

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors” and each the “Director”) of Modern Living Investments Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”, “we”, “our” or “us”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2017, the Group's revenue amounted to approximately HK\$356.44 million (2016: approximately HK\$344.46 million), representing an increase of approximately 3.48%.
- For the year ended 31 December 2017, the Group's operating profit amounted to approximately HK\$2.01 million (2016: approximately HK\$17.04 million), representing a decrease of approximately 88.20%. Excluding the non-recurring listing expenses of approximately HK\$15.92 million for the year ended 31 December 2017, the Group's operating profit would have amounted to approximately HK\$17.93 million, representing an increase of approximately 5.22% from that for the year ended 31 December 2016.
- For the year ended 31 December 2017, the Group's loss for the year amounted to approximately HK\$2.16 million (2016: profit for the year of approximately HK\$13.30 million), representing a decrease of approximately 116.24%. Excluding the non-recurring listing expenses of approximately HK\$15.92 million for the year ended 31 December 2017, the Group would have recorded profit for the year of approximately HK\$13.76 million, representing an increase of approximately 3.46% from that for the year ended 31 December 2016.
- The board of Directors (the "**Board**") does not recommend the payment of a final dividend for the year ended 31 December 2017.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017, together with the audited comparative figures for the year ended 31 December 2016. The financial information has been approved by the Board on 28 March 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	Year ended 31 December	
		2017 HK\$'000	2016 HK\$'000
Revenue	4	356,441	344,464
Other income		246	406
Other gains, net		61	132
Employee benefits expenses		(319,376)	(294,164)
Subcontracting cleaning fee and cleaning material costs		(4,536)	(18,245)
Utilities expenses		(1,937)	(2,012)
Depreciation		(2,164)	(1,874)
Other operating expenses		(10,804)	(11,663)
Listing expenses		(15,924)	–
Operating profit	5	2,007	17,044
Finance income		4	5
Finance costs		(1,440)	(1,075)
Finance costs, net	6	(1,436)	(1,070)
Profit before income tax		571	15,974
Income tax expense	7	(2,731)	(2,674)
(Loss)/profit for the year		(2,160)	13,300
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of employee benefit obligations		326	1,306
Other comprehensive income for the year, net of tax		326	1,306
Total comprehensive (loss)/income for the year		(1,834)	14,606
(Loss)/earnings per share			
Basic and diluted (HK cents per share)	9	(0.34)	2.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		As at 31 December	
	Notes	2017 HK\$'000	2016 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		5,701	6,822
Retention money receivables	10	1,714	1,513
Investment in an insurance contract		2,114	2,053
Rental deposit	10	116	–
		<u>9,645</u>	<u>10,388</u>
Current assets			
Trade and unbilled receivables	10	71,117	65,298
Prepayments, deposits and other receivables	10	5,079	5,977
Pledged bank deposits		36,768	36,554
Cash and bank balances		58,163	25,058
		<u>171,127</u>	<u>132,887</u>
Total assets		<u><u>180,772</u></u>	<u><u>143,275</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	11	8,000	21,460
Reserves	11	92,542	40,140
Total equity		<u>100,542</u>	<u>61,600</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		535	618
Borrowings	13	1,440	1,953
		<u>1,975</u>	<u>2,571</u>
Current liabilities			
Trade payables	12	312	238
Other payables and accrued liabilities	12	30,445	28,521
Borrowings	13	46,038	31,146
Loans from the then shareholders		–	17,388
Current income tax liabilities		1,460	1,811
		<u>78,255</u>	<u>79,104</u>
Total liabilities		<u>80,230</u>	<u>81,675</u>
Total equity and liabilities		<u><u>180,772</u></u>	<u><u>143,275</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital HK\$'000 (Note 11)	Share premium HK\$'000 (Note 11)	Contribution reserves HK\$'000 (Note 11)	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2016	21,460	–	810	24,724	46,994
Profit for the year	–	–	–	13,300	13,300
Other comprehensive income: Remeasurements of employee benefit obligations	–	–	–	1,306	1,306
Total comprehensive income	–	–	–	14,606	14,606
Balance at 31 December 2016	21,460	–	810	39,330	61,600
Balance at 1 January 2017	21,460	–	810	39,330	61,600
Loss for the year	–	–	–	(2,160)	(2,160)
Other comprehensive income: Remeasurements of employee benefit obligations	–	–	–	326	326
Total comprehensive loss	–	–	–	(1,834)	(1,834)
Transactions with owners in their capacity as equity owners:					
Shares issued pursuant to the Reorganisation	(21,460)	–	21,460	–	–
Shares issued pursuant to the Capitalisation	6,000	(6,000)	–	–	–
Shares issued pursuant to the Listing	2,000	58,000	–	–	60,000
Listing expenses charged to share premium	–	(9,224)	–	–	(9,224)
Dividends paid (Note 8)	–	–	–	(10,000)	(10,000)
	(13,460)	42,776	21,460	(10,000)	40,776
Balance at 31 December 2017	8,000	42,776	22,270	27,496	100,542

NOTES

1. GENERAL INFORMATION AND REORGANISATION

1.1 General information

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and registered as an exempted company with limited liability on 26 June 2017. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business is Units 1102–1103, 11th Floor, Delta House, No. 3 On Yiu Street, Sha Tin, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries are engaging in the provision of property management services with a primary focus on public housing in Hong Kong (the “**Listing Business**”).

