



雅居投資控股有限公司 Modern Living Investments Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 8426

2020 THIRD QUARTERLY REPORT



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

*This report, for which the directors (collectively 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 report 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 report misleading.*

FINANCIAL HIGHLIGHTS

The Group recorded an unaudited revenue of approximately HK\$326.3 million for the nine months ended 30 September 2020 (nine months ended 30 September 2019: approximately HK\$313.6 million), representing an increase of approximately 4.0% as compared to that of the corresponding period of 2019.

Our employee benefit expenses amounted to approximately HK\$275.6 million for the nine months ended 30 September 2020 (nine months ended 30 September 2019: approximately HK\$285.9 million), representing a decrease of approximately 3.6% as compared to that of the corresponding period of 2019.

The unaudited profit of the Group for the nine months ended 30 September 2020 amounted to approximately HK\$16.4 million as compared to that for the nine months ended 30 September 2019 of approximately HK\$5.2 million.

THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2020 (the “Period”), together with the comparative unaudited figures for the corresponding period of 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	120,292	108,054	326,288	313,642
Other income		831	82	1,698	190
Other (losses)/gains, net		(173)	16	(139)	49
Employee benefit expenses	5	(87,119)	(99,392)	(275,575)	(285,864)
Subcontracting fee	6	(13,276)	–	(13,276)	–
Cleaning material costs		(1,576)	(1,911)	(5,083)	(5,454)
Utilities expenses		(402)	(677)	(1,670)	(1,536)
Depreciation		(142)	(562)	(917)	(1,717)
Other operating expenses		(4,373)	(4,607)	(12,001)	(14,517)
Operating profit		14,062	1,003	19,325	4,793
Finance income/(costs), net		(309)	196	253	915
Profit before income tax		13,753	1,199	19,578	5,708
Income tax expense	8	(2,098)	(140)	(3,148)	(478)
Profit for the period		11,655	1,059	16,430	5,230
Other comprehensive loss: <i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of employee benefit obligations		(50)	(100)	(350)	(300)
Other comprehensive loss for the period, net of tax		(50)	(100)	(350)	(300)
Total comprehensive income for the period		11,605	959	16,080	4,930
Earnings per share					
Basic and diluted (HK cents per share)	9	1.46	0.13	2.05	0.65

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	Contribution reserves HK\$'000	Share-based payment reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2019 (audited)	8,000	42,776	22,270	–	38,743	111,789
Profit for the period	–	–	–	–	5,230	5,230
<i>Other comprehensive loss:</i>						
Remeasurements of employee benefit obligations	–	–	–	–	(300)	(300)
Total comprehensive income for the period	–	–	–	–	4,930	4,930
Transactions with owners in their capacity as owners:						
Share-based payment	–	–	–	360	–	360
Total transactions with owners in their capacity as owners	–	–	–	360	–	–
Balance at 30 September 2019 (unaudited)	8,000	42,776	22,270	360	43,673	117,079
Balance at 1 January 2020 (audited)	8,000	42,776	22,270	596	38,120	111,762
Profit for the Period	–	–	–	–	16,430	16,430
<i>Other comprehensive loss:</i>						
Remeasurements of employee benefit obligations	–	–	–	–	(350)	(350)
Total comprehensive income for the Period	–	–	–	–	16,080	16,080
Transactions with owners in their capacity as owners:						
Share-based payment	–	–	–	447	–	447
Total transactions with owners in their capacity as owners	–	–	–	447	–	447
Balance at 30 September 2020 (unaudited)	8,000	42,776	22,270	1,043	54,200	128,289

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

1. GENERAL INFORMATION

Modern Living Investments Holdings Limited 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 in Hong Kong is at 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 estates owned by and subsidised housing built by the Hong Kong Housing Authority (the "HA") and estate of the Home Ownership Scheme ("HOS").

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group. All values are rounded to the nearest thousand (HK\$'000) unless otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2020 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

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

The principal accounting policies adopted in the unaudited condensed consolidated results for the Period are the same as those adopted in the Group's annual financial statements for the year ended 31 December 2019, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group as below:

- Amendments to HKAS 1 and HKAS 8, "Definition of material"
- Amendments to HKFRS 3 (Revised), "Definition of a business"
- Conceptual Framework for Financial Reporting 2018

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated results and/or disclosures set out in these condensed consolidated results. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the provision of property management service in Hong Kong. The Group's chief operating decision-maker assesses the performance and allocate resources based on the result for the period for the entire business comprehensively. Accordingly, the Group does not present business segment analysis.

