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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: 08426)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

- The Group recorded an unaudited revenue of approximately HK\$187.68 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$163.46 million), representing an increase of approximately 14.82% over the same period in 2023.
- The unaudited profit for the period of the Group for the six months ended 30 June 2024 was approximately HK\$9.15 million, while that for the six months ended 30 June 2023 was approximately HK\$11.56 million, representing a decrease of approximately 20.85% over the same period in 2023.
- The basic earnings per share for the six months ended 30 June 2024 was approximately HK1.14 cents (six months ended 30 June 2023: basic earnings per share of approximately HK1.44 cents).
- The Board of Directors declared an interim dividend of HK1.4 cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK0.75 cent per share).

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	187,681	163,462
Other income	7	123	3,549
Other (losses)/gains, net	8	(133)	1,179
Employee benefits expenses	9	(167,145)	(147,411)
Cleaning material costs		(1,383)	(1,352)
Utilities expenses		(456)	(497)
Depreciation		(745)	(497)
Other operating expenses	11	(9,422)	(6,127)
Share of result of investments accounted for using the equity method		—	(110)
Operating profit		8,520	12,196
Finance income, net	10	1,812	1,003
Profit before income tax		10,332	13,199
Income tax expense	12	(1,186)	(1,641)
Profit for the Period		9,146	11,558
Earnings per share			
Basic and diluted (HK cents per share)	14	1.14	1.44

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the Period	9,146	11,558
Other comprehensive income/(loss):		
<i>Item that will not be reclassified to profit or loss</i>		
Remeasurements of employee benefits obligations	<u>526</u>	<u>(500)</u>
Other comprehensive income/(loss) for the Period, net of tax	<u>526</u>	<u>(500)</u>
Total comprehensive income for the Period	<u>9,672</u>	<u>11,058</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 (Unaudited) <i>HK\$'000</i>	As at 31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Plant and equipment	<i>15</i>	1,055	1,162
Right-of-use assets	<i>16</i>	1,730	2,177
Retention money receivables, deposits and other receivables		3,927	2,837
Investment in an insurance contract	<i>17</i>	2,632	2,600
		9,344	8,776
Current assets			
Trade receivables	<i>18</i>	64,559	75,087
Contract assets	<i>18</i>	8,638	8,650
Prepayments, deposits and other receivables		3,731	5,502
Pledged bank deposits	<i>19</i>	34,929	39,550
Short-term bank deposits		86,309	60,408
Cash and cash equivalents		10,650	11,556
		208,816	200,753
Total assets		218,160	209,529
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>22</i>	8,000	8,000
Reserves		152,848	148,176
Total equity		160,848	156,176

		As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		180	216
Lease liabilities	<i>16</i>	938	1,387
		1,118	1,603
Current liabilities			
Trade payables	<i>20</i>	180	103
Other payables and accrued liabilities		53,657	50,571
Lease liabilities	<i>16</i>	889	885
Tax liabilities		1,468	191
		56,194	51,750
Total liabilities		57,312	53,353
Total equity and liabilities		218,160	209,529

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contribution reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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: Remeasurements of employee benefits obligations	-	-	-	(500)	(500)
Total comprehensive income for the period	-	-	-	11,058	11,058
Balance at 30 June 2023 (Unaudited)	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>88,303</u>	<u>161,349</u>
Balance at 1 January 2024 (Audited)	8,000	42,776	22,270	83,130	156,176
Profit for the Period	-	-	-	9,146	9,146
Other comprehensive income: Remeasurements of employee benefits obligations	-	-	-	526	526
Total comprehensive income for the Period	-	-	-	9,672	9,672
Transactions with owners in their capacity as owners: 2023 final dividend paid	-	-	-	(5,000)	(5,000)
Balance at 30 June 2024 (Unaudited)	<u>8,000</u>	<u>42,776</u>	<u>22,270</u>	<u>87,802</u>	<u>160,848</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended	
	30 June 2024	30 June 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash generated from operations	24,197	25,374
Hong Kong profits tax paid	–	(1,099)
	<u>24,197</u>	<u>24,275</u>
Net cash flows from operating activities	24,197	24,275
	-----	-----
Cash flows from investing activities		
Purchases of plant and equipment	(190)	(88)
Interest received	1,868	1,164
(Increase)/decrease in short-term bank deposits	(25,901)	19,164
Decrease in pledged bank deposits	4,621	–
	<u>(19,602)</u>	<u>20,240</u>
Net cash flows (used in)/from investing activities	(19,602)	20,240
	-----	-----
Cash flows from financing activities		
Interest paid	–	(95)
Repayment of bank borrowings and finance lease liabilities	–	(2,367)
Principal portion of lease payments	(445)	(447)
Interest element of lease payments	(56)	(33)
Dividend paid	(5,000)	–
	<u>(5,501)</u>	<u>(2,972)</u>
Net cash flows used in financing activities	(5,501)	(2,972)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(906)	41,543
Cash and cash equivalents at beginning of the Period	11,556	11,387
	<u>11,556</u>	<u>11,387</u>
Cash and cash equivalents at end of the Period	10,650	52,930
	<u><u>10,650</u></u>	<u><u>52,930</u></u>