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated. These consolidated financial statements have been approved for issue by the Board on 28 March 2018.

The Company has listed its shares on GEM of the Stock Exchange on 10 November 2017 (the “**Listing**”).

1.2 Reorganisation

Prior to the incorporation of the Company and the reorganisation as described below, the Listing Business was carried out by Modern Living Property Management Limited, a company incorporated in Hong Kong (the “**Operating Subsidiary**”). The Operating Subsidiary was previously held by Ms. Tam Mo Kit (“**Ms. Tam**”) as to 45.24%, Mr. Sung Alfred Lee Ming (“**Mr. Sung**”) as to 13.33%, Mr. Ho Chu Ming (“**Mr. C. M. Ho**”) as to 11.43%, Mr. Tang Kong Fuk (“**Mr. Tang**”) as to 10.48%, Ms. Yeung Siu Wen (“**Ms. Yeung**”) as to 9.52%, Ms. Lok Sau Lin (“**Ms. Lok**”) as to 5.71%, Mr. Yun Kwok King (“**Mr. Yun**”) as to 1.91%, Mr. Ho Tik Wai (“**Mr. T. W. Ho**”) as to 0.95%, Mr. Ho King Tung (“**Mr. K. T. Ho**”) as to 0.95% and Mr. Yiu Ping Keung (“**Mr. Yiu**”) as to 0.48%, respectively (collectively as the “**Shareholders**”).

In preparation for the Listing, the Group underwent a reorganisation (the “**Reorganisation**”) as set out below:

- (i) On 23 June 2017, R5A Group Limited was incorporated in the British Virgin Islands (“**BVI**”) with an authorised share capital of 50,000 shares with a par value of US\$1 each. On the date of incorporation, one share was allotted and issued as fully paid to Mr. Sung at par. On 6 July 2017, 950 shares, 279 shares, 240 shares, 220 shares, 20 shares, 10 shares of the issued share capital of R5A Group Limited was allotted to Ms. Tam, Mr. Sung, Mr. C. M. Ho, Mr. Tang, Mr. T. W. Ho and Mr. Yiu at par, respectively. R5A Group Limited was set up as a corporate shareholder of the Company.
- (ii) On 26 June 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share at par value was allotted and issued as fully paid to an initial subscriber at par, and was subsequently transferred to R5A Group Limited on the date of incorporation.
- (iii) On 27 July 2017, Modern Living Investments Limited was incorporated in the BVI with an authorised share capital of 50,000 shares with a par value of US\$1 each. On the date of incorporation, 1 share of Modern Living Investments Limited were allotted and issued at par to the Company as fully paid and it became a wholly-owned subsidiary of the Company.

- (iv) On 10 July 2017, the Shareholders transferred their respective holding of shares of the Operating Subsidiary, representing the entire issued share capital, to the Company in consideration of the Company allotting and issuing 1,719 shares, 200 Shares, 120 Shares, 40 Shares and 20 Shares to R5A Group Limited, Ms. Yeung, Ms. Lok, Mr. Yun and Mr. K. T. Ho respectively.
- (v) On 24 October 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$20,000,000 by creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (vi) Pursuant to the written resolutions passed by the shareholders on 24 October 2017, conditional upon Listing and subject to the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to allot and issue a total of 599,997,900 shares credited as fully paid at par to the Shareholders by way of capitalisation of HK\$5,999,979 standing to the credit of the share premium account of the Company.

On 10 November 2017, the shares of the Company was listed on GEM of the Stock Exchange and the aforementioned conditions were fulfilled. Accordingly, the said amount was capitalised standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,997,900 shares for allotment and issue to the persons whose names appeared on the register of members of the Company.

- (vii) On 10 November 2017, upon the completion of the Listing, the Company has issued a total of 200,000,000 ordinary share of HK\$0.01 each at a price of HK\$0.30 per share to public investors with a gross proceeds of HK\$60,000,000. HK\$2,000,000 was credited to the share capital account and HK\$48,776,000 (net of listing expenses of HK\$9,224,000) was credited to the share premium account.

Following the Reorganisation, the Listing Business continues to be carried out by the Operating Subsidiary.

