



2021 THIRD QUARTERLY REPORT



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


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.*



Tin Yiu Estate is one of the large public housing estates managed by Modern Living. It was recognised as a “Hong Kong Green Organisation” since 2018 for its exceptional environmental performance.

FINANCIAL HIGHLIGHTS

The Group recorded an unaudited revenue of approximately HK\$352.3 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$326.3 million), representing an increase of approximately 8% as compared to that of the corresponding period of 2020.

Our employee benefits expenses amounted to approximately HK\$299.6 million for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$275.6 million), representing an increase of approximately 8.7% as compared to that of the corresponding period of 2020.

The unaudited profit of the Group for the nine months ended 30 September 2021 amounted to approximately HK\$13.1 million as compared to that for the nine months ended 30 September 2020 of approximately HK\$16.4 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 2021 (the “Period”), together with the comparative unaudited figures for the corresponding period of 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2021 HK\$'000 (unaudited) | 2020 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) | 2020 HK\$'000 (unaudited) |
| Revenue | 4 | 119,679 | 120,292 | 352,266 | 326,288 |
| Other income | | 1,309 | 831 | 1,492 | 1,698 |
| Other losses, net | | (536) | (173) | (1,618) | (139) |
| Employee benefits expenses | 5 | (105,501) | (87,119) | (299,592) | (275,575) |
| Subcontracting fees | 6 | (638) | (13,276) | (18,132) | (13,276) |
| Cleaning material costs | | (1,630) | (1,576) | (4,571) | (5,083) |
| Utilities expenses | | (529) | (402) | (1,182) | (1,670) |
| Depreciation | | (485) | (142) | (1,471) | (917) |
| Other operating expenses | 7 | (3,273) | (4,373) | (11,254) | (12,001) |
| Operating profit | | 8,396 | 14,062 | 15,938 | 19,325 |
| Finance income/(costs), net | | (1) | (309) | 222 | 253 |
| Profit before income tax | | 8,395 | 13,753 | 16,160 | 19,578 |
| Income tax expense | 8 | (1,580) | (2,098) | (3,104) | (3,148) |
| Profit for the period | | 6,815 | 11,655 | 13,056 | 16,430 |
| Other comprehensive loss: <i>Items that will not be reclassified to profit or loss</i> | | | | | |
| Remeasurements of employee benefit obligations | | – | (50) | – | (350) |
| Other comprehensive loss for the period, net of tax | | – | (50) | – | (350) |
| Total comprehensive income for the period | | 6,815 | 11,605 | 13,056 | 16,080 |
| Earnings per share | | | | | |
| Basic and diluted (HK cents per share) | 9 | 0.85 | 1.46 | 1.63 | 2.05 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 30 September 2021*

| | 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 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 |
| Dividends paid | - | - | - | - | (4,000) | (4,000) |
| Total transactions with owners in their capacity as owners | - | - | - | 447 | (4,000) | (3,553) |
| Balance at 30 September 2020 (unaudited) | 8,000 | 42,776 | 22,270 | 1,043 | 50,200 | 124,289 |
| Balance at 1 January 2021 (audited) | 8,000 | 42,776 | 22,270 | 1,304 | 58,328 | 132,678 |
| Profit for the Period | - | - | - | - | 13,056 | 13,056 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share-based payment | - | - | - | 531 | - | 531 |
| Dividends paid | - | - | - | - | (12,000) | (12,000) |
| Total transactions with owners in their capacity as owners | - | - | - | 531 | (12,000) | (11,469) |
| Balance at 30 September 2021 (unaudited) | 8,000 | 42,776 | 22,270 | 1,835 | 59,384 | 134,265 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 30 September 2021

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business 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 (collectively, the “**Group**”) are engaged in the provision of property management services to public housing estates owned by and subsidised housing built by the Hong Kong Housing Authority (the “**HA**”) and estates of the Home Ownership Scheme (“**HOS**”).

