



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

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*You'll never walk alone*

2019  
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.**

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*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

Our revenue amounted to approximately HK\$313.6 million for the nine months ended 30 September 2019, which represented an increase of approximately 14.2% as compared to that of the same period for 2018.

Our employee benefit expenses amounted to approximately HK\$285.9 million for the nine months ended 30 September 2019, which represented an increase of approximately 16.0% as compared to that of the same period for 2018.

The unaudited profit for the nine months ended 30 September 2019 was approximately HK\$5.2 million while that for the same period for 2018 was approximately HK\$9.5 million, representing a decrease of approximately 44.9%.

### 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 2019 (the “**Period**”), together with the comparative unaudited figures for the corresponding period of 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

|   | Notes | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|---|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|   |       | 2019<br>HK\$'000<br>(unaudited)    | 2018<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited)   | 2018<br>HK\$'000<br>(unaudited) |
| Revenue   | 5     | 108,054                            | 91,122                          | 313,642                           | 274,758                         |
| Other income  |       | 82                                 | 188                             | 190                               | 336                             |
| Other gains, net  |       | 16                                 | –                               | 49                                | 15                              |
| Employee benefit expenses   | 6     | (99,392)                           | (80,604)                        | (285,864)                         | (246,384)                       |
| Cleaning material costs   |       | (1,911)                            | (1,068)                         | (5,454)                           | (3,416)                         |
| Utilities expenses  |       | (677)                              | (680)                           | (1,536)                           | (1,317)                         |
| Depreciation  |       | (562)                              | (428)                           | (1,717)                           | (1,266)                         |
| Other operating expenses  |       | (4,607)                            | (3,495)                         | (14,517)                          | (10,444)                        |
| Operating profit  |       | 1,003                              | 5,035                           | 4,793                             | 12,282                          |
| Finance income/(costs), net   |       | 196                                | (112)                           | 915                               | (616)                           |
| Profit before income tax  |       | 1,199                              | 4,923                           | 5,708                             | 11,666                          |
| Income tax expense  | 7     | (140)                              | (852)                           | (478)                             | (2,176)                         |
| <b>Profit for the period</b>  |       | <b>1,059</b>                       | <b>4,071</b>                    | <b>5,230</b>                      | <b>9,490</b>                    |
| <b>Other comprehensive (loss)/income:</b><br><i>Items that will not be reclassified to<br/>profit or loss</i> |       |                                    |                                 |                                   |                                 |
| Remeasurements of employee benefit obligations  |       | (100)                              | 20                              | (300)                             | 157                             |
| Other comprehensive (loss)/income for the period, net of tax  |       | (100)                              | 20                              | (300)                             | 157                             |
| <b>Total comprehensive income for the period</b>  |       | <b>959</b>                         | <b>4,091</b>                    | <b>4,930</b>                      | <b>9,647</b>                    |
| <b>Earnings per share</b>   |       |                                    |                                 |                                   |                                 |
| Basic and diluted (HK cents per share)  | 8     | 0.13                               | 0.51                            | 0.65                              | 1.19                            |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

|   | Share capital<br>HK\$'000 | Share premium<br>HK\$'000 | Contribution reserves<br>HK\$'000 | Share-based compensation reserves<br>HK\$'000 | Retained earnings<br>HK\$'000 | Total equity<br>HK\$'000 |
|---|---------------------------|---------------------------|-----------------------------------|---|-------------------------------|--------------------------|
| <b>Balance at 1 January 2018 (Audited)</b>      | 8,000                     | 42,776                    | 22,270                            | –   | 27,496                        | 100,542                  |
| Profit for the period                           | –                         | –                         | –                                 | –   | 9,490                         | 9,490                    |
| <i>Other comprehensive income:</i>              |                           |                           |                                   |   |                               |                          |
| Remeasurements of employee benefit obligations  | –                         | –                         | –                                 | –   | 157                           | 157                      |
| Total comprehensive income for the period       | –                         | –                         | –                                 | –   | 9,647                         | 9,647                    |
| <b>Balance at 30 September 2018 (Unaudited)</b> | 8,000                     | 42,776                    | 22,270                            | –   | 37,143                        | 110,189                  |
| <b>Balance at 1 January 2019 (Audited)</b>      | <b>8,000</b>              | <b>42,776</b>             | <b>22,270</b>                     | <b>–</b>                                      | <b>38,743</b>                 | <b>111,789</b>           |
| Profit for the period                           | –                         | –                         | –                                 | –   | 5,230                         | 5,230                    |
| Share-based payment                             | –                         | –                         | –                                 | 360   | –                             | 360                      |
| <i>Other comprehensive loss:</i>                |                           |                           |                                   |   |                               |                          |
| Remeasurements of employee benefit obligations  | –                         | –                         | –                                 | –   | (300)                         | (300)                    |
| Total comprehensive income for the period       | –                         | –                         | –                                 | 360   | 4,930                         | 5,290                    |
| <b>Balance at 30 September 2019 (Unaudited)</b> | <b>8,000</b>              | <b>42,776</b>             | <b>22,270</b>                     | <b>360</b>                                    | <b>43,673</b>                 | <b>117,079</b>           |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

