale and Purchase Agreement will lapse and the Share Offer will not be made.

The Share Offer, if made, will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of the Target Company Shares or any other conditions. Any acceptance of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

The Target Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend or any other distribution which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Share Offer. If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Share Offer Price by an amount equal to the net amount of such dividend or other distribution.

COMPARISON OF THE SHARE OFFER PRICE

The Share Offer Price of HK\$0.350 per Offer Share represents:

- (i) a premium of approximately 22.81% to the closing price of HK\$0.285 per Target Company Share as quoted on the Stock Exchange on 26 January 2024, being the Last Trading Day;
- (ii) a premium of approximately 25.45% to the average of the closing prices of the Target Company Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$0.279 per Target Company Share;

- (iii) a premium of approximately 38.34% to the average of the closing prices of the Target Company Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$0.253 per Target Company Share;
- (iv) a premium of approximately 73.27% to the average of the closing prices of the Target Company Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$0.202 per Target Company Share;
- (v) a premium of approximately 86.17% to the audited consolidated net assets per Target Company Share of approximately HK\$0.188 as at 31 December 2022, calculated based on the Target Group's audited consolidated net assets of approximately HK\$150,291,000 as at 31 December 2022 as disclosed in the annual report of the Target Company published on 30 March 2023 and 800,000,000 Target Company Shares in issue as at 31 December 2022;
- (vi) a premium of approximately 73.27% to the unaudited consolidated net assets per Target Company Share of approximately HK\$0.202 as at 30 June 2023, calculated based on the Target Group's unaudited consolidated net assets of approximately HK\$161,349,000 as at 30 June 2023 as disclosed in the interim report of the Target Company published on 10 August 2023 and 800,000,000 Target Company Shares in issue as at 30 June 2023; and
- (vii) a premium of approximately 80.41% to the unaudited consolidated net assets per Target Company Share of approximately HK\$0.194 as at 30 September 2023, calculated based on the Target Group's unaudited consolidated net assets of approximately HK\$154,905,000 as at 30 September 2023 as disclosed in the third quarterly report of the Target Company published on 14 November 2023 and 800,000,000 Target Company Shares in issue as at 30 September 2023.

HIGHEST AND LOWEST CLOSING PRICES OF THE TARGET COMPANY SHARES

The highest and lowest closing price of the Target Company Shares as quoted on the Stock Exchange during the six-month period immediately up to and including the Last Trading Day were HK\$0.305 per Target Company Share on 25 January 2024 and HK\$0.147 per Target Company Share on 11 October 2023 respectively.

TOTAL VALUE OF THE SHARE OFFER

As at the date of this joint announcement and on the basis of the Share Offer Price of HK\$0.350 per Target Company Share and 246,130,000 Target Company Shares subject to the Share Offer (excluding (a) the 473,870,000 Sale Shares to be acquired by the Offeror and parties acting in concert with it and (b) the 80,000,000 Remaining Shares), the Share Offer is valued at approximately HK\$86,145,500.

CONFIRMATION OF FINANCIAL RESOURCES

R5A, holding 80,000,000 Remaining Shares upon Completion, has undertaken in the Sale and Purchase Agreement not to accept the Share Offer, therefore the Offeror's maximum amount of cash payable for Initial Consideration and the full acceptance of the Share Offer shall not be more than HK\$223,000,000, assuming there is no change in the total number of Target Company Shares in issue from the date of this joint announcement up to the close of the Share Offer.

The Offeror intends to finance the Initial Consideration payable under the Sale and Purchase Agreement and the Share Offer with its internal resources, and there is a possible change from internal resources to loan facility. Further information will be announced in due course if there is any change of source of funding for the financial resources. Somerley, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Initial Consideration and the full acceptance of the Share Offer.

EFFECT OF ACCEPTING THE SHARE OFFER

As at the date of this joint announcement, the Target Company has not declared any dividend or any other distribution which is not yet paid.

By accepting the Share Offer, the Target Company Independent Shareholders shall sell their Target Company Shares free from all Encumbrances and with all rights and benefits at any time accruing and attaching thereto on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document, including but not limited to the rights to receive all dividends and distributions declared, and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date of the Composite Document.

No distributions or dividends shall be declared as a result of the Sale and Purchase Agreement and as at the date of this joint announcement, the Target Company has no plan to declare, recommend, or pay any dividends or make any other distributions on the Target Company Shares from the date of this joint announcement up to the close of the Share Offer.