These unaudited condensed consolidated financial information is 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 information for the nine months ended 30 September 2021 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 information have been prepared under historical cost convention, as modified by the investment in an insurance contract and financial assets at fair value through profit or loss which are carried at its cash surrender value and fair value respectively.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

2.1 Adoption of new accounting policy in the current period

(a) Amended standards adopted by the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning on 1 January 2021 and are currently relevant to the Group. The adoption of the amendments did not result in any significant impact on the results and financial position of the Group.

| | |
|---|--|
| HKFRS 16 (Amendments) | Covid-19-related Rent Concessions |
| HKFRS 16 (Amendments) | Covid-19-related Rent Concessions beyond 30 June 2021 |
| HKAS 39, HKFRS 9, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform — Phase 2 |

(b) New and amended standards not yet adopted

The following new standards and amendments have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

| | | Effective for annual periods beginning on or after |
|-----------------------------------|---|---|
| HKAS 16 (Amendments) | Property, Plant and Equipment: Proceeds before intended use | 1 January 2022 |
| HKFRS 3 (Amendments) | Reference to the Conceptual Framework | 1 January 2022 |
| HKAS 37 (Amendments) | Onerous Contracts — Cost of Fulfilling a Contract | 1 January 2022 |
| Accounting Guideline 5 (revised) | Revised Accounting Guideline 5 Merger Accounting | 1 January 2022 |
| Annual improvements project | Annual Improvements to HKFRSs 2018–2020 | 1 January 2022 |
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| HKAS 8 | Definition of accounting estimates | 1 January 2023 |
| HKFRS 4 | Extension of the temporary exemption from applying IFRS | 1 January 2023 |
| HKFRS 17 (Amendments) | Insurance Contracts | 1 January 2023 |
| Hong Kong Interpretation 5 (2020) | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2023 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group will adopt the above new and amended standards when they become effective. The Group is in the process of assessing the impact of adoption of such new and amended standards on the Group's results of operations and financial position.

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 | |
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Property management services | 119,679 | 120,292 | 352,266 | 326,288 |

5. EMPLOYEE BENEFITS EXPENSES

| | Three months ended | | Nine months ended | |
|---|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Wages, salaries and other allowances (including directors' emoluments) | 101,129 | 83,695 | 287,286 | 263,766 |
| Pension costs — defined contribution plan | 3,995 | 3,397 | 11,175 | 10,775 |
| Accrual for unutilised annual leave | 100 | (522) | 300 | 687 |
| Accrual for long service payment | 100 | 400 | 300 | (100) |
| Share-based payment | 177 | 149 | 531 | 447 |
| | 105,501 | 87,119 | 299,592 | 275,575 |

6. SUBCONTRACTING FEES

| | Three months ended | | Nine months ended | |
|-------------------|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Security | 638 | 7,790 | 11,001 | 7,790 |
| Cleaning services | — | 5,486 | 7,131 | 5,486 |
| | 638 | 13,276 | 18,132 | 13,276 |

The Group has outsourced the security and cleaning services of two estates managed by the Group. However, there were no subcontracting arrangements after July 2021.



7. EXPENSES BY NATURE

| | Three months ended 30 September | | Nine months ended 30 September | |
|-------------------------------------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Cleaning material costs | 1,630 | 1,576 | 4,571 | 5,083 |
| Utilities expenses | 529 | 402 | 1,182 | 1,670 |
| Depreciation | 485 | 142 | 1,471 | 917 |
| Employee benefits expenses (Note 5) | 105,501 | 87,119 | 299,592 | 275,575 |
| Subcontracting fees (Note 6) | 638 | 13,276 | 18,132 | 13,276 |
| Other operating expenses (Note) | 3,273 | 4,373 | 11,254 | 12,001 |

Note:

The breakdown of other operating expenses is as follows:

| | Three months ended 30 September | | Nine months ended 30 September | |
|----------------------------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Auditor's remuneration | 300 | 270 | 900 | 810 |
| Insurance and guarantee | 1,712 | 1,717 | 5,302 | 5,001 |
| Office supplies | 277 | 449 | 714 | 1,058 |
| Security charges | 138 | 127 | 407 | 369 |
| Entertainment and travel | 354 | 244 | 918 | 610 |
| Estate maintenance expense | 150 | 175 | 520 | 613 |
| Telecommunication charges | 61 | 106 | 184 | 278 |
| Professional fee | 42 | 184 | 577 | 865 |
| Uniform & laundry | 37 | 140 | 127 | 332 |
| Licence and membership fee | 2 | 31 | 105 | 108 |
| Computer charges | 35 | 25 | 70 | 148 |
| Other expenses | 165 | 905 | 1,430 | 1,809 |
| | 3,273 | 4,373 | 11,254 | 12,001 |

8. INCOME TAX EXPENSE

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Current income tax: | | | | |
| Hong Kong Profits Tax | 1,549 | 2,035 | 3,011 | 2,959 |
| Deferred income tax relating to origination and reversal of temporary differences | 31 | 63 | 93 | 189 |
| | 1,580 | 2,098 | 3,104 | 3,148 |

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.

