



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

Interim Report 2023



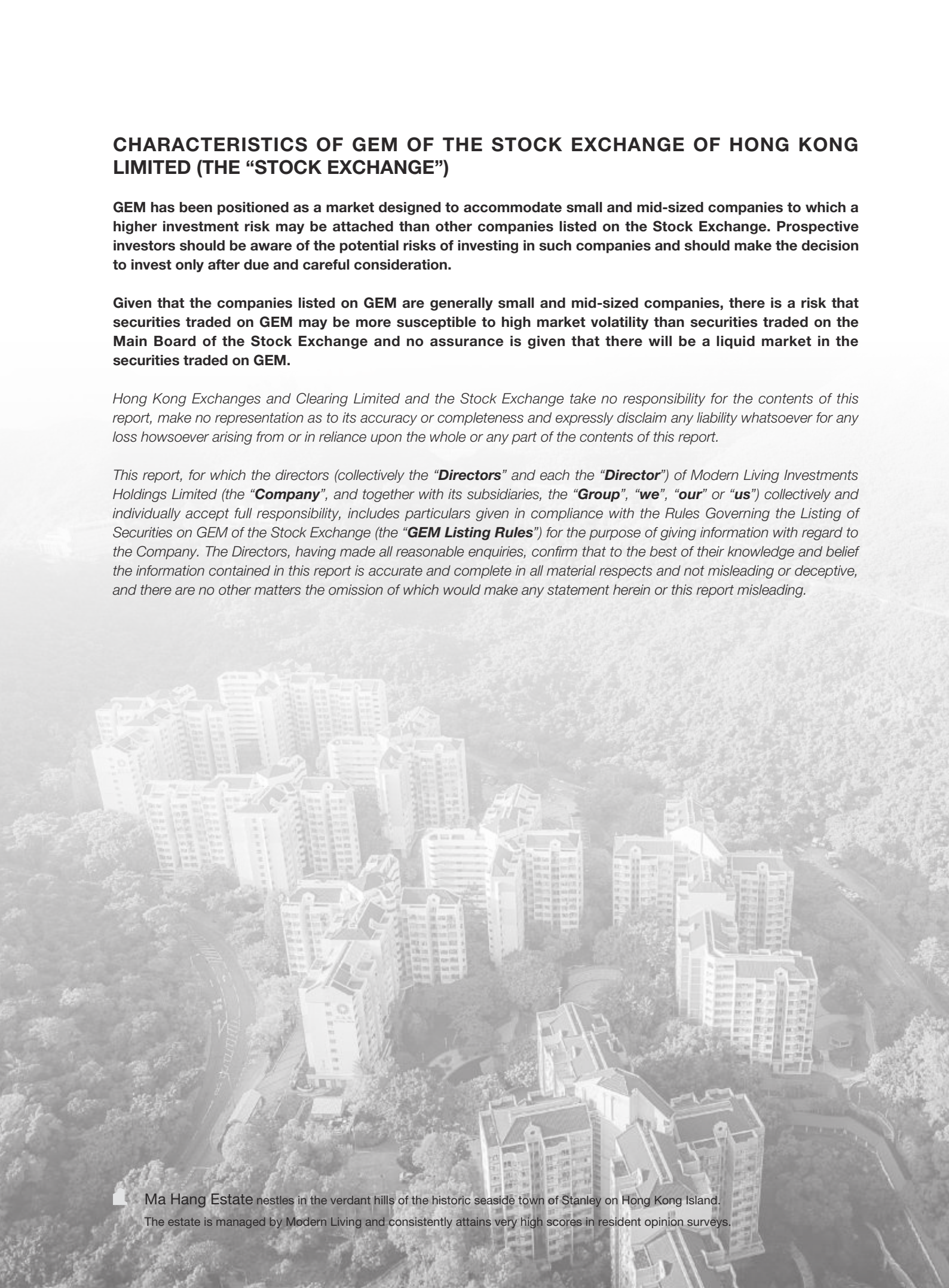
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (collectively the “**Directors**” and each the “**Director**”) of Modern Living Investments Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



Ma Hang Estate nestles in the verdant hills of the historic seaside town of Stanley on Hong Kong Island. The estate is managed by Modern Living and consistently attains very high scores in resident opinion surveys.

