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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

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.*

FIRST 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 three months ended 31 March 2023, together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three months ended 31 March 2023

		Three months ended	
		31 March	
		2023	2022
		<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	78,250	113,966
Other income		2,829	4,862
Other gains/(losses), net		1,011	(382)
Employee benefits expenses	5	(73,246)	(108,347)
Cleaning material costs	6	(695)	(1,640)
Utilities expenses	6	(191)	(213)
Depreciation	6	(248)	(271)
Other operating expenses	6	(2,822)	(3,489)
Share of result of Investments accounted for using the equity method		(153)	–
Operating profit		4,735	4,486
Finance income/(expenses), net		653	(26)
Profit before income tax		5,388	4,460
Income tax expense	7	(244)	(5)
Profit for the period		5,144	4,455
Other comprehensive loss: <i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of employee benefits obligations		(250)	(392)
Other comprehensive loss for the period, net of tax		(250)	(392)
Total comprehensive income for the period		4,894	4,063
Earnings per share			
Basic and diluted (HK cents per share)	8	0.64	0.56

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	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>
Balance at 1 January 2022 (Audited)	8,000	42,776	22,270	1,473	70,216	144,735
Profit for the period	-	-	-	-	4,455	4,455
<i>Other comprehensive loss:</i>						
Remeasurements of employee benefits obligations	-	-	-	-	(392)	(392)
Total comprehensive income for the period	-	-	-	-	4,063	4,063
Balance at 31 March 2022 (Unaudited)	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>1,473</u>	<u>74,279</u>	<u>148,798</u>
Balance at 1 January 2023 (Audited)	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	-	<u>77,245</u>	<u>150,291</u>
Profit for the period	-	-	-	-	5,144	5,144
<i>Other comprehensive loss:</i>						
Remeasurements of employee benefit obligations	-	-	-	-	(250)	(250)
Total comprehensive income for the period	-	-	-	-	4,894	4,894
Balance at 31 March 2023 (Unaudited)	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>-</u>	<u>82,139</u>	<u>155,185</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law 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 Units 1102–1103, 11th Floor, Delta House, No. 3 On Yiu Street, Sha Tin, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are engaged in the provision of property management services with a primary focus on public housing in Hong Kong.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the three months ended 31 March 2023 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, except that investment in an insurance contract which is stated at its cash surrender value.

The principal accounting policies adopted in the unaudited condensed consolidated results for the three months ended 31 March 2023 are the same as those adopted in the Group's annual financial statements for the year ended 31 December 2022, 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:

HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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. REVENUE

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Property management services income	<u>78,250</u>	<u>113,966</u>

5. EMPLOYEE BENEFITS EXPENSES

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries and other allowances (including directors' emoluments)	70,461	104,078
Pension costs — defined contribution plan	2,505	3,787
Accrual for unutilised annual leave	200	382
Long service payment and gratuities	80	100
	<u>73,246</u>	<u>108,347</u>

6. EXPENSES BY NATURE

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cleaning material costs	695	1,640
Utilities expenses	191	213
Depreciation	248	271
Employee benefits expenses (Note 5)	73,246	108,347
Other operating expenses	<u>2,822</u>	<u>3,489</u>

The breakdown of other operating expenses is as follows:

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	300	300
Insurance and guarantee expense	1,525	2,024
Office supplies	111	124
Security charges	86	123
Entertainment and travelling expense	196	259
Estate maintenance expense	71	119
Community function	14	17
Telecommunication charges	36	50
Professional fee	60	70
Licence and membership fee	77	44
Others	346	359
	<hr/>	<hr/>
Total	2,822	3,489
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	226	–
Deferred income tax	18	5
	<hr/>	<hr/>
	244	5
	<hr/> <hr/>	<hr/> <hr/>

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.

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the purpose of calculating basic earnings per share		
Profit for the period	<u>5,144</u>	<u>4,455</u>
Number of ordinary shares for the purpose of calculating basic earnings per share ('000)	<u>800,000</u>	<u>800,000</u>

There were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2023.

(b) Diluted earnings per share

Diluted earnings per share for the three months ended 31 March 2022 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

9. DIVIDENDS

The Directors resolved not to recommend payment of dividends for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As at 31 March 2023, the Group's business is mainly focused on property management of public housing and subsidised housing in Hong Kong. The Group's existing property management portfolio comprises 14 public housing estates and 3 HOS estates awarded by the Hong Kong Housing Authority ("HA"), respectively, under the management of the Group.

Financial Review

Revenue

The revenue from the provision of property management services has decreased from approximately HK\$114.0 million for the three months ended 31 March 2022 to approximately HK\$78.3 million for the three months ended 31 March 2023. This decrease was mainly due to the discontinuance of certain property management services contracts as compare with the three months ended 31 March 2022.

Other income

The other income received by the Group mainly comprised the administrative income for processing the Government's subsidies paid and Job Creation Scheme subsidies granted by Civil Service Bureau of the HKSAR. The other income amounted to approximately HK\$2.8 million and HK\$4.9 million for the three months ended 31 March 2023 and 2022, respectively. The decrease was mainly attributable to the decrease in subsidies granted by the Government.

Employee benefits expenses

The total employee benefits expenses amounted to approximately HK\$73.2 million and HK\$108.3 million for the three months ended 31 March 2023 and 2022, respectively. Such decrease was mainly attributable to the decrease in the number of public housing estates contracts under management for the three months ended 31 March 2023.

Cleaning material costs

The cleaning material costs amounted to approximately HK\$0.7 million and HK\$1.6 million for the three months ended 31 March 2023 and 2022, respectively. The cleaning material costs mainly comprised rubbish bags, masks, disinfection and other cleaning material. The decrease was mainly attributable to the decrease in the number of public housing estates contracts under management for the three months ended 31 March 2023.

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\$2.8 million and HK\$3.5 million for the three months ended 31 March 2023 and 2022, respectively. The decrease in other operating expenses was mainly attributable to (i) decrease in insurance and guarantee expenses; and (ii) decrease in estate maintenance expenses, entertainment and travelling expenses.

Profit for the period

The profit for the period amounted to approximately HK\$5.1 million (2022: HK\$4.5 million). The increase in profit was mainly due to the increase in foreign exchange gains, net for the three months ended 31 March 2023.

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 31 March 2023, 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 into 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⁽¹⁾	Approximate percentage of interest in the Company
Ms. Tam Mo Kit ⁽²⁾	Interest in a controlled corporation	543,440,000 (L)	67.93%
Mr. Ng Fuk Wah ⁽³⁾	Interest of spouse	543,440,000 (L)	67.93%
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 approximately 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 52,000,000 Shares in the Company, representing approximately 6.5% 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 52,000,000 Shares in the Company, representing approximately 6.5% 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

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

Save as disclosed above and so far as is known to the Directors, as at 31 March 2023, 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 into 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 of the GEM Listing Rules.

Please also refer to section headed “Events after the Review Period” for changes in interests of Directors and chief executive in the shares after 31 March 2023.

(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 31 March 2023, 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

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

Notes:

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

Save as disclosed above and so far as is known to the Directors, as at 31 March 2023, 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.

COMPETING INTERESTS

For the period ended 31 March 2023, 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 three months ended 31 March 2023 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 Directors confirmed and the Company was not aware of any non-compliance with the Model Code by the Directors during the three months ended 31 March 2023 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 March 2023.

EVENTS AFTER THE REVIEW PERIOD

Saved as disclosed above, there are no material subsequent events undertaken by the Company or the Group after 31 March 2023 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 three months ended 31 March 2023 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, 10 May 2023

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>.