9. EARNINGS PER SHARE

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Profit for the period | 6,815 | 11,655 | 13,056 | 16,430 |
| 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 2020 and 2021.

10. DIVIDENDS

Final dividends of HK\$12,000,000 (HK\$1.5 cent per share) in respect of the year ended 31 December 2020 was declared on 22 March 2021 and paid to the shareholders of the Company on 12 July 2021.

The Board resolved not to recommend the payment of dividend for the Period (nine months ended 30 September 2020: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As at 30 September 2021, the Group's business is mainly focused on property management of public housing and subsidised housing in Hong Kong. The Group's existing property management portfolio comprised 23 public housing estates owned by the Hong Kong Housing Authority and 3 Home Ownership Scheme estates.

Financial Review

Revenue

The revenue from the provision of property management services increased from approximately HK\$326.3 million for the nine months ended 30 September 2020 to approximately HK\$352.3 million for the Period, representing an increase of approximately 8% as compared to that of the corresponding period of 2020. This increase was mainly attributable to (i) increase in pricing of new property management services contracts; and (ii) an 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.

Employee benefits expenses

The employee benefits expenses increased from approximately HK\$275.6 million for the nine months ended 30 September 2020 to approximately HK\$299.6 million for the Period. The increase was mainly attributable to (i) the annual increase in salaries and wages; and (ii) the net off effect from the receipt of the government's subsidies under the anti-epidemic fund set up by the Hong Kong Government by the Group during the nine months ended 30 September 2020.

Cleaning material costs

The cleaning material costs decreased from approximately HK\$5.1 million for the nine months ended 30 September 2020 to approximately HK\$4.6 million for the Period. The decrease was attributable to the tighter cost control procedures implemented by the management.

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, fee for performance bond, entertainment, travelling expense and estate maintenance expense.

The other operating expenses amounted to approximately HK\$11.3 million and HK\$12.0 million for the Period and the nine months ended 30 September 2020, respectively. The decrease in other operating expenses was mainly attributable to decrease in professional fee, office supplies, estate maintenance expense, telecommunication charges, uniform & laundry and computer charges.

Profit for the period

The decrease in profit for the period from approximately HK\$16.4 million for the nine months ended 30 September 2020 to approximately HK\$13.1 million for the Period was mainly due to (i) net exchange loss on foreign currency bank deposit; and (ii) receipt of the government's subsidies under the anti-epidemic fund set up by the Hong Kong Government during the nine months ended 30 September 2020.

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 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and 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) | 45,410,000 (L) | 5.68% |
| Mr. Ng Fuk Wah | Interest of spouse (Note 4) | 491,440,000 (L) | 61.43% |
| | Beneficial owner | 45,410,000 (L) | 5.68% |
| Mr. Ho Chu Ming | Beneficial owner | 4,840,000 (L) | 0.61% |
| Mr. Tang Kong Fuk | Beneficial owner | 4,200,000 (L) | 0.53% |

Notes:

- The letter "L" denotes the person's long position in the shares.
- 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.
- 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.
- 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 2021, 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 2021, 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:

- The letter "L" denotes the person's long position in the Shares.
- 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 2021, 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”). 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 at an 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 2021 | Granted during the Period | Exercised during the Period | Cancelled/ lapsed during the Period | As at 30 September 2021 |
|--|---------------|--------------------------|--------------|-----------------------------|----------------------|---------------------------|-----------------------------|-------------------------------------|-------------------------|
| Employees in aggregate | 17 June 2019 | HK\$0.177 | 17 June 2020 | 17 June 2020 – 16 June 2022 | 16,000,000 | - | - | - | 16,000,000 |
| | | | 17 June 2021 | 17 June 2021 – 16 June 2022 | 16,000,000 | - | - | - | 16,000,000 |
| Total number of outstanding share options | | | | | 32,000,000 | - | - | - | 32,000,000 |

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 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), Mr. Wong Bay 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 2021

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 Mr. Wong Bay, 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>.