CONTENTS

Corporate Information	3
Financial Highlights	4
Unaudited Condensed Consolidated Income Statement	5
Unaudited Condensed Consolidated Statement of Comprehensive Income	6
Unaudited Condensed Consolidated Statement of Financial Position	7
Unaudited Condensed Consolidated Statement of Changes in Equity	8
Unaudited Condensed Consolidated Statement of Cash Flows	9
Notes to the Unaudited Condensed Consolidated Financial Information	10
Management Discussion and Analysis	19
Other Information	21

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ho Chu Ming (*Chairman*)
Mr. Ng Fuk Wah (*Chief Executive Officer*)
Mr. Sung Alfred Lee Ming
Mr. Tang Kong Fuk

Non-executive Director

Ms. Tam Mo Kit

Independent Non-executive Directors

Mr. Wong Siu Fai Albert
Mr. Wong Bay
Mr. Ng Kee Fat Ronny

COMPLIANCE OFFICER

Mr. Sung Alfred Lee Ming (*HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Ng Fuk Wah (*HKICPA*)
Mr. Sung Alfred Lee Ming (*HKICPA*)

COMPANY SECRETARY

Mr. Ng Fuk Wah (*HKICPA*)

AUDIT COMMITTEE

Mr. Wong Siu Fai Albert (*Chairman*)
Mr. Ng Kee Fat Ronny
Mr. Wong Bay

REMUNERATION COMMITTEE

Mr. Ng Kee Fat Ronny (*Chairman*)
Mr. Wong Bay
Mr. Wong Siu Fai Albert

NOMINATION COMMITTEE

Mr. Wong Bay (*Chairman*)
Mr. Wong Siu Fai Albert
Mr. Ng Kee Fat Ronny

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Central Hong Kong

Bank of China (Hong Kong) Limited
24/F Bank of China Tower
1 Garden Road
Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1102–1103, 11th Floor
Delta House
No. 3 On Yiu Street
Sha Tin
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