PAYMENT

Payment in cash in respect of acceptances of the Share Offer will be made as soon as possible but within 7 business days (as defined in the Takeovers Code) following the date on which the duly completed acceptance of the Share Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Registrar or for the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code. No fractions of a cent will be payable and the amount of the consideration payable to any Target Company Independent Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

HONG KONG STAMP DUTY

In Hong Kong, seller's ad valorem stamp duty payable by the Target Company Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant

acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Target Company Independent Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Target Company Independent Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

TAXATION ADVICE

The Target Company Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Share Offer. None of the Offeror, parties acting in concert with the Offeror, the Target Company, the Vendors, Somerley or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accept any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

TARGET COMPANY OVERSEAS SHAREHOLDERS

As of the date of this joint announcement, the Target Company confirms that no Target Company Shareholder is a resident outside Hong Kong, but it does not exclude the possibility that there may be Target Company Shareholders being residents outside Hong Kong during the period when the Share Offer is made.

As the Share Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Target Company Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Target Company Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Target Company Overseas Shareholders will be deemed to constitute a representation and warranty from such Target Company Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Target Company Overseas Shareholders should consult their professional advisers if in doubt.

PROFIT FORECAST

Pursuant to Rule 10 of the Takeovers Code, each of the Profit Targets for the 2024 Net Profit, 2025 Net Profit and 2026 Net Profit constitutes a profit forecast and should be reported on by the Target Company's financial adviser and auditors or consultant accountants under Rule 10.4 of the Takeovers Code. Pursuant to Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code, financial advisers must satisfy themselves that the forecast has been made by the directors with due care and consideration, and auditors or consultant

accountants must satisfy themselves that the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made.

In compliance with the requirement under Rule 10 of the Takeovers Code, the forecast has been reported on in accordance with the Takeovers Code and the requisite reports from the Auditor, auditor of the Target Company, and Red Solar, independent financial adviser to the Target Company have been lodged with the Executive and attached as appendices to this joint announcement.

The Forecast Financial Information have been prepared based on the historical financial information of the Target Group. The Forecast Financial Information has been prepared on the basis consistent in all material respects with the accounting policies normally adopted by the Target Group in its audited consolidated financial statements for the year ended 31 December 2022 as summarised in the Target Group's 2022 annual report. The following are the details of the assumptions prepared by the Target Company Directors and adopted in the forecast, reviewed by the Auditor and Red Solar pursuant to Rule 10.2 of the Takeovers Code and the notes to Rules 10.1 and 10.2 of the Takeovers Code:

(A) General assumptions

- (i) It is assumed that the Target Group will be able to continue its business, and retain the key management and personnels, and will not be materially interrupted by any unforeseeable factors or any unforeseeable reasons that are beyond the control of the Target Company Directors, including the occurrence of natural disasters or catastrophes, epidemics or serious accidents, during the Forecast Period;
- (ii) there will be no material change in existing laws or regulations, government policies or political, legal, fiscal, market or economic conditions in Hong Kong;
- (iii) there will be no material change in the bases or rates of taxation in Hong Kong in which the Target Group operates;
- (iv) there will be no significant inflation or deflation and changes in interest rate or exchange rates of the jurisdictions where the Target Group carries out its business from those presently prevailing; and
- (v) there will be no government action, or any other unforeseen circumstances beyond the control of the Target Company which will have a material adverse effect on the operations and results of the Target Group.

(B) Specific assumptions

- (i) other than as set out in the Forecast Financial Information, there will be no material unbudgeted capital expenditure or bad debts;
- (ii) there will be no material unexpected fluctuations in the prices of the Target Group's services and the purchase prices of the Target Group's key materials;

- (iii) other than as set out in the Forecast Financial Information, there will be no significant unexpected expansion or contraction of the business of the Target Group;
- (iv) the Target Group will be able to continue to renew its existing contracts based on its past ability to renew its contracts, satisfactory performance scores given by the Housing Authority to it and its reputations among the private sector; and the Target Group will continue to submit tenders for contracts available to it and will be able to win at least two tenders during the year ending 31 December 2024 from the Housing Authority as well as the private sector, including the Home Ownership Scheme estates, based on the Target Group's ability to win more than two tenders during the year ended 31 December 2023;
- (v) there will be no material changes in the Housing Authority's tender system during the Forecast Period; and
- (vi) there will be no material change in the available credit limit provided to the Target Group by a financial institution during the Forecast Period based on the existing banking facilities letter issued by the financial institution to the Target Group, which is generally revolving in nature and shall continue to be effective until otherwise cancelled and the terms of which shall continue to apply unless new, revised or supplemental facility letter has been sent to the Target Group.

The Auditor has reviewed the accounting policies and calculations adopted in arriving at the forecast in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and is of the opinion that, the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the bases and assumptions adopted by the Target Company Directors and was presented on a basis consistent in all material respects with the accounting policies normally adopted by the Target Group in its audited consolidated financial statements for the year ended 31 December 2022.

Red Solar has reviewed the forecast and discussed with the Target Company Directors and the management of the Target Company on matters including the basis of the accounting policy adopted by the Target Company Directors in preparing the forecast, and is of the opinion that the forecast has been prepared by the Target Company Directors with due care and consideration and objectivity, and on a reasonable basis.

