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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**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.**

*This announcement, 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 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

- The Group recorded an unaudited revenue of approximately HK\$221.0 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$232.6 million), representing a decrease of approximately 5.0% over the same period in 2021.
- The unaudited profit for the period of the Group for the six months ended 30 June 2022 was approximately HK\$9.2 million, while that for the six months ended 30 June 2021 was approximately HK\$6.2 million, representing an increase of approximately 48.4% over the same period in 2021.
- The basic earnings per share for the six months ended 30 June 2022 was approximately 1.15 HK cents (six months ended 30 June 2021: basic earnings per share of approximately 0.78 HK cents).
- The Board of Directors declared an interim dividend of 0.75 HK cents per share for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) together with the corresponding comparative figures as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	For the three months ended		For the six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	6	106,993	117,297	220,959	232,587
Other income	7	1,269	74	6,131	183
Other losses, net	8	(1,623)	(1,082)	(2,005)	(1,082)
Employee benefits expenses	9	(94,637)	(98,505)	(202,984)	(194,091)
Subcontracting fees	10	–	(4,323)	–	(17,494)
Cleaning material costs		(1,516)	(1,400)	(3,156)	(2,941)
Utilities expenses		(308)	(406)	(521)	(653)
Depreciation		(733)	(486)	(1,004)	(986)
Reversal of trade receivables		367	–	367	–
Other operating expenses	12	(4,331)	(4,619)	(7,820)	(7,981)
Operating profit		5,481	6,550	9,967	7,542
Finance (expense)/income, net	11	(12)	129	(38)	223
Profit before income tax	12	5,469	6,679	9,929	7,765
Income tax expense	13	(711)	(1,493)	(716)	(1,524)
<b>Profit for the Period</b>		<b>4,758</b>	<b>5,186</b>	<b>9,213</b>	<b>6,241</b>
<b>Earnings per share</b>					
Basic and diluted					
(HK cents per share)	15	0.59	0.65	1.15	0.78

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	For the three months ended		For the six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Profit for the Period</b>	<b>4,758</b>	5,186	<b>9,213</b>	6,241
<b>Other comprehensive (loss)/income:</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of employee benefits obligations	—	300	(392)	—
Other comprehensive (loss)/income for the Period, net of tax	—	300	(392)	—
<b>Total comprehensive income for the Period</b>	<b>4,758</b>	5,486	<b>8,821</b>	6,241

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		As at <b>30 June 2022</b> <b>(Unaudited)</b> <i>HK\$'000</i>	As at 31 December 2021 <b>(Audited)</b> <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	<i>16</i>	<b>1,694</b>	2,027
Right-of-use assets	<i>17</i>	<b>2,557</b>	2,997
Retention money receivables		<b>2,949</b>	2,949
Investment in an insurance contract	<i>18</i>	<b>2,392</b>	2,369
Investment accounted for using the equity method		<b>100</b>	100
Rental deposit		<b>120</b>	120
		<b>9,812</b>	10,562
		<b>9,812</b>	10,562
<b>Current assets</b>			
Financial assets at fair value through profit or loss (“FVPL”)	<i>19</i>	–	6,761
Trade receivables	<i>20</i>	<b>75,639</b>	92,457
Contract assets	<i>20</i>	<b>18,152</b>	18,152
Prepayments, deposits and other receivables		<b>5,669</b>	5,309
Pledged bank deposits	<i>21</i>	<b>35,353</b>	35,132
Cash and bank balances		<b>76,758</b>	40,915
		<b>211,571</b>	198,726
		<b>211,571</b>	198,726
<b>Total assets</b>		<b>221,383</b>	209,288
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	<i>24</i>	<b>8,000</b>	8,000
Reserves		<b>145,556</b>	136,735
		<b>153,556</b>	144,735
<b>Total equity</b>		<b>153,556</b>	144,735

		As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		250	240
Lease liabilities	17	<u>1,827</u>	<u>2,156</u>
		<u>2,077</u>	<u>2,396</u>
<b>Current liabilities</b>			
Trade payables	22	228	113
Other payables and accrued liabilities		63,068	58,440
Borrowings	23	–	149
Lease liabilities	17	896	897
Current income tax liabilities		<u>1,558</u>	<u>2,558</u>
		<u>65,750</u>	<u>62,157</u>
<b>Total liabilities</b>		<u>67,827</u>	<u>64,553</u>
<b>Total equity and liabilities</b>		<u>221,383</u>	<u>209,288</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2022*