Upon completion of the Reorganisation and as at the date of this announcement, the Company became the holding company of the subsidiaries now comprising the Group. The directors of the Company considers R5A Group Limited as the ultimate holding company of the Company and Ms. Tam as the ultimate controlling party of the Group.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared under the historical cost convention, except that investment in an insurance contract is stated at its cash surrender value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) *Amendments to standards adopted by the Group*

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to HKAS 12
- Disclosure initiative — amendments to HKAS 7
- Disclosure of interests in other entities — amendments to HKFRS 12

Except for the amendments to HKAS 7 which results additional disclosure of changes in liabilities arising from financing activities, the adoption of the above amendments to standards did not have material impact on the consolidated financial statements or result in any significant changes to the Group's significant accounting policies.

(ii) *New standards and amendments to existing standards that have been issued but are not effective and have not been early adopted by the Group*

		Effective for annual periods beginning on or after
HKFRS 1 (Amendments)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendments)	Insurance Contracts	1 January 2018 or when the entity first applies HKFRS 9
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 17	Insurance contracts	1 January 2021 or when apply HKFRS 15 and HKFRS 9
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKAS 28 (Amendments)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group intends to adopt the above new standards, amendments to existing standards and interpretation when they become effective.

3 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-makers (“CODM”) of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax. The CODM considers all business is included in a single operating segment.

Segment results, segment assets and segment liabilities

The Group is engaged in the provision of property management service in Hong Kong. Since the operation of provision of property management services attributes to all of the Group's revenue, and a majority of results and assets during the year ended 31 December 2016 and 2017, no business segment analysis is presented accordingly.

Geographical information

The Group's revenue is derived from customers in Hong Kong. All the assets of the Group were also located in Hong Kong as at 31 December 2016 and 2017. Accordingly, no analysis by geographical segment is provided.

Information about major customer

Details of the customer individually representing 10% or more of the Group's revenue are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A	<u>355,268</u>	<u>342,438</u>

No other single customers contributed 10% or more to the Group's revenue for the year ended 31 December 2016 and 2017.

4. REVENUE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Property management services income	<u>356,441</u>	<u>344,464</u>

5. EXPENSES BY NATURE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Employee benefits expenses	319,376	294,164
Auditor's remuneration	800	482
Depreciation of plant and equipment	2,164	1,874
Operating lease rentals in respect of rental premises	358	260
Subcontracting cleaning fee and cleaning material costs	4,536	18,245
Insurance fee	2,597	2,872
Guarantee fee	781	1,044
Security expenses	716	1,129
Utilities expenses	1,937	2,012
Office supplies	1,138	1,280
Listing expenses	<u>15,924</u>	<u>–</u>

6. FINANCE COSTS, NET

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank interest income	4	5
Interests on borrowings	(1,340)	(948)
Interests on finance lease liabilities	(100)	(63)
Accretion interest on loans from the then shareholders	–	(64)
	<u>(1,440)</u>	<u>(1,075)</u>
	<u>(1,436)</u>	<u>(1,070)</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year ended 31 December 2017.

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong profits tax:		
Current income tax	2,845	2,690
Over provision in prior year	(31)	–
	<u>2,814</u>	<u>2,690</u>
Deferred income tax	(83)	(16)
	<u>2,731</u>	<u>2,674</u>

8. DIVIDENDS

The directors of the Company do not recommend the payment of final dividends for the year ended 31 December 2017.

During the year ended 31 December 2017, a special dividend of HK\$10,000,000 was declared on 24 October 2017 and paid to its the then shareholders before the Listing. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this announcement.

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company	<u>(2,160)</u>	<u>13,300</u>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>628,493,151</u>	<u>600,000,000</u>
(Loss)/earnings per share (HK cents)	<u>(0.34)</u>	<u>2.22</u>

The weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per shares has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 1.2 had been effective from 1 January 2016.

No diluted (loss)/earnings per share was presented as there was no potential dilutive potential shares outstanding during the above respective periods.

10. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current:		
Retention money receivables (<i>Note i</i>)	1,714	1,513
Rental deposit	<u>116</u>	<u>–</u>
	<u>1,830</u>	<u>1,513</u>
Current:		
Trade and unbilled receivables (<i>Notes ii and iii</i>)	<u>71,117</u>	<u>65,298</u>
Utilities deposits	479	475
Rental deposits	–	49
Prepaid insurance	2,089	2,067
Prepayment	235	23
Other receivables	2,276	3,063
Amount due from a director	<u>–</u>	<u>300</u>
Total current prepayments, deposits and other receivables	<u>5,079</u>	<u>5,977</u>
	<u>76,196</u>	<u>71,275</u>
Total receivables, prepayments and deposits	<u>78,026</u>	<u>72,788</u>

Notes:

- (i) In accordance with the service contracts with the customer and the common practice in the industry, the customer withholds a portion of the payments in relation to the project management services for maintenance works rendered by the Group as retention money. The retention money normally represents 5% of the service income of the project management services for maintenance works and is accumulated until the sum retained reaches the limit stated in the service contracts. The retention money will be released to the Group according to the terms of conditions of the service contracts. The balances are regularly reviewed by management with reference to the historical default rates or forfeiture rate. There is no history of forfeiture and default of these balances during the year ended 31 December 2016 and 2017. The carrying amounts of retention money receivables approximate their fair values as the impact of discounting is not significant.
- (ii) The Group entered into a trade receivable factoring arrangement and transferred certain trade receivables to a bank. If the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables. As at 31 December 2017, the carrying amount of the trade receivables that have been transferred but have not been derecognised amounted to HK\$23,085,000 (2016: HK\$22,266,000). The carrying amount of the factoring loans as at 31 December 2017 were HK\$20,776,000 (2016: HK\$20,040,000).
- (iii) Unbilled receivables include receivables for project management fees for work performed but yet to be billed; and the project management fee to be billed for completed project management services of maintenance work. Billings to customers will normally be issued when the contractors for the maintenance work submit their final billings. These balances are reviewed regularly by management. No allowance for impairment of unbilled receivables is considered necessary by the directors with reference to the historical experience in collection of these balances once billed and the financial capability of the customer.

The trade receivables are generally on credit terms ranging from 30 to 60 days.

The following is an aging analysis of trade receivables, presented based on the invoice date at the end of the reporting period:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Unbilled (<i>Note iii</i>)	<u>12,338</u>	<u>12,103</u>
Trade receivables:		
Up to 30 days	32,398	30,339
31 to 60 days	23,537	21,065
61 to 90 days	<u>2,844</u>	<u>1,791</u>
	<u>71,117</u>	<u>65,298</u>

No allowance for impairment of trade receivables is considered necessary by the directors with reference to the historical experience in collection of overdue balances and the financial capacity of the customers.

As of 31 December 2017, trade receivables of HK\$2,844,000 (2016: HK\$1,791,000) were past due but not impaired. These relate to certain independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables:		
Past due up to 30 days	<u>2,844</u>	<u>1,791</u>

The credit quality of trade and other receivables that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have history of defaults.

The carrying amounts of retention money receivables, trade and unbilled receivables, other receivables, and deposits approximate their fair values. Trade and unbilled receivables, other receivables and deposits are mainly denominated in HK\$.

11. SHARE CAPITAL AND RESERVES

(a) Share capital and premium

	<i>Notes</i>	No. of shares	Nominal value of ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>
<i>Authorised:</i>				
Ordinary shares at HK\$0.01 each as at 26 June 2017 (date of incorporation)	<i>(i)</i>	38,000,000	380	–
Increase in the authorised share capital on 24 October 2017	<i>(iii)</i>	<u>1,962,000,000</u>	<u>19,620</u>	<u>–</u>
At 31 December 2017		<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>	<u><u>–</u></u>
<i>Issued and fully paid:</i>				
Ordinary share at HK\$0.01 each as at 26 June 2017 (date of incorporation)	<i>(i)</i>	1	–	–
Shares issued pursuant to the Reorganisation	<i>(ii)</i>	2,099	–	–
Shares issued pursuant to the Capitalisation	<i>(iv)</i>	599,997,900	6,000	(6,000)
Shares issued pursuant to the Listing	<i>(v)</i>	200,000,000	2,000	58,000
Listing expenses charged to share premium		<u>–</u>	<u>–</u>	<u>(9,224)</u>
At 31 December 2017		<u><u>800,000,000</u></u>	<u><u>8,000</u></u>	<u><u>42,776</u></u>

Notes:

- (i) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 26 June 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which one share was allotted and issued as fully paid to an initial nominee subscriber, and was subsequently transferred to R5A Group Limited on the date of incorporation.
- (ii) Pursuant to the Reorganisation as set out in Note 1.2 to the announcement, on 10 July 2017, the Shareholders transferred their respective holding of shares of the Operating Subsidiary, representing the entire share capital, to Modern Living Investments Limited in consideration of the Company allotting and issuing 1,719 shares, 200 shares, 120 shares, 40 shares and 20 shares (all credited as fully paid) to R5A Group Limited, Ms. Yeung, Ms. Lok, Mr. Yun and Mr. K. T. Ho respectively.
- (iii) On 24 October 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$20,000,000 by creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (iv) Pursuant to the written resolutions passed by the shareholders on 24 October 2017, conditional upon Listing and subject to the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to allot and issue a total of 599,997,900 shares credited as fully paid at par to the Shareholders by way of capitalisation of HK\$5,999,979 standing to the credit of the share premium account of the Company.

On 10 November 2017, the shares of the Company was listed on GEM of the Stock Exchange and the aforementioned conditions were fulfilled. Accordingly, the said amount was capitalised standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 599,997,900 shares for allotment and issue to the Shareholders.