OTHER DISCLOSURES

The Offeror confirms that as at the date of this joint announcement:

- (i) save for the Sale Shares to be acquired under the Sale and Purchase Agreement and the Remaining Shares held by R5A, none of the Offeror and parties acting in concert with it owns or has control or direction over any voting rights or rights over the Target Company Shares, options, warrants or other securities convertible into the Target Company Shares;

- (ii) save for the undertaking given by the Vendors as details in paragraph headed “Sale and Purchase Agreement — Vendors’ undertakings”, none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept or not to accept the Share Offer;
- (iii) save for the Sale Shares and as disclosed below, none of the Offeror and parties acting in concert with it had dealt for value in any Target Company Shares, any options, warrants, derivatives or securities convertible into Target Company Shares or other derivatives in respect of securities in the Target Company during the six-month period immediately prior to the date of this joint announcement;

Name	Date of transaction	Nature of dealing	No. of Target Company Shares involved	Average transaction price per Target Company Share	Highest transaction price per Target Company Share
Mr. Ng	29 August 2023	Purchase of Target Company Shares	700,000	HK\$0.1595	HK\$0.1610

- (iv) there is no agreement or arrangement in relation to outstanding derivative in respect of securities in Target Company which has been entered into by the Offeror or any person acting in concert with it;
- (v) save for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Target Company and which might be material to the Share Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vi) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer;
- (vii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities of the Target Company;
- (viii) apart from the Consideration, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or parties acting in concert with it to the Vendors, their ultimate beneficial owners (if applicable), or parties acting in concert with them in connection with the Acquisition;
- (ix) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Vendors, their ultimate beneficial owners (if applicable), and any parties acting in concert with them on the other hand;

- (x) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Target Company Shareholder; and (b)(i) the Offeror and any party acting in concert with it, or (b)(ii) the Target Company, its subsidiaries or associated companies; and
- (xi) no benefit (other than statutory compensation) was or would be given to any Target Company Director as compensation for loss of office or otherwise in connection with the Share Offer.

INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8426). The Target Group is principally engaged in the provision of property management services with a primary focus on public housing and subsidised housing in Hong Kong.

The Housing Authority is the Target Group's sole customer and contributed all of the Target Group's total revenue. The Target Group's property management services include (i) estate management services (entailing general management, tenancy management, financial management, minor repairs and maintenance as well as project management services); (ii) security services; and (iii) cleaning services.

The following table sets out the number of properties the Target Group was contracted to provide services to as at 30 September 2023.

Types of properties	Number of estates/contracts
(1) Public housing estates (excluding Home Ownership Scheme estates)	17
(2) Home Ownership Scheme estates	4

Set out below is a summary of the unaudited financial information of the Target Group for the nine months ended 30 September 2023 and six months ended 30 June 2023 as extracted from the 2023 third quarterly report and 2023 interim report of the Target Company respectively, and the audited financial information of the Target Group for the two financial years ended 31 December 2022 and 31 December 2021 as extracted from the 2022 annual report of the Target Company:

	Nine months ended 30 September 2023 (unaudited) HK\$'000	Year ended 31 December 2022 (audited) HK\$'000	Year ended 31 December 2021 (audited) HK\$'000
Revenue	250,179	405,987	479,758
Profit before taxation	19,603	23,592	30,260
Profit for the period/year	17,364	21,180	25,457

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000	As at 31 December 2021 (audited) HK\$'000
Total assets	214,215	201,983	209,288
Total liabilities	(52,866)	(51,692)	(64,553)
Net assets	161,349	150,291	144,735

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

The following table sets out the shareholding structure of the Target Company (i) as at the date of this joint announcement; and (ii) immediately following Completion and before the close of the Share Offer (assuming no other changes to the issued share capital of the Target Company from the date of this joint announcement):

	As at the date of this joint announcement		Immediately following Completion and before the close of the Share Offer	
	<i>Number of Target Company Shares</i>	<i>Approximate %</i>	<i>Number of Target Company Shares</i>	<i>Approximate %</i>
The Offeror	—	—	473,870,000	59.23
R5A (note 3)	491,440,000	61.43	80,000,000	10.00
Mr. Ng (note 3)	53,390,000	6.67	—	0.00
Mr. Ho (note 3)	4,840,000	0.61	—	0.00
Mr. Tang (note 3)	4,200,000	0.53	—	0.00
Sub-total for the Offeror and parties acting in concert with it	553,870,000	69.23	553,870,000	69.23
Public Shareholders	246,130,000	30.77	246,130,000	30.77
Total	800,000,000	100.00	800,000,000	100.00

Notes:

- (1) The percentages are subject to rounding adjustments and may not add up to 100%.
- (2) Apart from Mr. Ng, Mr. Ho and Mr. Tang, none of the Target Company Directors hold any securities of the Target Company as at the date of this joint announcement.
- (3) The Vendors are deemed to be acting in concert with the Offeror under class (9) presumption of the definition of “acting in concert” under the Takeovers Code and by virtue of the Vendors’ undertaking given to the Offeror as detailed in the section headed “Sale and Purchase Agreement — Vendors’ undertakings” in this joint announcement.