### 1. GENERAL INFORMATION

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

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

The Company is an investment holding company and its principal subsidiary engages in the provision of property management services to public housing estates owned by the Hong Kong Housing Authority (the “**HA**”), estate of the Home Ownership Scheme (“**HOS**”) and the Urban Renewal Authority (“**URA**”) in Hong Kong.

The 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 2019 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.

#### (a) Application of new and amendments to HKFRSs

The principal accounting policies used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2018, except for the following new and amendments to HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group:

|                       |  |
|-----------------------|--|
| HKFRS 16              | Leases   |
| HK(IFRIC)-Int 23      | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2015–2017 Cycle        |

## 2. BASIS OF PREPARATION *(Continued)*

### (a) Application of new and amendments to HKFRSs *(Continued)*

#### *Adoption of HKFRS 16*

The Group has changed its accounting policies following the adoption of HKFRS 16 on 1 January 2019.

The Group leases office under non-cancellable operating leases expiring within 3 years. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

See Note 3 below for further details on the impact of the change in accounting policy.

### (b) New standards and amendments to standards issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial period beginning 1 January 2019, and have not been early adopted by the Group in the preparation of the unaudited condensed consolidated financial statements. None of these is expected to have a significant effect on the unaudited condensed consolidated financial statements of the Group based on the preliminary assessment made by management.

### 3. CHANGES IN ACCOUNTING POLICY

As indicated in Note 2(a), the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019. In accordance with the transitional provision under HKFRS 16, the Group has applied the simplified transition approach, and all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses). Comparative figures for the 2018 financial year have not been restated.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.13%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and the lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principals of HKFRS 16 are only applied after that date.

|   | 2019<br>HK\$'000 |
|---|------------------|
| Operating lease commitments disclosed as at 31 December 2018                                | 566              |
| Discounted using the lessee’s incremental borrowing rate at the date of initial application | 540              |
| Add: finance lease liabilities recognised as at 31 December 2018                            | 1,439            |
| <b>Lease liabilities recognised as at 1 January 2019</b>                                    | <b>1,979</b>     |
| Of which are:   |                  |
| — Current lease liabilities   | 881              |
| — Non-current lease liabilities   | 1,098            |
|   | 1,979            |

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The recognised right-of-use assets relate to the following types of assets:

|                           | 1 January 2019<br>HK\$'000 |
|---------------------------|----------------------------|
| Property                  | 540                        |
| Equipment                 | 1,369                      |
| Total right-of-use assets | 1,909                      |

### 3. CHANGES IN ACCOUNTING POLICY *(Continued)*

Changes in accounting policies affected the following items in the consolidated statement of financial position on 1 January 2019:

| Consolidated statement of financial position (extract) | 31 December 2018 as originally presented<br>HK\$'000 | Effects of the adoption of HKFRS 16<br>HK\$'000 | 1 January 2019 Restated<br>HK\$'000 |
|--|--|---|-------------------------------------|
| <b>Non-current assets</b>                              |  |   |                                     |
| Plant and equipment                                    | 4,177  | (1,369)   | 2,808                               |
| Right-of-use assets                                    | –  | 1,909   | 1,909                               |
| <b>Current liabilities</b>                             |  |   |                                     |
| Lease liabilities                                      | –  | 881   | 881                                 |
| Borrowings   | 12,941   | (526)   | 12,415                              |
| <b>Non-current liabilities</b>                         |  |   |                                     |
| Lease liabilities                                      | –  | 1,098   | 1,098                               |
| Borrowings   | 913  | (913)   | –                                   |

#### Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedient permitted by the standard:

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Upon adoption of HKFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

### 4. 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.

### 5. REVENUE

|                              | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|------------------------------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                              | 2019<br>HK\$'000<br>(Unaudited)    | 2018<br>HK\$'000<br>(Unaudited) | 2019<br>HK\$'000<br>(Unaudited)   | 2018<br>HK\$'000<br>(Unaudited) |
| Property management services | <b>108,054</b>                     | 91,122                          | <b>313,642</b>                    | 274,758                         |

## 6. EMPLOYEE BENEFIT EXPENSES

|   | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|---|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|   | 2019<br>HK\$'000<br>(Unaudited)    | 2018<br>HK\$'000<br>(Unaudited) | 2019<br>HK\$'000<br>(Unaudited)   | 2018<br>HK\$'000<br>(Unaudited) |
| Wages, salaries and other allowances<br>(including directors' emoluments) | 94,858                             | 77,065                          | 273,453                           | 235,949                         |
| Pension costs — defined contribution plan                                 | 3,924                              | 3,359                           | 11,301                            | 10,002                          |
| Accrual for unutilised annual leave                                       | 100                                | 30                              | 300                               | 135                             |
| Accrual for long service payment  | 150                                | 150                             | 450                               | 298                             |
| Share-based payment   | 360                                | —                               | 360                               | —                               |
|   | <b>99,392</b>                      | 80,604                          | <b>285,864</b>                    | 246,384                         |

## 7. INCOME TAX EXPENSE

|  | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | 2019<br>HK\$'000<br>(Unaudited)    | 2018<br>HK\$'000<br>(Unaudited) | 2019<br>HK\$'000<br>(Unaudited)   | 2018<br>HK\$'000<br>(Unaudited) |
| Current income tax:  |                                    |                                 |                                   |                                 |
| Hong Kong Profits Tax  | 165                                | 882                             | 553                               | 2,133                           |
| Deferred income tax relating to origination and<br>reversal of temporary differences | (25)                               | (30)                            | (75)                              | 43                              |
|  | <b>140</b>                         | 852                             | <b>478</b>                        | 2,176                           |

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.

## 8. EARNINGS PER SHARE

|  | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | 2019<br>HK\$'000<br>(Unaudited)    | 2018<br>HK\$'000<br>(Unaudited) | 2019<br>HK\$'000<br>(Unaudited)   | 2018<br>HK\$'000<br>(Unaudited) |
| Earnings for the purpose of calculating<br>basic earnings per share                            |                                    |                                 |                                   |                                 |
| Profit for the period  | 1,059                              | 4,071                           | 5,230                             | 9,490                           |
| Number of ordinary shares<br>for the purpose of calculating basic<br>earnings per share ('000) | 800,000                            | 800,000                         | 800,000                           | 800,000                         |

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the nine months ended 30 September 2018 and 2019.

## 9. DIVIDENDS

Final dividends of HK\$4,000,000 (HK\$0.5 cent per share) in respect of the year ended 31 December 2018 was declared on 22 March 2019 and paid to the shareholders of the Company on 12 July 2019.

The Board did not recommend the payment of dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

As at 30 September 2019, the Group's existing property management portfolio comprises 28 public housing estates owned by the Hong Kong Housing Authority ("HA"), 4 HOS estates awarded by the HA, and 3 and 1 standalone service contracts awarded by the HA and the URA, respectively.

### Financial Review

#### Revenue

The revenue from the provision of property management services has increased from approximately HK\$274.8 million for the nine months ended 30 September 2018 to approximately HK\$313.6 million for the Period, representing an increase of approximately 14.2% over the same period for 2018. This increase was mainly attributable to (i) the additional service fee income from the new contracts of the two public housing estates owned by the HA and one HOS estate awarded by the HA; (ii) the upward adjustment on service fee for some of the Group's existing contracts in accordance with the adjustment mechanism as stipulated in those contracts; and (iii) the increase in project management fees from the provision of project management services to estates managed by the Group, where independent external contractors carry out repairs and maintenance and building works in those estates.