- (v) On 10 November 2017, upon the completion of the Listing, the Company has issued a total of 200,000,000 ordinary share of HK\$0.01 each at a price of HK\$0.30 per share for a total consideration of HK\$60,000,000. For the use of proceeds, please refer to the section headed “Use of Proceeds from the Listing” in this announcement.

Share capital as at 31 December 2016 represents the issued share capital of the Operating Subsidiary.

(b) Contribution reserve

As at 31 December 2017, contribution reserve in the consolidated statement of financial position represents (i) the contribution made by the Shareholders for 2,099 shares of the Company as part of the Reorganisation and 1 share on the date of its incorporation, totalled to HK\$21,460,000, and (ii) the difference between the nominal value of the unsecured, interest-free loans from the then shareholders of HK\$17,388,000 and their fair values of HK\$16,578,000, amounting to HK\$810,000. Such difference was regarded as contribution from the then shareholders and credit to contribution reserve at the issuance date of the interest-free loans from the then shareholders.

As at 31 December 2016, contribution reserve in the consolidated statement of financial position represents the amount stated in (ii) above.

(c) Share option scheme

A share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the then shareholders of the Company by way of a written resolution on 24 October 2017 for the primary purpose of recognising and acknowledging the contribution of the directors, employees and other eligible parties who have made valuable contribution to the Group.

The maximum number of shares which may be issued under the Share Option Scheme and any other schemes must not, in aggregate, exceed 80,000,000 Shares, being 10% the shares of the Company. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over shares or other securities by the Company must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless approved in advance by the shareholders of the Company in general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

As of the date of this announcement, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

12. TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	312	238
Provision for long service payment	4,709	4,733
Provision for unutilised annual leave	3,264	3,122
Accrued wages, salaries and pensions	20,221	18,476
Other accrued expenses and payables	2,251	2,190
Total other payables and accrued liabilities	30,445	28,521
Total trade and other payables and accrued liabilities	30,757	28,759

At 31 December 2016 and 2017, the ageing analysis of the trade payables based on invoice date was as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	312	143
31–60 days	–	95
	312	238

The carrying amounts of the Group's trade payables are denominated in HK\$.

The carrying amounts of trade and other payables and accrued liabilities approximate their fair values due to their short maturities.

13. BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current		
Finance lease liabilities	1,440	1,953
Current		
Bank borrowings	45,525	30,655
Finance lease liabilities	513	491
	46,038	31,146
Total borrowings	47,478	33,099

As at 31 December 2017, bank borrowings and the banking facilities granted to the Group are secured by:

- (i) The Group's Insurance Policy of HK\$2,114,000 (2016: HK\$2,053,000);
- (ii) The Group's pledged bank deposits of HK\$36,768,000 (2016: HK\$36,554,000);

- (iii) The Group's trade receivables of HK\$23,085,000 (2016: HK\$22,266,000) (Note 10 (ii)); and
- (iv) The corporate guarantee executed by the Company.

As at 31 December 2016, bank borrowings and the banking facilities granted to the Group were also secured by limited personal guarantees executed by certain the then directors and shareholders of the Operating Subsidiary and the guarantee provided by Hong Kong Mortgage Corporation Limited pursuant to the SME Financing Guarantee.

Upon completion of the Listing on 10 November 2017, all conditions precedent under the banking facilities letter were fulfilled and the personal guarantees were released and replaced by the corporate guarantee executed by the Company as stated in (iv) above.

14. CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of the following:

- (i) As at 31 December 2017, the Group had entered into 30 (2016: 27) performance bonds with a bank. The aggregate amount of the performance bonds was HK\$58,518,000 (2016: HK\$56,814,000) as at 31 December 2017. The directors do not consider it is probable that a claim on the performance bonds will be made against the Group; and
- (ii) In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Company mainly includes claims for compensation by the Group's existing or former employees for work related injuries. The Group maintains insurance cover and, in the opinion of the directors of the Group, based on current available evidence, any such existing claims and legal proceedings against the Company have no material financial impact to the Company as at 31 December 2016 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

The Group provides property management services in Hong Kong, with a primary focus on public housing. During the year ended 31 December 2017, the Hong Kong Housing Authority (“HA”) was the Group’s largest customer and contributed almost all of the Group’s total revenue. The Group’s property management services include (i) estate management services (entailing general management, tenancy management, financial management, minor repair and maintenance as well as project management services); (ii) security services; and (iii) cleaning services.

The Company has successfully listed its shares on GEM of the Stock Exchange on 10 November 2017 to enhance its capital strength for future plans. Going forward, the Directors and the management will continue to devote their best efforts to the future plans as disclosed in the prospectus of the Company dated 31 October 2017 (the “**Prospectus**”). From time to time, the Directors will seek for business opportunities to increase the Group’s revenue and to control the Group’s overall costs to an acceptable and satisfactory level to increase shareholders’ returns.