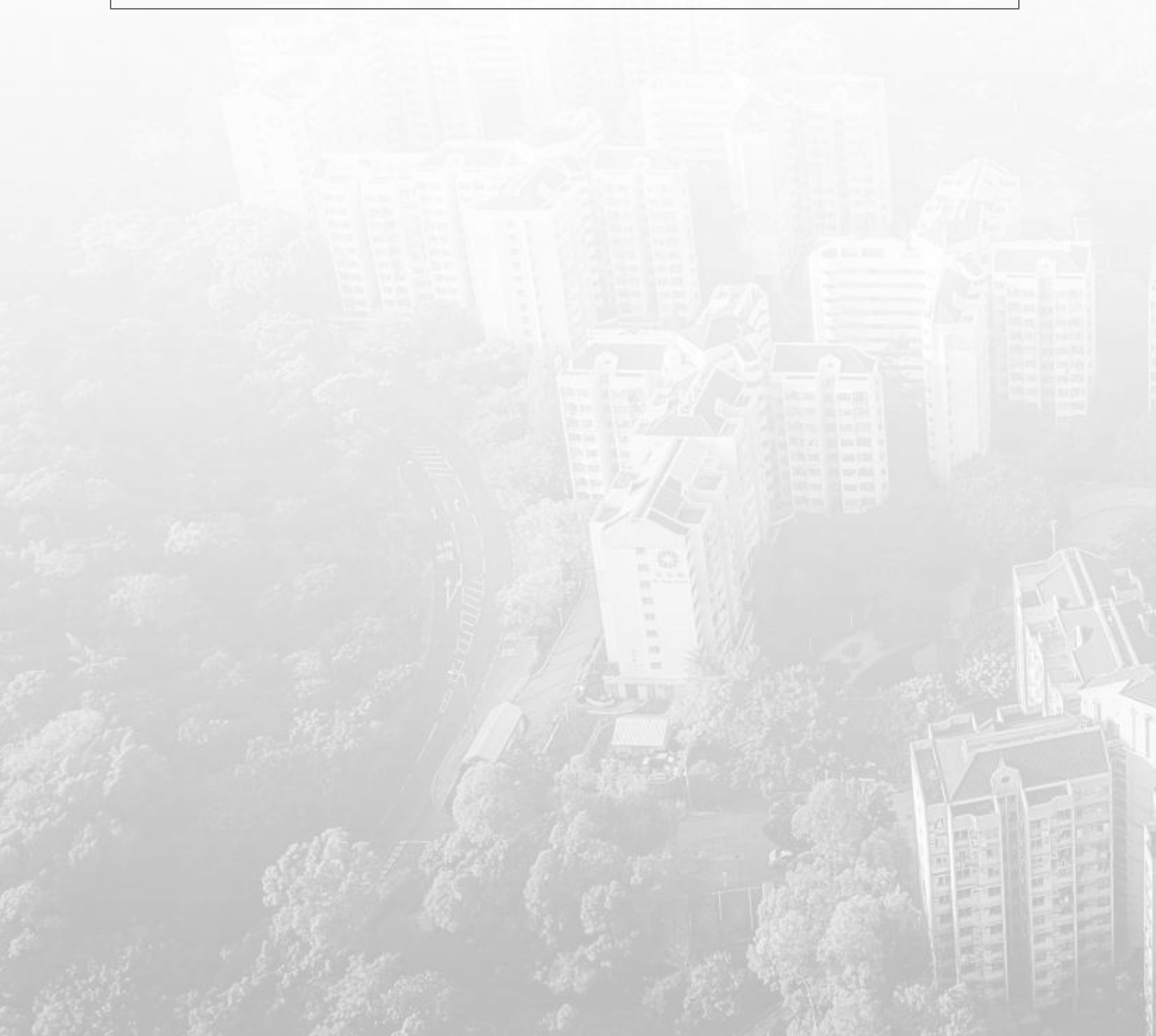
www.modernliving.com.hk

STOCK CODE

8426

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$163.5 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$221.0 million), representing a decrease of approximately 26.0% over the same period in 2022.
- The unaudited profit for the period of the Group for the six months ended 30 June 2023 was approximately HK\$11.6 million, while that for the six months ended 30 June 2022 was approximately HK\$9.2 million, representing an increase of approximately 26.1% over the same period in 2022.
- The basic earnings per share for the six months ended 30 June 2023 was approximately 1.44 HK cents (six months ended 30 June 2022: basic earnings per share of approximately 1.15 HK cents).
- The Board of Directors declared an interim dividend of 0.75 HK cents per share for the six months ended 30 June 2023 (six months ended 30 June 2022: 0.75 HK cents per share).



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 2023 (the “**Period**”) together with the corresponding comparative figures as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	6	85,212	106,993	163,462	220,959
Other income	7	720	1,269	3,549	6,131
Other gains/(losses), net	8	168	(1,623)	1,179	(2,005)
Employee benefits expenses	9	(74,165)	(94,637)	(147,411)	(202,984)
Cleaning material costs		(657)	(1,516)	(1,352)	(3,156)
Utilities expenses		(306)	(308)	(497)	(521)
Depreciation		(249)	(733)	(497)	(1,004)
Reversal of trade receivables		–	367	–	367
Other operating expenses	11	(3,305)	(4,331)	(6,127)	(7,820)
Share of result of Investments accounted for using the equity method		43	–	(110)	–
Operating profit		7,461	5,481	12,196	9,967
Finance income/(expense), net	10	350	(12)	1,003	(38)
Profit before income tax	11	7,811	5,469	13,199	9,929
Income tax expense	12	(1,397)	(711)	(1,641)	(716)
Profit for the Period		6,414	4,758	11,558	9,213
Earnings per share					
Basic and diluted (HK cents per share)	14	0.80	0.59	1.44	1.15

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2023*

	For the three months ended 30 June		For the six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit for the Period	6,414	4,758	11,558	9,213
Other comprehensive loss:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of employee benefits obligations	(250)	–	(500)	(392)
Other comprehensive loss for the Period, net of tax	(250)	–	(500)	(392)
Total comprehensive income for the Period	6,164	4,758	11,058	8,821