#### Employee benefit expenses

The total employee benefits expenses amounted to approximately HK\$285.9 million and HK\$246.4 million for the Period and the nine months ended 30 September 2018, respectively. The increase was mainly attributable to (i) the salaries and wages paid to our additional staff employed for the new contracts of the two public housing estates and one HOS estate which commenced in April 2019; and (ii) salary increment.

#### Cleaning material costs

The cleaning material costs increased from approximately HK\$3.4 million for the nine months ended 30 September 2018 to approximately HK\$5.5 million for the Period. This increase was mainly due to the increased use of cleaning material costs as a result of the new contracts of two public housing estates and one HOS estate.

#### 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\$14.5 million and HK\$10.4 million for the Period and the nine months ended 30 September 2018, respectively. The increase in other operating expenses was mainly attributable to (i) increase in insurance expense as a result of the significant increase in insurance premium for employees' compensation charged by the insurance company; (ii) increase in various compliance costs; (iii) cost incurred in relation to the removal of construction debris for the two new public housing estates which the Group commenced the provision of services during the Period.

#### Profit for the period

The decrease in profit for the period from approximately HK\$9.5 million for the nine months ended 30 September 2018 to approximately HK\$5.2 million for the Period, representing a decrease of approximately 44.9%, was mainly due to (i) increase in employee benefits expenses; (ii) increase in insurance expense; and (iii) increase in various compliance costs; and (iv) increase in cleaning material costs, offset by the decrease in income tax expense.

#### 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 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 2019, 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 <sup>(Note 1)</sup> | Approximate percentage of interest in the Company |
|------------------|--|--------------------------------------|---|
| Ms. Tam Mo Kit   | Interest in a controlled corporation <sup>(Note 2)</sup> | 491,440,000 (L)                      | 61.43%  |
|                  | Interest of spouse <sup>(Note 3)</sup>                   | 30,580,000 (L)                       | 3.82%   |
| Mr. Ng Fuk Wah   | Interest of spouse <sup>(Note 4)</sup>                   | 491,440,000 (L)                      | 61.43%  |
|                  | Beneficial owner   | 30,580,000 (L)                       | 3.82%   |
| Mr. Ho Chu Ming  | Beneficial owner   | 1,000,000 (L)                        | 0.08%   |

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 30,580,000 shares in the Company, representing 3.82% 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. 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 beneficial owner of 30,580,000 shares in the Company, representing 3.82% 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 September 2019, 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 2019, 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***

| <b>Name of Shareholder</b>            | <b>Nature of interest/holding capacity</b> | <b>Number of Shares <sup>(Note 1)</sup></b> | <b>Approximate percentage of interest in the Company</b> |
|---------------------------------------|--|---|--|
| R5A Group Limited <sup>(Note 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 September 2019, 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 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 2019 | Granted during the Period | Exercised during the Period (Number of share options) | Cancelled/ lapsed during the Period | As at 30 September 2019 |
|--------------------------------------|---------------|--------------------------|--|--|----------------------|---------------------------|---|-------------------------------------|-------------------------|
| Employees in aggregate               | 17 June 2019  | HK\$0.177                | 17 June 2020 (50%)<br>17 June 2021 (50%) | 17 June 2020 – 16 June 2022<br>17 June 2021 – 16 June 2022 | -                    | 32,000,000                | -   | -                                   | 32,000,000              |
| <b>Total number of share options</b> |               |                          |  |  | -                    | <b>32,000,000</b>         | -   | -                                   | <b>32,000,000</b>       |

## 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” in the prospectus of the Company dated 31 October 2017.

## INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Ballas Capital Limited (“**Ballas Capital**”) to be the compliance adviser. As at 30 September 2019, as notified by Ballas Capital, except for the compliance adviser agreement entered into between the Company and Ballas Capital dated 18 July 2017, neither Ballas Capital nor any of its directors or employees or associates, has or may have, any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities).

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. Since the Listing Date 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 since the Listing Date 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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## EVENT AFTER REPORTING PERIOD

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

## 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), Dr. Chan Man Wai and Mr. Ng Kee Fat Ronny, being the independent non-executive Directors.

The auditor of the Company has not reviewed or audited the unaudited condensed consolidated results of the Company for the Period but 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, 13 November 2019

*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>.*