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contribution reserves <i>HK\$'000</i>	Share-based payment reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 January 2021 (audited)</b>	8,000	42,776	22,270	1,304	58,328	132,678
Profit for the Period	-	-	-	-	6,241	6,241
Transaction with owners in the capacity as owners:						
Share-based payment	-	-	-	354	-	354
Total transaction with owners in their capacity as owners	-	-	-	354	-	354
<b>Balance at 30 June 2021 (unaudited)</b>	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>1,658</u>	<u>64,569</u>	<u>139,273</u>
<b>Balance at 1 January 2022 (audited)</b>	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>1,473</u>	<u>70,216</u>	<u>144,735</u>
Profit for the Period	-	-	-	-	9,213	9,213
Other comprehensive loss:						
Remeasurement of employee benefits obligations	-	-	-	-	(392)	(392)
Total comprehensive income for the Period	-	-	-	-	8,821	8,821
<b>Balance at 30 June 2022 (unaudited)</b>	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>1,473</u>	<u>79,037</u>	<u>153,556</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2022*

	<b>For the six months ended</b>	
	<b>30 June 2022</b>	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	<b>30,850</b>	(1,564)
Hong Kong profits tax paid	<b>(569)</b>	(400)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>30,281</b>	(1,964)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	<b>(366)</b>	(467)
Proceed/(purchases) of FVPL	<b>6,631</b>	(5,215)
Interest received	<b>38</b>	287
(Increase)/decrease in pledged bank deposits	<b>(221)</b>	1,739
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>6,082</b>	(3,656)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>		
Interest paid	<b>(41)</b>	(22)
Repayment of bank borrowings and finance lease liabilities	<b>(149)</b>	(1,504)
Repayment of lease liabilities	<b>(330)</b>	(387)
	<hr/>	<hr/>
<b>Net cash (used in) financing activities</b>	<b>(520)</b>	(1,913)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase/(decrease) in cash and cash equivalents	<b>35,843</b>	(7,533)
<b>Cash and cash equivalents at beginning of the Period</b>	<b>40,915</b>	29,789
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the Period</b>	<b>76,758</b>	22,256
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# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 engaging 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 Home Ownership Scheme (“**HOS**”).

The 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 six months ended 30 June 2022 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.

The principal accounting policies adopted in the unaudited condensed consolidated results for the six months ended 30 June 2022 are the same as those adopted in the Group's annual financial statements for the year ended 31 December 2021, 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 Annual Improvements Project	Annual Improvement to HKFRSs 2018–2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

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 services in Hong Kong. The Group's chief operating decision-maker assesses the performance and allocates resources based on the result for the period for the entire business comprehensively. Accordingly, the Group does not present business segment analysis.

### **4. ESTIMATES**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

### **5. FINANCIAL RISK MANAGEMENT**

#### **5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk, foreign exchange risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use financial derivative to hedge its financial risk exposures.

The condensed consolidated interim financial information does not include all financial risk management information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

#### **5.2 Liquidity risk**

Compared to year end, there was no material change in the contractual undiscounted cash outflow for financial liabilities.

#### **5.3 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

<b>At 31 December 2021</b>	<b>Level 1</b> <i>HK\$'000</i>	<b>Level 2</b> <i>HK\$'000</i>	<b>Level 3</b> <i>HK\$'000</i>
FVPL — paper gold	<u>6,761</u>	<u>—</u>	<u>—</u>

The Group's FVPL was disposed during the period ended 30 June 2022.

There were no transfers between levels 1, 2 and 3 during the period.

#### **5.4 Fair value of financial assets and liabilities measured at amortised cost**

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- cash and bank balances;
- short-term bank deposit;
- pledged bank deposits;
- trade receivables;
- contract assets;
- retention money receivables;
- other receivables and deposits;
- trade and other payables; and
- borrowings.

## **6. REVENUE**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> (Unaudited)	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> (Unaudited)
Property management services income	<u><b>106,993</b></u>	<u>117,297</u>	<u><b>220,959</b></u>	<u>232,587</u>

The Group is engaged in the provision of property management services in Hong Kong during the Period. Since the operation of provision of property management services is attributable to all the Group's revenue during the Period, no business segment analysis is presented accordingly.

The Group's revenue was derived from Hong Kong and all assets of the Group were located in Hong Kong during the Period, no analysis by geographical segment is prepared.