Looking forward, the property management services sector is still full of challenges. Nevertheless, the Group will embrace these challenges by implementing proactive marketing strategies, investing more resources on human resources and the reinforcement on cost control measures. The Group intends to execute its development plan as set out in the prospectus carefully and prudently, with an aim to bring a desirable return to the shareholders of the Company and facilitate for long-term growth of the business of the Group.

Financial Review

Revenue

The Group’s revenue increased by approximately 3.48% from approximately HK\$344.46 million for the year ended 31 December 2016 to approximately HK\$356.44 million for the year ended 31 December 2017. The increase was primarily attributable to (i) the additional service fee income from the two Home Ownership Scheme (“HOS”) estates awarded by HA, a new stand-alone security service contract awarded by the Urban Renewal Authority and two new service and maintenance contracts awarded by the Civil Engineering and Development Department during the year; (ii) the upward adjustment on service fee for some of the Group’s existing contracts in accordance with the adjustment mechanism as stipulated in those contracts; and (iii) the increase in project management fees from the provision of project management service, with independent external contractors to carry out repairs and maintenance on building works in the estates managed by the Group.

The following table sets out the number of properties the Group was contracted to provide services to at the end of the reporting period.

Types of properties	Number of estates/ contracts
(1) Public estates (excluding HOS estates)	26
(2) HOS estates	2
(3) Stand-alone service contracts	5

Other Income

Majority of other income mainly represented cleaning services to ancillary facilities with the estates managed by the Group. Other income decreased by approximately HK\$0.16 million from approximately HK\$0.41 million for the year ended 31 December 2016 to approximately HK\$0.25 million for the year ended 31 December 2017. The decrease was mainly attributable to the non-recurring dividend income from listed equity securities held by the Group of approximately HK\$0.12 million for the year ended 31 December 2016.

Other Gains, Net

Other gains decreased by approximately HK\$0.07 million from approximately HK\$0.13 million for the year ended 31 December 2016 to approximately HK\$0.06 million for the year ended 31 December 2017. The decrease was mainly attributable to the non-recurring gain on disposal of plant and equipment of approximately HK\$0.72 million for the year ended 31 December 2016.

Employee Benefits Expenses

Employee benefits expenses comprised staff costs of the Group's (i) estate management staff, which mainly included staff for general management, tenancy management, financial management, project management, repair and maintenance, management and headquarters; (ii) security staff; and (iii) cleaning staff. As at 31 December 2017, the Group had a total of 2,362 employees (2016: 2,277).

The total employee benefits expenses amounted to approximately HK\$319.38 million and HK\$294.16 million for the years ended 31 December 2017 and 31 December 2016, respectively; representing approximately 89.60% and 85.40% respectively of the Group's revenue. The total employee benefits expenses increased by approximately 8.57% for the year ended 31 December 2017 from the previous year, such increase was mainly attributable to (i) the salaries and wages for the additional cleaning staff due to the termination of cleaning subcontractor's service for the estates under the Group's management in September 2016; and (ii) the salaries and wages for the additional staff employed for the new contracts commenced in the second half of the year of 2017; and (iii) the annual increase in salary and wages.

Subcontracting Cleaning Fee and Cleaning Material Costs

Subcontracting cleaning fee represented subcontracting fee paid to a subcontractor. For the year ended 31 December 2017, no subcontracting cleaning fee was incurred (2016: approximately HK\$13.99 million). The cleaning material costs remained stable at approximately HK\$4.54 million for the year ended 31 December 2017 (2016: HK\$4.25 million).

The subcontracting cleaning fee and cleaning material costs decreased from approximately HK\$18.25 million for the year ended 31 December 2016 to approximately HK\$4.54 million for the year ended 31 December 2017 primarily because the Group ceased all subcontracting arrangement and have carried out all the cleaning services by the Group itself since September 2016. The Group ceased the subcontracting arrangement because the Group gradually gained management experience and hired its own staff in the market.

Other Operating Expenses

Other operating expenses amounted to approximately HK\$10.80 million and HK\$11.66 million for the years ended 31 December 2017 and 2016, respectively. Other operating expenses mainly included insurance expense, office supplies expense, security charges for specialist guard company to escort money in transit, guarantee fee for performance bonds, entertainment, travelling expense, and estate maintenance expense.

The decrease in other operating expenses was mainly attributable to (i) less promotion and community activities conducted by some of the estates managed by the Group; (ii) implementation of more stringent controls in photocopying, stationeries and uniform and laundry; (iii) a decrease in security charges to escort the cash from estates managed by the Group to banks; (iv) a decrease of guarantee fee and insurance expense; and (v) closer monitoring by management.

Listing Expenses

For the year ended 31 December 2017, the Group recognised non-recurring listing expenses of approximately HK\$15.92 million in relation to the Listing. No such expenses were incurred for the year ended 31 December 2016.