4. REVENUE

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property management services	120,292	108,054	326,288	313,642

5. EMPLOYEE BENEFIT EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wages, salaries and other allowances (including directors' emoluments)	83,695	94,858	263,766	273,453
Pension costs — defined contribution plan	3,397	3,924	10,775	11,301
Accrual for unutilised annual leave	(522)	100	687	300
Accrual for long service payment	400	150	(100)	450
Share-based payment	149	360	447	360
	87,119	99,392	275,575	285,864

6. SUBCONTRACTING FEE

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Security	7,790	—	7,790	—
Cleaning services	5,486	—	5,486	—
	13,276	—	13,276	—

The Group has outsourced the security and cleaning services of two estates managed by the Group commencing from July 2020.

7. EXPENSES BY NATURE

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cleaning material costs	1,576	1,911	5,083	5,454
Depreciation	142	562	917	1,717
Employee benefits expenses (Note 5)	87,119	99,392	275,575	285,864
Subcontracting fee (Note 6)	13,276	—	13,276	—
Other operating expenses (Note)	4,373	4,607	12,001	14,517

Note:

The breakdown of other operating expenses is as follows:

	Three months ended 30 September 2020		Nine months ended 30 September 2020	
	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Auditor's remuneration	270	300	810	900
Insurance and guarantee	1,717	1,868	5,001	5,913
Office supplies	449	378	1,058	1,209
Securing charges	127	181	369	538
Entertainment and travel	244	398	610	1,174
Estate maintenance expense	175	306	613	849
Telecommunication charges	106	95	278	278
Professional fee	184	303	865	1,231
Uniform & laundry	140	189	332	344
Licence and membership fee	31	13	108	141
Computer charges	25	81	148	303
Other expenses	905	495	1,809	1,637
	4,373	4,607	12,001	14,517

8. INCOME TAX EXPENSE

	Three months ended 30 September 2020		Nine months ended 30 September 2020	
	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax:				
Hong Kong Profits Tax	2,035	165	2,959	553
Deferred income tax relating to origination and reversal of temporary differences	63	(25)	189	(75)
	2,098	140	3,148	478

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for both periods, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019.

9. EARNINGS PER SHARE

	Three months ended 30 September 2020		Nine months ended 30 September 2020	
	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period	11,655	1,059	16,430	5,230
Number of ordinary shares for the purpose of calculating basic earnings per share ('000)	800,000	800,000	800,000	800,000

No diluted earnings per share was presented as there were no potential dilutive ordinary shares outstanding during the nine months ended 30 September 2019 and 2020.

10. DIVIDENDS

Final dividends of HK\$4,000,000 (HK\$0.5 cent per share) in respect of the year ended 31 December 2019 was declared on 25 March 2020 and paid to the shareholders of the Company on 10 July 2020.

The Board resolved not to recommend the payment of dividend for the Period (nine months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As at 30 September 2020, the Group's existing property management portfolio comprised 28 public housing estates owned by the HA, 4 HOS estates and 2 standalone service contracts awarded by the HA. The Group has completed the contracts in relation to 9 public housing estates during the fourth quarter of 2019 and commenced a new contract which comprised of 9 public housing estates at the beginning of second quarter of 2020.

The Group's business mainly focused on property management of public housing and subsidised housing in Hong Kong, term of the contracts of which are normally ranged from 2 to 5 years. It is expected that the impact brought by the outbreak of COVID-19 pandemic (the "Pandemic") and the anticipated consequential economic downturn in Hong Kong would not be significant to the Group's business. However, the Group would continue to pay attention to the development of the Pandemic and evaluate its impact on the financial position and operating results of the Group. As at the date of this report, the Directors were not aware of any material adverse effects on the financial position of the Group as a result of the Pandemic.

Financial Review

Revenue

The revenue from the provision of property management services increased from approximately HK\$313.6 million for the nine months ended 30 September 2019 to approximately HK\$326.3 million for the Period, representing an increase of approximately 4.0% as compared to that of the corresponding period of 2019. This increase was mainly attributable to (i) the additional service fee income from the new property management service contracts of the public housing estates owned by the HA; and (ii) the upward adjustment on service fee for some of the Group's existing service contracts in accordance with the adjustment mechanism as stipulated in those service contracts.