## 7. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wage subsidies granted from the Employment Support Scheme under Anti-Epidemic Fund	800	–	800	–
Job Creation Scheme subsidies granted from Civil Service Bureau of the Government of the Hong Kong Special Administrative Region and the Hong Kong Association of Property Management Companies Limited	–	–	4,489	–
Administrative fee received on distribution of subsidies for cleaners and security workers	441	–	780	–
Sundry income	28	74	62	183
	<u>1,269</u>	<u>74</u>	<u>6,131</u>	<u>183</u>

## 8. OTHER LOSSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on investment in an insurance contract (Note 18)	23	30	23	30
Fair value loss on FVPL (Note 19)	(130)	(339)	(130)	(339)
Net exchange loss	(1,516)	(773)	(1,898)	(773)
	<u>(1,623)</u>	<u>(1,082)</u>	<u>(2,005)</u>	<u>(1,082)</u>

## 9. EMPLOYEE BENEFITS EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wages, salaries and other allowances (including directors' emoluments)	90,754	94,514	194,832	186,157
Pension costs — defined contribution plan	3,401	3,614	7,188	7,180
Accrual for unutilised annual leave	382	100	764	200
Long service payment	100	100	200	200
Share-based payment	—	177	—	354
	<u>94,637</u>	<u>98,505</u>	<u>202,984</u>	<u>194,091</u>

## 10. SUBCONTRACTING FEES

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Security	—	2,558	—	10,363
Clearing services	—	1,765	—	7,131
	<u>—</u>	<u>4,323</u>	<u>—</u>	<u>17,494</u>

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

## 11. FINANCE (EXPENSE)/INCOME, NET

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	24	150	38	287
Interest on lease payment	5	(21)	(35)	(42)
Interests on borrowings	(41)	—	(41)	(22)
	<u>(12)</u>	<u>129</u>	<u>(38)</u>	<u>223</u>

## 12. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cleaning material costs	1,516	1,400	3,156	2,941
Utilities expenses	308	406	521	653
Depreciation	733	486	1,004	986
Employee benefits expenses (Note 9)	94,637	98,505	202,984	194,091
Subcontracting fees	–	4,323	–	17,494
Reversal of trade receivables	367	–	367	–
Other operating expenses (Note)	4,331	4,619	7,820	7,981

Note:

The breakdown of other operating expenses recorded as follow:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditor's remuneration	300	330	600	600
Insurance and guarantee	1,973	1,921	3,997	3,590
Office supplies	168	210	292	437
Securing charges	121	73	244	269
Entertainment and travel	357	352	616	564
Estate maintenance expense	221	306	340	370
Telecommunication charges	42	60	92	123
Professional fee	238	306	308	535
Uniform & laundry	120	90	120	90
Licence and membership fee	83	103	83	103
Computer charge	34	35	34	35
Other expenses	674	833	1,094	1,265
	4,331	4,619	7,820	7,981

### 13. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax:				
Hong Kong profits tax	706	1,462	706	1,462
Deferred income tax	5	31	10	62
	<u>711</u>	<u>1,493</u>	<u>716</u>	<u>1,524</u>

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.

### 14. DIVIDENDS

Final dividends of HK\$12,000,000 (1.5 HK cent per share) in respect of the year ended 31 December 2021 was declared on 22 March 2022 and paid to the shareholders of the Company on 11 July 2022.

The Board of Directors declared an interim dividend of 0.75 HK cent per share for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

### 15. EARNINGS PER SHARE

Earnings for the purpose of calculating basic earnings per share:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (HK\$'000)	4,758	5,186	9,213	6,241
Number of ordinary shares for the purpose of basic earnings per share (thousand share)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

No diluted earnings per share was presented as there was no potential dilutive shares outstanding during six months ended 30 June 2021 and 2022.

### 16. PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$0.37 million (six months ended 30 June 2021: HK\$0.47 million).

## 17. LEASES

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Right-of-use assets		
Property	347	521
Equipment	<u>2,210</u>	<u>2,476</u>
	<u>2,557</u>	<u>2,997</u>
Lease liabilities		
Current lease liabilities	896	897
Non-current lease liabilities	<u>1,827</u>	<u>2,156</u>
	<u>2,723</u>	<u>3,053</u>

## 18. INVESTMENT IN AN INSURANCE CONTRACT

Investment in an insurance contract represents a management life insurance policy (the “**Insurance Policy**”). The Group is the beneficiary of the Insurance Policy. The Insurance Policy was pledged to a bank to secure certain banking facilities granted to the Group. Changes in value of the investment in an insurance contract are recorded in “other losses, net” (Note 8) in the unaudited condensed consolidated income statement.