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
ASSETS			
Non-current assets			
Plant and equipment	15	1,219	1,494
Right-of-use assets	16	1,938	2,072
Retention money receivables		2,871	3,126
Investment in an insurance contract	17	2,545	2,514
Investment accounted for using the equity method		–	110
		8,573	9,316
Current assets			
Trade receivables	18	54,196	64,248
Contract assets	18	16,583	16,583
Prepayments, deposits and other receivables		4,367	3,240
Tax recoverable		–	479
Pledged bank deposits	19	34,600	34,600
Short term bank deposits		42,966	62,130
Cash and bank balances		52,930	11,387
		205,642	192,667
Total assets		214,215	201,983
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	8,000	8,000
Reserves		153,349	142,291
Total equity		161,349	150,291
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		315	279
Lease liabilities	16	1,123	1,402
		1,438	1,681
Current liabilities			
Trade payables	20	138	66
Other payables and accrued liabilities		46,772	44,392
Borrowings	21	2,433	4,800
Lease liabilities	16	522	753
Current income tax liabilities		1,563	–
		51,428	50,011
Total liabilities		52,866	51,692
Total equity and liabilities		214,215	201,983

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2023*

	Share Capital HK\$'000	Share premium HK\$'000	Contribution reserves HK\$'000	Share-based payment reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2022 (audited)	8,000	42,776	22,270	1,473	70,216	144,735
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
Balance at 30 June 2022 (unaudited)	8,000	42,776	22,270	1,473	79,037	153,556
Balance at 1 January 2023 (audited)	8,000	42,776	22,270	–	77,245	150,291
Profit for the Period	–	–	–	–	11,558	11,558
Other comprehensive loss: Remeasurement of employee benefits obligations	–	–	–	–	(500)	(500)
Total comprehensive income for the Period	–	–	–	–	11,058	11,058
Balance at 30 June 2023 (unaudited)	8,000	42,776	22,270	–	88,303	161,349

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2023*

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from operations	25,374	30,850
Hong Kong profits tax paid	(1,099)	(569)
	24,275	30,281
Cash flows from investing activities		
Purchases of plant and equipment	(88)	(366)
Proceed of FVPL	–	6,631
Interest received	1,164	38
Increase in pledged bank deposits	–	(221)
	1,076	6,082
Cash flows from financing activities		
Interest paid	(95)	(41)
Repayment of bank borrowings and finance lease liabilities	(2,367)	(149)
Repayment of lease liabilities	(510)	(330)
	(2,972)	(520)
Net increase in cash and cash equivalents	22,379	35,843
Cash and cash equivalents at beginning of the Period	73,517	40,915
Cash and cash equivalents at end of the Period	95,896	76,758

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 with a primary focus on public housing in Hong Kong.

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 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, as modified by the investment in an insurance contract which is carried at its cash surrender value.

The principal accounting policies adopted in the unaudited condensed consolidated results for the six months ended 30 June 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
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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 allocate 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 2022.

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 2022.

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 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

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Property management services income	85,212	106,993	163,462	220,959

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	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (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	606	–	3,287	4,489
Administrative fee received on distribution of subsidies for cleaners and security workers	–	441	–	780
Sundry income	114	28	262	62
	720	1,269	3,549	6,131

8. OTHER GAINS/(LOSSES), NET

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Gain on investment in an insurance contract (Note 17)	31	23	31	23
Fair value loss on FVPL	–	(130)	–	(130)
Net exchange gains/(loss)	137	(1,516)	1,148	(1,898)
	168	(1,623)	1,179	(2,005)

9. EMPLOYEE BENEFITS EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Wages, salaries and other allowances (including directors' emoluments)	71,307	90,754	141,768	194,832
Pension costs — defined contribution plan	2,578	3,401	5,083	7,188
Accrual for unutilised annual leave	200	382	400	764
Long service payment	80	100	160	200
	74,165	94,637	147,411	202,984

10. FINANCE INCOME/(EXPENSE), NET

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Bank interest income	428	24	1,164	38
Interest on lease payment	(33)	5	(66)	(35)
Interests on borrowings	(45)	(41)	(95)	(41)
	350	(12)	1,003	(38)

11. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cleaning material costs	657	1,516	1,352	3,156
Utilities expenses	306	308	497	521
Depreciation	249	733	497	1,004
Employee benefits expenses (Note 9)	74,165	94,637	147,411	202,984
Reversal of trade receivables	–	367	–	367
Other operating expenses (Note)	3,305	4,331	6,127	7,820

Note:

The breakdown of other operating expenses recorded as follow:

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Auditor's remuneration	300	300	600	600
Insurance and guarantee	1,574	1,973	3,099	3,997
Office supplies	129	168	240	292
Security charges	57	121	143	244
Entertainment and travelling expenses	335	357	531	616
Estate maintenance expense	72	221	143	340
Telecommunication charges	34	42	70	92
Professional fee	303	238	363	308
Licence and membership fee	25	83	102	83
Other expenses	476	828	836	1,248
	3,305	4,331	6,127	7,820

12. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax:				
Hong Kong profits tax	1,379	706	1,605	706
Deferred income tax	18	5	36	10
	1,397	711	1,641	716

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.

13. DIVIDENDS

Final dividends of HK\$6,000,000 (0.75 HK cent per share) in respect of the year ended 31 December 2022 was declared on 22 March 2023 and paid to the shareholders of the Company on 11 July 2023.

The Board declared an interim dividend of 0.75 HK cent per share for the six months ended 30 June 2023 (six months ended 30 June 2022: 0.75 HK cent per share).

14. EARNINGS PER SHARE

Earnings for the purpose of calculating basic earnings per share:

	Three months ended 30 June		Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit for the period (HK\$'000)	6,414	4,758	11,558	9,213
Number of ordinary shares for the purpose of basic earnings per share (thousand share)	800,000	800,000	800,000	800,000

No diluted earnings per share was presented as there was no potential dilutive shares outstanding during six months ended 30 June 2022 and 2023.

15. PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$0.09 million (six months ended 30 June 2022: HK\$0.37 million).

16. LEASES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Right-of-use assets		
Property	130	174
Equipment	1,808	1,898
	1,938	2,072
Lease liabilities		
Current lease liabilities	522	753
Non-current lease liabilities	1,123	1,402
	1,645	2,155

17. 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 gains/(losses), net” (Note 8) in the unaudited condensed consolidated income statement.

18. 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 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Contract assets	16,583	16,583
Trade receivables:		
Up to 30 days	27,377	29,953
31 to 60 days	19,342	28,323
61 to 90 days	7,477	5,972
	54,196	64,248
	70,779	80,831

19. 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 21.

20. TRADE PAYABLES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
0–30 days	138	66

21. BORROWINGS

As at 30 June 2023, 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:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Within one year	2,433	4,800

All the borrowings made by the Group as at 30 June 2023 and 31 December 2022 were denominated in Hong Kong Dollars.

22. SHARE CAPITAL

	No. of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Issued and fully paid:		
At 31 December 2022 and 30 June 2023	800,000	8,000

23. CAPITAL COMMITMENT

As at 30 June 2023, the Group had the following capital commitment:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Contracted but not provided for:		
— Investment in a joint venture	772	772

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As at 30 June 2023, 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 15 public housing estates owned by the Hong Kong Housing Authority ("HA") and 4 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\$221.0 million for the six months ended 30 June 2022 to approximately HK\$163.5 million for the six months ended 30 June 2023, representing a decrease of approximately 26.0% over the same period in 2022. This decrease was mainly due to the discontinuation of certain property management services contracts as compare with the six months ended 30 June 2022.

Employee benefits expenses

The total employee benefits expenses remained stable at approximately HK\$147.4 million for the six months ended 30 June 2023 and approximately HK\$203.0 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in the number of public housing estates contracts under management for the six months ended 30 June 2023.

Cleaning material costs

The cleaning material costs amounted to approximately HK\$1.4 million and HK\$3.2 million for the six months ended 30 June 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 six months ended 30 June 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\$6.1 million and HK\$7.8 million for the six months ended 30 June 2023 and 2022, respectively. The decrease in other operating expenses was mainly attributable to (i) decrease in insurance and guarantee 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 11 to the unaudited condensed consolidated financial information.