INFORMATION ON THE VENDORS

R5A, a company incorporated in the British Virgin Islands and it is an investment holding company. It is ultimately owned as to 55.34% by Ms. Tam Mo Kit (the spouse of Mr. Ng and the non-executive director of the Target Company), 16.40% by Mr. Sung Alfred Lee Ming, 14.07% by Mr. Ho, 12.91% by Mr. Tang and 1.28% by Mr. Ho Tik Wai. It is the registered owner of 491,440,000 Target Company Shares, representing approximately 61.43% of the issued share capital of the Target Company.

Mr. Ng, a resident of Hong Kong and an executive director and company secretary of the Target Company, and chief executive officer of the Target Group. Mr. Ng is the beneficial owner of 53,390,000 Target Company Shares, representing approximately 6.67% of the issued share capital of the Target Company. Mr. Ng is the spouse of Ms. Tam Mo Kit, who is deemed to be interested in all the Target Company Shares held by R5A for the purposes of the SFO.

Mr. Ho, a resident of Hong Kong and an executive director and chairman of the Target Company. Mr. Ho is the beneficial owner of 4,840,000 Target Company Shares, representing approximately 0.61% of the issued share capital of the Target Company.

Mr. Tang, a resident of Hong Kong and an executive director of the Target Company. Mr. Tang is the beneficial owner of 4,200,000 Target Company Shares, representing approximately 0.53% of the issued share capital of the Target Company.

INFORMATION ON THE OFFEROR AND AAI

The Offeror

The Offeror is incorporated in the Cayman Islands with limited liability and its principal activity is investment holding. It is a direct wholly-owned subsidiary of AAI.

AAI

AAI is a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711) and its business nature of investment holding. Its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development and assets leasing, professional services (including provision of security, tunnel and other facility management services), non-franchised bus services and manufacturing of positron emission tomography radiopharmaceuticals.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group's business is mainly focused on property management of public housing and subsidised housing in Hong Kong, with existing property management portfolio which comprises 17 public housing estates owned by the Housing Authority and 4 estates under the Home Ownership Scheme awarded by the Housing Authority as at 30 September 2023. Having considered the market potential of the property management industry, the Acquisition presents an opportunity for the AAI Group to expand its presence in the Hong Kong property management market under an established brand name. The Acquisition would enable the AAI Group to take advantage of the existing network and relationships of the Target Group, as well as the experienced and knowledgeable staff and management, relevant licences and approvals to seamlessly continue the existing business operations of the Target Group, which have satisfactory performance despite challenging environment and are expected to continue to generate promising growth and results to the Target Group through the stable stream of property management fee income. Accordingly, following the close of the Share Offer, the Offeror intends to continue the existing principal businesses of the Target Group. Both the Offeror and the Target Company are confident that the Offeror will provide substantial support for the Target Group's strategic development, positioning the Target Group as a stronger player in Hong Kong's property management industry.

The Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Target Group following the close of the Share Offer; (ii) discontinue the employment of any employees of the Target Group; or (iii) dispose of or re-deploy the fixed assets of the Target Group other than in its ordinary and usual course of business. The Offeror will continue to ensure good corporate governance, monitor and review the Target Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Target Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Target Group's business and operations to optimise the value of the Target Group.

Given the terms and conditions of the Sale and Purchase Agreement were arrived at after arm's length negotiation, the AAI Directors, including independent non-executive directors of AAI, are of the view that the terms of the Acquisition are fair and reasonable and in the interests of AAI and the AAI Shareholders as a whole. As no AAI Directors have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, none of the AAI Directors is required to abstain from voting on the relevant board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

INTENTION OF THE OFFEROR REGARDING THE TARGET GROUP

Following the close of the Share Offer, the Offeror intends to continue the existing principal business of the Target Group and it will maintain the listing status of the Target Company on GEM. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Target Group's business and operations to optimise the value of the Target Group.

The Offeror will conduct a review on the existing principal business and the financial position of the Target Group for the purpose of formulating business plans and strategies for the further business development of the Target Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fundraising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Target Group.

Notwithstanding the above, as at the date of this joint announcement, no investment or business opportunity had been identified nor had the Offeror entered into any agreements, arrangements, understandings or negotiations in relation to the injection of any assets or business into the Target Group and the Offeror had no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Target Group other than those in its ordinary course of business.

TARGET COMPANY INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Target Company Independent Board Committee comprising all the independent non-executive directors of the Target Company has been established by the Target Company to make a recommendation to the Target Company Independent Shareholders in respect of the Share Offer. Ms. Tam Mo Kit, the sole non-executive director of the Target Company, is the controlling shareholder of R5A and the spouse of Mr. Ng and is therefore considered to have material interest in the Acquisition and the Share Offer. Accordingly, she will not be a member of the Independent Board Committee.