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVPL”)

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
FVPL		
— Paper gold	<u>—</u>	<u>6,761</u>

Movement of the Group’s FVPL for the period ended 30 June 2022 is as follows:

	<i>HK\$'000</i> (unaudited)
At 1 January 2022	6,761
Disposals	(6,631)
Net fair value loss ( <i>Note 8</i> )	<u>(130)</u>
At 30 June 2022	<u>—</u>



## 20. TRADE RECEIVABLES AND CONTRACT ASSETS

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

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

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Contract assets	18,152	18,152
Trade receivables:		
Up to 30 days	36,017	41,218
31 to 60 days	32,036	39,642
61 to 90 days	7,586	11,964
	75,639	92,824
Less: Provision of impairment	93,791 —	110,976 (367)
	<u>93,791</u>	<u>110,609</u>

## 21. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits to a bank to secure performance bonds and the banking facilities granted to the Group as set out in Note 23.

## 22. TRADE PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
0–30 days	228	113

## 23. BORROWINGS

As at 30 June 2022, the banking facilities granted to the Group are secured by the Group's Insurance Policy, the Group's pledged bank deposits and the corporate guarantee executed by the Company.

The bank borrowings are repayable as follows:

	<b>As at 30 June 2022 HK\$'000 (unaudited)</b>	<b>As at 31 December 2021 HK\$'000 (audited)</b>
Within one year	<u>–</u>	<u>149</u>

All the borrowings made by the Group as at 31 December 2021 were denominated in Hong Kong Dollars.

## 24. SHARE CAPITAL

	<b>No. of shares '000</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<b>Issued and fully paid:</b>		
At 31 December 2021 and 30 June 2022	<u>800,000</u>	<u>8,000</u>

## 25. CAPITAL COMMITMENT

As at 30 June 2022, the Group had the following capital commitment:

	<b>As at 30 June 2022 HK\$'000 (unaudited)</b>	<b>As at 31 December 2021 HK\$'000 (audited)</b>
Contracted but not provided for:		
— Investment in a joint venture	<u>900</u>	<u>900</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

As at 30 June 2022, the Group's business is mainly focused on property management of public housing and subsidised housing in Hong Kong, contracts of which are normally ranged from 2 to 6 years. The Group's existing property management portfolio comprises 18 public housing estates owned by the Hong Kong Housing Authority ("HA") and 3 HOS estates awarded by the HA, under the management of the Group.

### 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 and believe that the said opportunities will benefit the Group's business.

### Financial Review

#### *Revenue*

The revenue from the provision of property management services has been decreased from approximately HK\$232.6 million for the six months ended 30 June 2021 to approximately HK\$221.0 million for the six months ended 30 June 2022, representing a decrease of approximately 5.0% over the same period in 2021. This decrease was attributable to the discontinuous of two property management services contracts after March 2022.

#### *Employee benefits expenses*

The total employee benefits expenses remained stable at approximately HK\$203.0 million for the six months ended 30 June 2022 and approximately HK\$194.1 million for the six months ended 30 June 2021. Such increase was mainly attributable to (i) increase in employee severance payment attributable to the discontinuance of two property management service contracts after March 2022; and (ii) the annual increase in salaries and wages.

#### *Cleaning material costs*

The cleaning material costs amounted to approximately HK\$3.2 million and HK\$2.9 million for the six months ended 30 June 2022 and 2021, respectively. The cleaning material costs mainly comprised rubbish bags, masks, disinfection and other cleaning material. The increase was mainly attributable to the discontinuous of outsourcing of cleaning services of two public estates arrangements after July 2021 and the suppliers' increase in price.

### *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\$7.8 million and HK\$8.0 million for the six months ended 30 June 2022 and 2021, respectively. The decrease in other operating expenses was mainly attributable to (i) decrease in professional fee; (ii) decrease in office supplies; (iii) decrease in estate maintenance expense; and (iv) decrease in various sundry expenses.

For further details in relation to the other operating expenses, please refer to Note 12 to the unaudited condensed consolidated financial information.

### *Profit for the period*

The increase in profit for the period from approximately HK\$6.2 million for the six months ended 30 June 2021 to approximately HK\$9.2 million for the six months ended 30 June 2022, representing an increase of approximately 48.4%, was mainly due to the Job Creation Scheme subsidies granted by Civil Service Bureau of the HKSAR during the six months ended 30 June 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

For the six months ended 30 June 2022, the Group's operations were primarily financed through operating income and financing activities. The Directors believe that in the long term, the Group's operations will continue to be funded by a combination of cash generated from the Group's operating activities and financing activities. The gearing ratio as at 30 June 2022 was approximately 1.77% (as at 31 December 2021: 2.21%).

The Group's cash and bank balances amounted to approximately HK\$76.8 million and approximately HK\$40.9 million as at 30 June 2022 and as at 31 December 2021, respectively.