Profit for the period

The increase in profit for the period from approximately HK\$9.2 million for the six months ended 30 June 2022 to approximately HK\$11.6 million for the six months ended 30 June 2023, representing an increase of approximately 26.1%, was mainly due to (i) the increase in other gains/(losses), net; and (ii) the increase in finance income/(expense), net.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2023, 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 2023 was approximately 2.53% (as at 31 December 2022: 4.63%).

The Group's cash and bank balances amounted to approximately HK\$52.9 million and approximately HK\$11.4 million as at 30 June 2023 and as at 31 December 2022, respectively.

As at 30 June 2023 and as at 31 December 2022, the Group had current assets of approximately HK\$205.6 million and approximately HK\$192.7 million, respectively, which included trade receivables, contract assets, prepayments, deposits and other receivables, cash and cash equivalents and pledged bank deposits. As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$52.9 million (as at 31 December 2022: approximately HK\$11.4 million).

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. Details of the Group's share capital are set out in note 22 to the unaudited condensed consolidated financial information. During the six months ended 30 June 2023, 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 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, 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 2023, the Group had not entered into any hedging instrument or contract.

SIGNIFICANT INVESTMENTS

The Group held investment in an insurance contract of approximately HK\$2.54 million as at 30 June 2023 and approximately HK\$2.51 million as at 31 December 2022, 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 23 to the unaudited condensed consolidated financial information.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had entered into 24 performance bonds with a bank. The aggregate amount of the performance bonds was approximately HK\$77.1 million as at 30 June 2023. As at 30 June 2023, 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 2023.

INTERIM DIVIDEND

On 10 August 2023, the Board declared an interim dividend of 0.75 HK cents per share for the six months ended 30 June 2023 to the shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had a total of 1,415 employees. The Group's employee benefits expenses for the six months ended 30 June 2023 and 2022 amounted to approximately HK\$147.4 million and approximately HK\$203.0 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 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 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 ⁽¹⁾	Approximate percentage of interest in the Company
Ms. Tam Mo Kit ⁽²⁾	Interest in controlled corporation	491,440,000 (L)	61.43%
	Interest of spouse	52,690,000 (L)	6.59%
Mr. Ng Fuk Wah ⁽³⁾	Beneficial Owner	52,690,000 (L)	6.59%
	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:

- The letter "L" denotes the person's long position in the shares.
- R5A Group Limited is the registered owner of 491,440,000 shares, representing 61.43% of the Company's issued share capital. R5A Group Limited is owned as to 55.23% by Ms. Tam Mo Kit, 16.28% by Mr. Sung Alfred Lee Ming, 13.96% by Mr. Ho Chu Ming, 12.79% by Mr. Tang Kong Fuk, 1.16% by Mr. Ho Tik Wai and 0.58% by Mr. Yiu Ping Keung. Therefore, Ms. Tam Mo Kit is deemed to be interested in all the shares held by R5A Group Limited for the purposes of the SFO. Mr. Ng Fuk Wah is the beneficial owner of 52,690,000 shares in the Company, representing 6.59% 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.
- Mr. Ng Fuk Wah is the beneficial owner of 52,690,000 shares in the Company, representing 6.59% 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 30 June 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 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 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:

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

Save as disclosed above and so far as is known to the Directors, as at 30 June 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.

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.

No option has been granted, agreed to be granted, exercised, cancelled or lapsed for the six months ended 30 June 2023 (six months ended 30 June 2022: 32,000,000 share options has been lapsed).

COMPETING INTERESTS

For the six months ended 30 June 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 six months ended 30 June 2023 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.

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 2023 (2022: 0.75 HK cents per share) 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, 8 September 2023. The interim dividend is payable on or before Friday, 29 September 2023.

The Company's register of members will be closed from Tuesday, 5 September 2023 to Friday, 8 September 2023 (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, 4 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

The financial information in this report has not been audited nor reviewed by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the "**Audit Committee**") with written terms of reference aligned with the provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Siu Fai Albert (Chairman), 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 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 August 2023

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

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