Red Solar has been appointed as the independent financial adviser to advise the Target Company Independent Board Committee in connection with the Share Offer and as to their acceptance. The appointment of Red Solar has been approved by the Target Company Independent Board Committee.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE TARGET COMPANY

The Offeror intends to nominate (1) Mr. Pang Yat Ting, Dominic, (2) Mr. Xu Jianhua, Jerry, (3) Ir Dr. Pang Yat Bond, Derrick *JP* and (4) Mr. Shea Chun Lok, Quadrant as four new executive directors of the Target Company Board with effect from the earliest time as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules. All of the above-mentioned nominated persons are executive directors of AAI and their biographic details are set out in AAI's annual report for the year ended 31 March 2023 published on 18 July 2023.

Any changes to the Target Company Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made by Target Company as and when appropriate.

PUBLIC FLOAT AND LISTING STATUS OF THE TARGET COMPANY

The Offeror intends to maintain the listing of the Target Company Shares on GEM following the close of the Share Offer. The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Target Company, being 25% of the issued Target Company Shares, are held by the public at all times, or if the Stock Exchange believes that:

- (i) false market exists or may exist in the trading of the Target Company Shares; or
- (ii) there are insufficient Target Company Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Target Company Shares until the prescribed level of public float is restored.

The Offeror and the new members to be appointed to the Target Company Board (if any) will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Target Company Shares, which may include but not limited to placing down of sufficient number of accepted Target Company Shares by the Offeror. No arrangements have been confirmed or put in place as at the date of this joint announcement. Further announcement(s) will be made in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

LISTING RULES IMPLICATIONS TO AAI

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transactions are 25% or more but less than 100%, the Acquisition together with the Share Offer constitute a major transaction for AAI and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, AAI Shareholders' approval for the Acquisition and the Share Offer may be obtained by way of written approval of AAI Shareholders in lieu of holding a general meeting if (1) no AAI Shareholder is required to abstain from voting if AAI were to convene a general meeting for the approval of the Acquisition and the Share Offer; and (2) the written approval of AAI Shareholders has been obtained from an AAI Shareholder or a closely allied group of AAI Shareholders who together hold more than 50% of the voting rights of AAI at that general meeting to approve the Acquisition and the Share Offer.

AAI has obtained written approval for the Acquisition and the Share Offer in accordance with Rule 14.44 of the Listing Rules from GT Winners Limited, which is the beneficial owner of 954,604,705 AAI Shares, representing approximately 53.44% of the entire issued share capital of AAI as at the date of this joint announcement. No AAI Shareholders or any of their respective close associates have any material interest in the Acquisition or the Share Offer; and therefore, none of them is required to abstain from voting if AAI were to convene a general meeting for the approval of the Acquisition and the Share Offer. As such, no general meeting will be convened by AAI for the approval of the Acquisition or the Share Offer as is permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Acquisition and of the Share Offer and other information required to be included under the Listing Rules shall be despatched by AAI to the AAI Shareholders within 15 business days (as defined in the Listing Rules) after the publication of this joint announcement, which is on or before 23 February 2024, pursuant to Rule 14.41(a) of the Listing Rules.

OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror shall despatch an offer document together with the relevant forms of acceptance and transfer in relation to the Share Offer to the Target Company Independent Shareholders. The Target Company shall within 14 days of the posting of the offer document send to the Target Company Independent Shareholders an offeree circular. The Offeror and the Target Company intend to combine the offer document and the offeree circular in the Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document is required to be posted by or on behalf of the Offeror and the Target Company within 21 days of the date of this joint announcement. As the making of the Share Offer is conditional upon Completion, an application will be made by the Offeror to seek the Executive's consent (which may or may not be granted) under Note 2 to Rule 8.2 of the Takeovers Code to extend the latest time for the despatch of the Composite Document to a date falling within 7 days of Completion or such other date as the Executive may approve. Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Target Company as and when appropriate.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Target Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Target Company or of the Offeror) are reminded to disclose their dealings in the securities of the Target Company pursuant to the Takeovers Code. The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of AAI and the Target Company, trading in the AAI Shares and the Target Company Shares on the Stock Exchange was respectively halted with effect from 9:00 a.m. on 29 January 2024 pending the publication of this joint announcement. An application has been made by each of AAI and the Target Company to the Stock Exchange respectively for the resumption of trading in the AAI Shares and the Target Company Shares on the Stock Exchange with effect from 9:00 a.m. on 1 February 2024.

WARNING

Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, and the Acquisition may or may not proceed to Completion. AAI Shareholders and potential investors of AAI are reminded to exercise caution when dealing in the securities of AAI.