As at 30 June 2022 and as at 31 December 2021, the Group had current assets of approximately HK\$211.6 million and approximately HK\$198.7 million, respectively, which included FVPL, trade receivables, contract assets, prepayments, deposits and other receivables, cash and cash equivalents and pledged bank deposits. As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$76.8 million (as at 31 December 2021: approximately HK\$40.9 million).

## **CAPITAL STRUCTURE**

The capital of the Group comprises only ordinary shares. Details of the Group's share capital are set out in note 24 to the unaudited condensed consolidated financial information. During the six months ended 30 June 2022, there was no change in the capital structure of the Company.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

There were no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 June 2022, the Group did not have any plans for material investments and capital assets.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's revenue generating operations are mainly transacted in Hong Kong Dollars. The Directors consider that the impact of foreign exchange exposure to the Group is minimal. During the six months ended 30 June 2022, the Group had not entered into any hedging instrument or contract.

## **SIGNIFICANT INVESTMENTS**

The Group held investment in an insurance contract of approximately HK\$2.4 million as at 30 June 2022 and approximately HK\$2.4 million as at 31 December 2021, respectively. Save as disclosed herein, the Group did not have other significant investments for the Period.

## **CAPITAL COMMITMENTS**

Details of the capital commitments of the Group are set out in note 25 to the unaudited condensed consolidated financial information.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group had entered into 26 performance bonds with a bank. The aggregate amount of the performance bonds was approximately HK\$90.2 million as at 30 June 2022. As at 30 June 2022, the Directors were not aware of any circumstance which may lead to the exercise of the performance bond and the Directors do not consider it is probable that a claim on the performance bonds will be made against the Group.

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 sufficient insurance cover and, in the opinion of the Directors, 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 30 June 2022.

## **INTERIM DIVIDEND**

On 12 August 2022, the Board of Directors declared an interim dividend of 0.75 HK cents per share for the six months ended 30 June 2022 to the shareholders.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group had a total of 1,912 employees. The Group's employee benefits expenses for the six months ended 30 June 2022 and 2021 amounted to approximately HK\$203.0 million and approximately HK\$194.1 million. To ensure that the Group is able to attract and retain Directors and staff members 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.

## **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 June 2022, 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*

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number of shares<sup>(1)</sup></b>	<b>Approximate percentage of interest in the Company</b>
Ms. Tam Mo Kit <sup>(2)</sup>	Interest in controlled corporation	491,440,000 (L)	61.43%
	Interest of spouse	49,540,000 (L)	6.19%
Mr. Ng Fuk Wah <sup>(3)</sup>	Beneficial Owner	49,540,000 (L)	6.19%
	Interest of spouse	491,440,000 (L)	61.43%
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:*

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. Mr. Ng Fuk Wah is the beneficial owner of 49,540,000 shares in the Company, representing 6.19% of the issued share capital of the Company. As Ms. Tam Mo Kit is the spouse of Mr. Ng Fuk Wah, Ms. Tam Mo Kit is also deemed to be interested in the same number of shares held by Mr. Ng Fuk Wah under the SFO.
3. Mr. Ng Fuk Wah is the beneficial owner of 49,540,000 shares in the Company, representing 6.19% of the issued share capital of the Company. 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*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of interest</b>
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 June 2022, 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 June 2022, 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 ordinary shares of the Company*

<b>Name of Shareholder</b>	<b>Nature of interest/ holding capacity</b>	<b>Number of shares<sup>(1)</sup></b>	<b>Approximate percentage of interest in the Company</b>
R5A Group Limited <sup>(2)</sup>	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 June 2022, 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 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 2022	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 30 June 2022
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)	-
<b>Total number of share options</b>					<b>32,000,000</b>	<b>-</b>	<b>-</b>	<b>(32,000,000)</b>	<b>-</b>

## COMPETING INTERESTS

For the six months ended 30 June 2022, 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 six months ended 30 June 2022 and up to the date of this announcement, 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 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.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Directors are pleased to declare an interim dividend of 0.75 HK cents per share for the six months ended 30 June 2022 (2021: nil) to be paid to the shareholders of the Company whose names are recorded on the register of members of the Company as at the close of business on Friday, 9 September 2022. The interim dividend is payable on or before Friday, 30 September 2022.

The Company's register of members will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022 (both days inclusive), and during this period no transfer of shares will be registered. In order to qualify for an interim dividend, all transfers of shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Monday, 5 September 2022.

## **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 announcement.

## **REVIEW BY AUDIT COMMITTEE**

The financial information in this announcement 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 announcement, 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 six months ended 30 June 2022 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*

Hong Kong, 12 August 2022

*As at the date of this announcement, 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 announcement 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 announcement will also published on the Company’s website at <http://www.modernliving.com.hk>.*