Finance Costs

Finance costs increased by approximately HK\$0.36 million from approximately HK\$1.08 million for the year ended 31 December 2016 to approximately HK\$1.44 million for the year ended 31 December 2017. The increase was mainly due to increased bank borrowings for the repayment of shareholders' loan of approximately HK\$17.39 million and the payment of non-recurring listing expenses during the year ended 31 December 2017.

Income Tax Expense

Income tax expense remained stable at approximately HK\$2.73 million for the year ended 31 December 2017 (2016: 2.67 million). This is primarily due to a stable assessable profit. Profit before income tax amounted to approximately HK\$15.97 million for the year ended 31 December 2016, compared with approximately HK\$16.49 million (excluding the non-recurring listing expenses approximately HK\$15.92 million) for the year ended 31 December 2017.

(Loss)/profit and total comprehensive (loss)/income attributable to owners of the Company

As disclosed in the Prospectus, the non-recurring listing expenses have a significant financial impact on the Group's financial performance. Total comprehensive loss for the year ended 31 December 2017 was approximately HK\$1.83 million as compared to the total comprehensive income of approximately HK\$14.61 million for the year ended 31 December 2016. Such decrease in profitability was mainly due to the non-recurring listing expenses of approximately HK\$15.92 million as mentioned above. Excluding the non-recurring listing expenses, profit for the year ended 31 December 2017 would have been amounted to approximately HK\$13.76 million, representing an increase of approximately 3.46% as compared with the year ended 31 December 2016. Such increase in profitability was principally attributable to the increase in revenue and the management's closer monitoring over the company's day-to-day management and operating expenses.

Dividends

On 24 October 2017, the Company declared a special dividend totalling HK\$10 million to the then shareholders of the Company prior to the Listing.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

Liquidity and Financial Resources

	2017 HK\$'000	2016 HK\$'000
Financial position		
Current assets	171,127	132,887
Current liabilities	78,255	79,104
Net current assets	92,872	53,783
Total assets	180,772	143,275
Borrowings	47,478	33,099
Cash and bank balances	58,163	25,058
Pledged bank deposits	36,768	36,554
Total equity	100,542	61,600
Key financial ratios		
Return on equity (<i>Note 1</i>)	-2.15%	21.59%
Return on total assets (<i>Note 2</i>)	-1.19%	9.28%
Current ratio (<i>Note 3</i>)	2.19	1.68
Gearing ratio (<i>Note 4</i>)	47.22%	53.73%

Notes:

1. Return on equity is calculated as the (loss)/profit for the year divided by total equity.
2. Return on total assets is calculated as the (loss)/profit for the year divided by total assets.
3. Current ratio is calculated as total current assets divided by total current liabilities.
4. Gearing ratio is calculated as the total debt divided by total equity. Total debt represents bank borrowings and finance lease liabilities.

The current ratio as at 31 December 2016 was 1.68 times as compared to that of 2.19 times as at 31 December 2017. The increase was mainly due to increase in cash and bank balances resulted from the net proceeds received from the Listing, which resulted in an increased total current assets from approximately HK\$132.89 million as at 31 December 2016 to approximately HK\$171.13 million as at 31 December 2017. The total current liabilities were stable, amounting to approximately HK\$78.26 million and HK\$79.10 million as at 31 December 2017 and 2016, respectively.

As at 31 December 2017, the Group's cash and bank balances were approximately HK\$58.16 million (2016: approximately HK\$25.06 million). As at 31 December 2017, the Group's bank borrowings were approximately HK\$45.53 million, which bear interest at 2.74%–3.30% per annum (2016: HK\$30.66 million, which bear interest at 2.25%–6.25% per annum).

The gearing ratio stood at approximately 47.22% as at 31 December 2017 (2016: approximately 53.73%). With the availability of cash and bank balances and bank facilities, the Group has sufficient liquidity to satisfy its funding requirements. The Director are of the view that the Group's financial position is solid.

Capital Structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 10 November 2017. There has been no change in the capital structure of the Company since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2017, the Company's issued share capital was HK\$8,000,000 and the number of issued ordinary shares was 800,000,000 of HK\$0.01 each.

Commitment

The operating lease commitment of the Group was related to the lease of its office premise. The Group's operating lease commitment amounted to approximately HK\$0.95 million as at 31 December 2017 (2016: Nil).

Segment Information

Segment information is disclosed in Note 3 to this announcement.

Future Plans for Material Investments and Capital Assets

As at 31 December 2017, the Group did not have any plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" of the Prospectus.

Save as aforesaid, during the year ended 31 December 2017, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant Investment

The Group held investment in an insurance contract of approximately HK\$2.11 million as at 31 December 2017 (2016: HK\$2.05 million). The gain on investments in the insurance contract amounted to approximately HK\$0.06 million for the year ended 31 December 2017 (2016: HK\$0.07 million).