The Target Company Directors make no recommendation as to the fairness or reasonableness of the Share Offer or as to the acceptance of the Share Offer in this joint announcement and strongly recommend the Target Company Independent Shareholders not to form a view on the Share Offer unless and until they have received and read the Composite Document, including the recommendations of the Target Company Independent Board Committee and the letter of advice from the independent financial adviser in respect of the Share Offer.

The making of the Share Offer is subject to Completion which may or may not take place. Accordingly, the Share Offer may or may not be made. The Target Company Shareholders and potential investors of the Target Company are advised to exercise caution when dealing in the securities of the Target Company (including the Target Company Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set forth below unless the context requires otherwise.

“1st Deferred Consideration” a sum of HK\$10,000,000 shall be paid by the Offeror to R5A if the Profit Targets are satisfied pursuant to the Sale and Purchase Agreement

“2nd Deferred Consideration” a sum of HK\$10,000,000 shall be paid by the Offeror to R5A if the Profit Targets are satisfied pursuant to the Sale and Purchase Agreement

“3rd Deferred Consideration”	a sum of HK\$9,000,000 shall be paid by the Offeror to R5A if the Profit Targets are satisfied pursuant to the Sale and Purchase Agreement
“2024 Net Profit”	means the net profit after tax of the Target Company for the year ending 31 December 2024 on the Target Company’s audited consolidated income statement to be set out in its annual report for the year ending 31 December 2024
“2025 Net Profit”	means the net profit after tax of the Target Company for the year ending 31 December 2025 on the Target Company’s audited consolidated income statement to be set out in its annual report for the year ending 31 December 2025
“2026 Net Profit”	means the net profit after tax of the Target Company for the year ending 31 December 2026 on the Target Company’s audited consolidated income statement to be set out in its annual report for the year ending 31 December 2026
“AAI”	Asia Allied Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711)
“AAI Board”	the board of AAI Directors
“AAI Director(s)”	director(s) of AAI
“AAI Group”	AAI and its subsidiaries
“AAI Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of AAI
“AAI Shareholder(s)”	holder(s) of AAI Shares
“Acquisition”	the proposed acquisition of the Sale Shares by the Offeror from the Vendors pursuant to the Sale and Purchase Agreement
“acting in concert”	has the meaning given in the Takeovers Code

“Affiliate”	of a specified person means any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person or, in the case of a natural person, such person’s spouse, parents and descendants (whether by blood or adoption and including stepchildren); and for the purpose of defining “Affiliate”, each of the terms “control”, “controls”, “controlled” (or any correlative term) means the possession, directly or indirectly, of the power to direct or cause the direction of the management of a person, whether through the ownership of voting securities, by contract, credit arrangement or proxy, as trustee, executor, agent or otherwise, and a person shall be deemed to control another person if such first person, directly or indirectly, owns or holds more than 50% of the voting equity interests in such other person
“associate(s)”	has the meaning given in the Takeovers Code
“Auditor”	PricewaterhouseCoopers, the auditor of the Target Company
“Business”	the business of any member of the Target Group in providing property management services
“Business Day(s)”	a day (not being a Saturday, Sunday, public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above, a “black” rainstorm warning or “extreme conditions” announced by the Government of Hong Kong is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) when banks generally are open in Hong Kong for the transaction of general banking business
“Cash and Equivalents”	(a) pledged bank deposits, (b) short term bank deposits and (c) cash and cash equivalents of the Target Group
“Client”	an individual or entity to whom any member of the Target Group has provided services in Hong Kong in respect of the Businesses as at the date of the Sale and Purchase Agreement, within two years prior to the commencement of and during the Non-Compete Period
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the 3rd Business Day, or such other date as the Vendors and the Offeror may agree, after fulfilment (or wavier where applicable) of all the conditions precedent set out in the section headed “Sale and Purchase Agreement — Conditions precedent” in this joint announcement

“Composite Document”	the composite offer and response document to be jointly issued by AAI, the Offeror and the Target Company to the Target Company Independent Shareholders in connection with the Share Offer in compliance with the Takeovers Code
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Shares
“Deferred Consideration”	means any of the 1st Deferred Consideration, 2nd Deferred Consideration and 3rd Deferred Consideration
“Designated Assets”	the financial assets of the Target Group as presented in 2022 annual report of the Target Company, save for normal depreciation or amortisation of the assets of the Target Group in accordance with accounting policies adopted by the Target Company and HKFRSs (if applicable)
“Encumbrance(s)”	includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong))
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Forecast Financial Information”	the financial information in the profit forecast in respect of the Profit Targets
“Forecast Period”	the three years ending 31 December 2026
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Housing Authority”	Hong Kong Housing Authority, a statutory body established under the Housing Ordinance (Chapter 283 of the Laws of Hong Kong)

