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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)

BUSINESS UPDATE; UPDATE ON THE USE OF PROCEEDS FROM THE LISTING; AND SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

BUSINESS UPDATE

Modern Living Investments Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 1 April 2020, Modern Living Property Management Limited, the wholly-owned operating subsidiary of the Company, commenced its service on two new property management service contracts (the “**Contracts**”) with the Housing Authority to ten public estates in Hong Kong.

UPDATE ON USE OF PROCEEDS FROM THE LISTING

Reference is made to the annual report of the Company for the financial year ended 31 December 2019 (the “**FY2019**”) published on 27 March 2020 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Annual Report.

In FY2019, the Group submitted tenders in relation to seven property management service contracts to the Housing Authority. Out of the seven property management service contract tenders submitted by the Group, the Group was awarded by the Housing Authority with the Contracts in February 2020. The Group has therefore utilised the net proceeds of approximately HK\$13.00 million after 31 December 2019 and up to the date of this announcement by (i) using approximately HK\$8.46 million as the cash deposit collateral to secure the performance bond issued by the Group’s bank to the Housing Authority as required under the terms of the Contracts; and (ii) using approximately HK\$15.89 million as the additional working capital equivalent to two months’ contract sum of the Contracts.

Upon taking into account of the use of proceeds from the Listing in relation to the Contracts, as at the date of this announcement, the breakdown of the use of proceeds from the Listing is as follows:

Uses of the Net Proceeds	Planned Use of Net Proceeds <i>HK\$ million</i>	Utilised Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Remaining balance of the Net Proceeds as at the date of this announcement <i>HK\$ million</i>
Satisfying the additional working capital requirement by the Housing Authority and additional cash to be deposit as collateral of the performance bond for tendering for additional property management service contracts from the Housing Authority	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 Housing Authority	9.05	9.05	—
	34.85	34.85	—

After 31 December 2019 and as at the date of this announcement, all net proceeds from the Listing have been fully utilised.

REASONS FOR DELAY IN USE OF PROCEEDS FROM THE LISTING

Although the Group has endeavoured to adhere to the implementation plan for the use of proceeds as disclosed in the prospectus of the Company dated 31 October 2017 (the “**Prospectus**”) by making tenders to the Housing Authority periodically, the Group was not awarded by the Housing Authority any new property management service contract for public estates during the financial year ended 31 December 2018 (“**FY2018**”), which departs from the implementation plan for the use of proceeds as disclosed in the Prospectus. Other than the property management service contracts for public estates, the Group was awarded one property management service contact for the Home Ownership Scheme and one stand-alone security contract from the Urban Renewal Authority during FY2018. Since the Housing Authority evaluates tenders based on different financial and non-financial considerations, the Directors believed that the Group’s failure to tender for the two expected property management service contracts as disclosed in the Prospectus was attributable to the tenders submitted by other market players carrying lower margin out of the expectation of the Directors. The Directors also considered that submitting tenders with exceptionally lower margin would not be in the interest of the Group as it affects the financial performance and position of the Group in the long run.

However, although there is a delay in the use of proceeds, the Company has fully applied the net proceeds from the Listing consistently with manners as set out in the disclosure in the Prospectus as at the date of this announcement.

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

Hong Kong, 16 April 2020

As at the date of this announcement, the chairman and the executive Director of the Company is Mr. Ho Chu Ming; the executive Directors of the Company are Mr. Ng Fuk Wah, Mr. Sung Alfred Lee Ming and Mr. Tang Kong Fuk; the non-executive Director of the Company is Ms. Tam Mo Kit; 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, for which the Directors 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 of Hong Kong Limited 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

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. This announcement will also be published on the Company’s website at www.modernliving.com.hk.