Contingent Liabilities

Save as disclosed in Note 14 to this announcement, as at 31 December 2017 and 2016, the Group did not have other material contingent liabilities.

Exposure to Exchange Rate Fluctuation

The Group's revenue generating operations are mainly transacted in HK\$. The Directors consider that the impact of foreign exchange exposure to the Group is minimal.

Charge of Group's Assets

As at 31 December 2017, the Group has pledged its bank deposits of approximately HK\$36.77 million (2016: approximately HK\$36.55 million), investment in an insurance contract of approximately HK\$2.11 million (2016: approximately HK\$2.05 million) and trade receivables of HK\$23.09 million (2016: approximately HK\$22.27 million), respectively, to a bank for securing its performance bonds of approximately HK\$58.52 million (2016: approximately HK\$56.81 million) and bank borrowings of approximately HK\$45.53 million (2016: approximately HK\$30.66 million) under certain banking facilities.

Employees and Remuneration Policies

As at 31 December 2017, the Group had a total of 2,362 employees (2016: 2,277 employees). The Group's employee benefits expenses for the year ended 31 December 2017 amounted to approximately HK\$319.38 million (2016: HK\$294.16 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

Events after the Reporting Period

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2017.

Use of Proceeds from the Listing

The final offer price for the Listing was HK\$0.30 per share, and the actual net proceeds from the Listing were approximately HK\$34.85 million, after deducting the listing-related expenses of approximately HK\$25.15 million (of which, approximately HK\$15.92 million and HK\$9.23 million are recognised in the consolidated statement of comprehensive income and the consolidated statement of changes in equity, respectively). This amount was lower than the estimated net proceeds of approximately HK\$44.5 million, which was based on a mid-point offer price of HK\$0.34 per share, as disclosed in the Prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus:

	Adjusted use of actual net proceeds in the same manner and proportion as stated in the Prospectus up to 31 December 2019	Actual utilised amounts as at 31 December 2017	Unutilised amount out of the planned amount as at 31 December 2017
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Satisfying the additional working capital requirement by the HA and additional cash to be deposit as collateral of the performance bond for tendering for additional property management service contracts from the HA	25.80	–	25.80
As additional working capital and satisfying additional cash to be deposited as collateral of the performance bond for tendering for additional stand-alone cleaning or security service contracts from the HA	9.05	–	9.05
Total:	<u>34.85</u>	<u>–</u>	<u>34.85</u>

From the Listing Date to 31 December 2017, the net proceeds from the Listing had not been utilised. The Company intends to continue to apply the net proceeds in accordance with the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Comparison of Business Strategies and Actual Business Progress

An analysis comparing the business strategies as disclosed in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 December 2017 is set out below:

Business objectives	Actual progress
Upgrading the computer system	The Group has started evaluation of its computer system and the enhancement will start in the second quarter of 2018.
Development a mobile application for the use of the staff	The Group is streamlining its day-to-day management system and in discussion with a software company.
Tender submission for contracting work from various departments	The Group will evaluate its capacity before submission for tenders.

Since the shares of the Company were listed on GEM of the Stock Exchange on 10 November 2017, the Group has not yet incurred expenditure to implement the above business strategies as at 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

The Board recognises that transparency and accountability are important to the Company as a listed company. Since its Listing, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's shareholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. Upon the Listing Date and up to 31 December 2017 (the "**Reporting Period**"), the Board is of the opinion that the Company has complied with all the code provisions of the CG Code.

The Directors will continue reviewing the Company's corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation on the Company.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors since the Listing Date and up to the date of this announcement.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Directors confirm that since the Listing Date and up to the date of this announcement, there has been no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 11 May 2018, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Friday, 11 May 2018, the register of members of the Company will be closed from 8 May 2018 to 11 May 2018 (both days inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 7 May 2018.

AUDIT COMMITTEE

The Company has established the Audit Committee on 24 October 2017 with written terms of reference in compliance with paragraph C.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Dr. Chan Man Wai, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny. Mr. Wong Siu Fai Albert has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, to nominate and monitor the Company's external auditors, and to oversee the risk management and internal control procedures of the Company. The annual results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2017 and up to the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. I would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By order of the Board
Modern Living Investments Holdings Limited
Ho Chu Ming
Chairman and Executive Director

Hong Kong, 28 March 2018

As at the date of this announcement, the chairman and the executive Director of the Company is Mr. Ho Chu Ming, the executive Director of the Company Mr. Ng Fuk Wah, Mr. Sung Alfred Lee Ming and Mr. Tang Kong Fuk; the non-executive Directors are Ms. Tam Mo Kit and Mr. Tam Kam Cheung Patrick; and independent non-executive Directors of the Company are Dr. Chan Man Wai, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.modernliving.com.hk