“Initial Consideration”	the first batch of Consideration to be paid to the Vendors as disclosed in the section headed “Sale and Purchase Agreement — Consideration” in this joint announcement
“Last Trading Day”	26 January 2024, being the last trading day of the Target Company Shares immediately prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2024
“Mr. Ng”	Mr. Ng Fuk Wah
“Mr. Ho”	Mr. Ho Chu Ming
“Mr. Tang”	Mr. Tang Kong Fuk
“Non-Compete Period”	a period of 3 years after Completion
“Offer Share(s)”	the Target Company Shares that are subject to the Share Offer
“Offeror”	Chun Wo Overseas Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“PMSA”	Property Management Services Authority of Hong Kong
“PRC”	The People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, Macau and Taiwan
“Profit Targets”	the targets for the 2024 Net Profit, the 2025 Net Profit and the 2026 Net Profit which trigger the Offeror’s obligation to pay the relevant Deferred Consideration under the Sale and Purchase Agreement, as set out in the section headed “Sale and Purchase Agreement — Consideration” in this joint announcement
“R5A”	R5A Group Limited, a company incorporated in the British Virgin Islands, the ultimate beneficial owners of which are set out in the first paragraph of the section headed “Information on the Vendors” in this joint announcement

“Red Solar”	Red Solar Capital Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Target Company Independent Board Committee for the purpose of advising the Target Company Independent Board Committee and the Target Company Independent Shareholders in respect of the Share Offer
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar of the Target Company and receiving agent for receiving and processing the acceptance of the Share Offer, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period from 1 January 2023 to the Completion Date
“relevant securities”	as defined in Note 4 to Rule 22 of the Takeovers Code
“Remaining Shares”	80,000,000 Target Company Shares which will remain to be legally and beneficially owned by R5A immediately after Completion
“Sale and Purchase Agreement”	the share purchase agreement dated 26 January 2024 entered into among the Offeror and the Vendors in relation to the Acquisition
“Sale Shares”	473,870,000 Target Company Shares, representing approximately 59.23% of the issued share capital of the Target Company which are to be acquired by the Offeror pursuant to the terms of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the mandatory unconditional cash offer to be made by Somerley, on behalf of the Offeror, to acquire all the issued Target Company Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Share Offer Price”	HK\$0.350 per Offer Share
“Somerley”	Somerley Capital Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Offeror

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	Modern Living Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued ordinary shares of which are listed on GEM (stock code: 8426)
“Target Company Board”	the board of Target Company Directors
“Target Company Director(s)”	director(s) of the Target Company
“Target Company Independent Board Committee”	the independent committee of the Target Company, comprising Mr. Wong Siu Fai Albert, Mr. Ng Kee Fat Ronny and Mr. Wong Bay, being the independent non-executive directors of the Target Company, formed for the purpose of advising the Target Company Independent Shareholders in respect of the Share Offer
“Target Company Independent Shareholder(s)”	Target Company Shareholders other than the Offeror and parties acting in concert with it
“Target Company Overseas Shareholder(s)”	Target Company Shareholder(s) whose address(es), as shown on the register of members of the Target Company, is/are outside Hong Kong
“Target Company Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Target Company
“Target Company Shareholder(s)”	holder(s) of the Target Company Shares
“Target Group”	the Target Company and its subsidiaries
“Vendors”	collectively, R5A, Mr. Ng, Mr. Ho and Mr. Tang
“%”	per cent

By Order of the board of
**Asia Allied Infrastructure
Holdings Limited**
Pang Yat Ting, Dominic
Chairman

By order of the board of
**Chun Wo Overseas
Holdings Limited**
Ir Dr. Pang Yat Bond,
Derrick JP
Director

By order of the board of
**Modern Living Investments
Holdings Limited**
Ho Chu Ming
*Chairman and executive
Director*

Hong Kong, 31 January 2024

As at the date of this joint announcement, the AAI Board comprises four executive directors, namely, Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Jerry, Ir Dr. Pang Yat Bond, Derrick JP and Mr. Shea Chun Lok, Quadrant, two non-executive directors, namely, Ms. Wong Wendy Dick Yee and Dr. Yim Yuk Lun, Stanley BBS JP, and four independent non-executive directors, namely, Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yen Gordon.

This joint announcement, for which the AAI 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 AAI Group. The AAI Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement (other than those related to the Target Group and the Offeror) 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 document misleading. The AAI Directors also jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those related to the Target Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the AAI Directors have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Pang Yat Ting, Dominic, Ir Dr. Pang Yat Bond, Derrick JP and Mr. Shea Chun Lok, Quadrant.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those related to the AAI Group and the Target Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement directors of the Offeror have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the Target Company Board comprises four executive directors, namely, Mr. Ho Chu Ming, Mr. Ng Fuk Wah, Mr. Sung Alfred Lee Ming and Mr. Tang Kong Fuk, one non-executive director, Ms. Tam Mo Kit, and three independent non-executive directors, namely, Mr. Wong Bay, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny.