Other income

The other income received by the Group mainly comprises the administrative income for processing the Government's subsidies paid to the employees for the Period.

Employee benefit expenses

The employee benefits expenses decreased from approximately HK\$285.9 million for the nine months ended 30 September 2019 to approximately HK\$275.6 million for the Period. The decrease was mainly attributable to (i) the Group's outsourcing of cleaning and security services of two estates managed by the Group commencing from July 2020; and (ii) receipt of the government's subsidies under the anti-epidemic fund set up by the Hong Kong Government, which set off part of the employee benefit expenses incurred by the Group.

Cleaning material costs

The cleaning material costs decreased from approximately HK\$5.5 million for the nine months ended 30 September 2019 to approximately HK\$5.1 million for the Period. The slight decrease was attributable to the outsourcing of the security and cleaning services of two estates managed by the Group commencing from July 2020.

Other operating expenses

The other operating expenses mainly comprised 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 other operating expenses amounted to approximately HK\$12.0 million and HK\$14.5 million for the Period and the nine months ended 30 September 2019, respectively. The decrease in other operating expenses was mainly attributable to (i) decrease in various compliance costs; (ii) decrease in insurance and guarantee fee; and (iii) the implementation of more stringent cost control procedures over office supplies and entertainment expenses.

Profit for the period

The increase in profit for the period from approximately HK\$5.2 million for the nine months ended 30 September 2019 to approximately HK\$16.4 million for the Period, mainly due to (i) increase in profit margin of new property management service contracts; (ii) the upward adjustment on service fee for some of the Group's existing service contracts in accordance with the adjustment mechanism as stipulated in those service contracts; and (iii) receipt of the government's subsidies under the anti-epidemic fund set up by the Hong Kong Government.

Outlook

The property market in Hong Kong has been growing. It is envisaged that the growth of public housing property management services business will expand simultaneously with the development of public housing market in Hong Kong. The Directors are optimistic that the Group will continue to increase its market share after the listing of the Company and believe that the said opportunities will benefit the Group's business.

OTHER INFORMATION

Disclosure of Interests

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

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares

Name of Director	Capacity/nature of interest	Number of shares ^(Note 1)	Approximate percentage of interest in the Company
Ms. Tam Mo Kit	Interest in a controlled corporation (Note 2)	491,440,000 (L)	61.43%
	Interest of spouse (Note 3)	37,900,000 (L)	4.74%
Mr. Ng Fuk Wah	Interest of spouse (Note 4)	491,440,000 (L)	61.43%
	Beneficial owner	37,900,000 (L)	4.74%
Mr. Ho Chu Ming	Beneficial owner	2,310,000 (L)	0.29%
Mr. Tang Kong Fuk	Beneficial owner	1,890,000 (L)	0.24%

Notes:

1. The letter "L" denotes the person's long position in the shares.
2. R5A Group Limited is the registered owner of 491,440,000 shares, representing 61.43% of the Company's issued share capital. R5A Group Limited is owned as to 55.23% by Ms. Tam Mo Kit, 16.28% by Mr. Sung Alfred Lee Ming, 13.96% by Mr. Ho Chu Ming, 12.79% by Mr. Tang Kong Fuk, 1.16% by Mr. Ho Tik Wai and 0.58% by Mr. Yiu Ping Keung. Therefore, Ms. Tam Mo Kit is deemed to be interested in all the shares held by R5A Group Limited for the purposes of the SFO.
3. Ms. Tam Mo Kit is the spouse of Mr. Ng Fuk Wah. Under the SFO, Ms. Tam Mo Kit is deemed to be interested in the same number of shares in which Mr. Ng Fuk Wah is interested.
4. Mr. Ng Fuk Wah is the spouse of Ms. Tam Mo Kit. Under the SFO, Mr. Ng Fuk Wah is deemed to be interested in the same number of shares in which Ms. Tam Mo Kit is interested.

Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares held	Percentage of interest
Ms. Tam Mo Kit	R5A Group Limited	Beneficial owner	950	55.23%
Mr. Sung Alfred Lee Ming	R5A Group Limited	Beneficial owner	280	16.28%
Mr. Ho Chu Ming	R5A Group Limited	Beneficial owner	240	13.96%
Mr. Tang Kong Fuk	R5A Group Limited	Beneficial owner	220	12.79%

Save as disclosed above and so far as is known to the Directors, as at 30 September 2020, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the Register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Interests and short positions of substantial shareholders in the Shares, underlying shares and debentures of the Company and its associated corporation

So far as the Directors are aware of, as at 30 September 2020, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting Shares of the Company:

Long positions in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of Shares ^(Note 1)	Approximate percentage of interest in the Company
R5A Group Limited ^(Note 2)	Beneficial owner	491,440,000 (L)	61.43%
Ms. Yeung Siu Wen	Beneficial owner	57,120,000 (L)	7.14%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. R5A Group Limited is the registered owner of 491,440,000 Shares, representing 61.43% of the Company's issued share capital. R5A Group Limited is owned as to 55.23% by Ms. Tam Mo Kit, 16.28% by Mr. Sung Alfred Lee Ming, 13.96% by Mr. Ho Chu Ming, 12.79% by Mr. Tang Kong Fuk, 1.16% by Mr. Ho Tik Wai and 0.58% by Mr. Yiu Ping Keung.

Save as disclosed above and so far as is known to the Directors, as at 30 September 2020, the Directors were not aware of any other persons who had, or was deemed to have, interest or short positions in the Shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register required to be kept by the Company pursuant to Section 336 of the SFO or who were directly or indirectly interested in 5% or more of the issued voting Shares of the Company.

SHARE OPTION SCHEME

On 24 October 2017, a share option scheme was adopted by the shareholders of the Company (the “Share Option Scheme”) and will remain in force for 10 years after its adoption. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who would contribute to the success of the Group’s operations. Under the terms of the Share Option Scheme, the Board may, at its discretion, grant share options to any full-time employee and any Director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive directors. The Share Option Scheme will remain in force for a period of ten years commencing the date on the Listing Date.

The exercise price for shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant. Any share options granted under the Share Option Scheme shall end in any event not later than ten years from the Commencement Date (as defined in the Share Option Scheme). A nominal value of HK\$1.00 is payable on acceptance of each grant of share options.

On 17 June 2019, 32,000,000 share options were granted by the Company to four employees entitling them to subscribe for a total of 32,000,000 shares at exercise price of HK\$0.177 per share, the details of which are as follows:

Name or category of participants	Date of grant	Exercise price per share	Vesting date	Exercise period	As at 1 January 2020	Granted during the Period	Exercised during the Period (Number of share options)	Cancelled/ lapsed during the Period	As at 30 September 2020
Employees in aggregate	17 June 2019	HK\$0.177	17 June 2020 (50%)	17 June 2020 – 16 June 2022	16,000,000	-	-	-	16,000,000
			17 June 2021 (50%)	17 June 2021 – 16 June 2022	16,000,000	-	-	-	16,000,000
Total number of outstanding share options					32,000,000	-	-	-	32,000,000

During the Period, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

COMPETING INTERESTS

For the Period, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 24 October 2017 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Relationship with Controlling Shareholders” of the Prospectus.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. During the Period and up to the date of this report, the Company had complied with all the code provisions set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto.

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 during the Period and up to the date of this report.

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 LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this report.

EVENT AFTER REPORTING PERIOD

There are no important events subsequent to the end of the Period and up to the date of this report which require disclosure.

REVIEW BY AUDIT COMMITTEE

The financial information in this report has not been audited or reviewed by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Siu Fai Albert (Chairman), Dr. Chan Man Wai and Mr. Ng Kee Fat Ronny, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the Period and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 10 November 2020

As at the date of this report, the Board comprises Mr. Ho Chu Ming (Chairman), Mr. Ng Fuk Wah (Chief Executive Officer), Mr. Sung Alfred Lee Ming (Chief Financial Officer) and Mr. Tang Kong Fuk as Executive Directors, Ms. Tam Mo Kit as Non-executive Director, and Dr. Chan Man Wai, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny as Independent Non-executive Directors.

This report will remain on the “Latest Company Announcements” page of the GEM's website at <http://www.hkgem.com> for at least seven days from the date of its publication. This report will also be published on the Company's website at <http://www.modernliving.com.hk>.