The Target Company Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (to the extent it relates to the Target Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Target Company Directors have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

This joint announcement will remain on the “Latest Company Announcements” page of the Stock Exchange at www.hkexnews.com for at least seven days from the date of its publication. This joint announcement will also be published on the Target Company’s website at <http://www.modernliving.com.hk>.

Appendix 1 — Letter from the Auditor on the Profit Forecast

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this joint announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE FORECAST OF THE CONSOLIDATED PROFIT ATTRIBUTABLE TO OWNERS OF MODERN LIVING INVESTMENTS HOLDINGS LIMITED FOR EACH OF THE YEARS ENDING 31 DECEMBER 2024, 2025 AND 2026

TO THE BOARD OF DIRECTORS OF MODERN LIVING INVESTMENTS HOLDINGS LIMITED

We have completed our assurance engagement to report on the forecast of the consolidated profit attributable to owners of the Modern Living Investments Holdings Limited (the “**Company**”) for each of the years ending 31 December 2024, 2025 and 2026 (the “**Profit Forecast**”). The Profit Forecast is set out in the announcement of the Company dated 31 January 2024 (the “**Announcement**”) in connection with the possible mandatory unconditional cash offer by Somerley Capital Limited on behalf of Chun Wo Overseas Holdings Limited for all the issued shares in the Company (other than those already owned or agreed to be acquired by Chun Wo Overseas Holdings Limited and parties acting in concert with it).

Directors’ Responsibility for the Profit Forecast

The directors of the Company are responsible for the preparation of the Profit Forecast, including the bases and assumptions set on pages 15 to 16 of the Announcement on which the Profit Forecast is based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Profit Forecast and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

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 Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 (HKSQM), 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 or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility, pursuant to Rule 10 of the Hong Kong Code on Takeovers and Mergers, to express an opinion on the accounting policies and calculations of the Profit Forecast, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the Profit Forecast, so far as the accounting policies and calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 15 and 16 of the Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the accounting policies and the arithmetical calculations in the compilation of the Profit Forecast in accordance with the bases and assumptions.

The Profit Forecast has been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the Profit Forecast are based.

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

Opinion

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 15 and 16 of the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PricewaterhouseCoopers

Certified Public Accountants
Hong Kong, 31 January 2024

Appendix 2 — Letter from Red Solar Capital Limited on the Profit Forecast

Set out below is the text of the letter from Red Solar Capital Limited, the independent financial adviser to the Target Company Independent Board Committee and Target Company Independent Shareholders, for inclusion in this joint announcement reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code.

31 January 2024

The Board of directors
Modern Living Investments Holdings Ltd
Units 1102–1103, 11th Floor
Delta House
No. 3 On Yiu Street, Sha Tin
New Territories, Hong Kong

Dear Sir/Madam,

We refer to the joint announcement dated 31 January 2024 (the “**Joint Announcement**”) issued by Modern Living Investments Holdings Ltd (i.e. the Target Company), Chun Wo Overseas Holdings Limited (i.e. the Offeror) and Asia Allied Infrastructure Holdings Limited. Capitalised terms used in this letter shall have the same meanings as defined in the Joint Announcement unless otherwise specified.

Pursuant to the Sale and Purchase Agreement, the remaining part of the Consideration other than the Initial Consideration shall become payable to R5A if certain Profit Targets are satisfied. Pursuant to Rule 10 of the Takeovers Code, each of the Profit Targets for the 2024 Net Profit, 2025 Net Profit and 2026 Net Profit constitutes a profit forecast (the “**Profit Forecast**”). The Profit Forecast has been prepared by the Target Company Directors based on the unaudited consolidated financial information of the Target Group for the year ended 31 December 2023 and a forecast of the consolidated results of the Target Group for the three years ending 31 December 2026.

We have reviewed the Profit Forecast and discussed with the Target Company Directors on the bases and assumptions, which have been set out in the section headed “Profit Forecast” of the Joint Announcement, upon which the Profit Forecast has been made. We have also considered the letter from PricewaterhouseCoopers dated 31 January 2024 issued to the Target Company Board, the text of which is set out in the section headed “Letter from the Auditor on the Profit Forecast” in the Joint Announcement, which states that, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the Target Company Directors as set out on pages 15 to 16 of the Joint Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Target Group as set out in the audited consolidated financial statements of the Target Group for the year ended 31 December 2022.

On the basis of foregoing, we are satisfied that the Profit Forecast including the bases and assumptions, for which the Target Company Directors are solely responsible for, have been made after due care and consideration, and on a reasonable basis.

The work undertaken by us is for the sole purpose of reporting to the Target Company Directors under Rule 10 of the Takeovers Code and for no other purposes. We accept no responsibility to any other person in connection with such work.

Yours faithfully,
For and on behalf of
Red Solar Capital Limited

Leo Chan **Ernest Lam**
Managing Director *Managing Director*