NOTES TO THE 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 2024 has 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 has 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 financial information for the six months ended 30 June 2024 are the same as those adopted in the Group's annual financial statements for the year ended 31 December 2023, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group as below:

Amendments to HKFRS 16	<i>Lease liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Hong Kong Interpretation 5 (Revised)	<i>Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in this condensed consolidated financial information and/or disclosures set out in this condensed consolidated financial information. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the provision of property management services in Hong Kong. The Group's chief operating decision-maker assesses the performance and allocates resources based on the result for the period for the entire business comprehensively. Accordingly, the Group does not present business segment analysis.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

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 2023.

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

6. REVENUE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Property management services income	187,681	163,462

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, and a majority of results and assets during the Period, no business segment analysis is presented accordingly.

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

7. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
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	114	3,287
Sundry income	9	262
	123	3,549

8. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on investment in an insurance contract (<i>Note 17</i>)	47	31
Foreign exchange (loss)/gains, net	(180)	1,148
	<u>(133)</u>	<u>1,179</u>

9. EMPLOYEE BENEFITS EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries and other allowances (including directors' emoluments)	158,304	139,368
Pension costs — defined contribution plan	5,658	5,083
Accrual for unutilised annual leave	448	400
Long service payment and gratuities	2,735	2,560
	<u>167,145</u>	<u>147,411</u>

10. FINANCE INCOME, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	1,868	1,164
Interests on lease payments	(56)	(66)
Interests on borrowings	—	(95)
	<u>1,812</u>	<u>1,003</u>

11. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cleaning material costs	1,383	1,352
Utilities expenses	456	497
Depreciation	745	497
Employee benefits expenses (<i>Note 9</i>)	167,145	147,411
Other operating expenses (<i>Note</i>)	9,422	6,127
	<u>9,422</u>	<u>6,127</u>

Note:

The breakdown of other operating expenses is recorded as follow:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	600	600
Insurance and guarantee	3,341	3,099
Office supplies	323	240
Security charges	170	143
Entertainment and travelling expenses	691	531
Estate maintenance expense	224	143
Telecommunication charges	65	70
Professional fee	2,509	520
Licence and membership fee	158	102
Other expenses	1,341	679
	<u>9,422</u>	<u>6,127</u>

12. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	1,222	1,605
Deferred income tax	(36)	36
	<u>1,186</u>	<u>1,641</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for both periods, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime.

13. DIVIDENDS

Final dividends of HK\$5,000,000 (HK0.625 cent per ordinary share) in respect of the year ended 31 December 2023 was proposed on 28 March 2024 and paid to the shareholders of the Company on 16 June 2024.

The Board declared an interim dividend of HK1.4 cents per ordinary share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK0.75 cent per ordinary share).

14. EARNINGS PER SHARE

Earnings for the purpose of calculating basic earnings per share:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profits attributable to owners of the Company (HK\$'000)	9,146	11,558
Number of ordinary shares for the purpose of basic earnings per share (thousand share)	<u>800,000</u>	<u>800,000</u>

No diluted earnings per share was presented as there was no potential dilutive shares outstanding during six months ended 30 June 2023 and 2024.

15. PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of approximately HK\$0.19 million (six months ended 30 June 2023: HK\$0.09 million).

16. LEASES

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Right-of-use assets		
Property	685	857
Equipment	<u>1,045</u>	<u>1,320</u>
	<u>1,730</u>	<u>2,177</u>
Lease liabilities		
Current	889	885
Non-current	<u>938</u>	<u>1,387</u>
	<u>1,827</u>	<u>2,272</u>

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 (losses)/gains, net” (Note 8) in the unaudited condensed consolidated statement of profit or loss.

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 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Contract assets	8,638	8,650
Trade receivables:		
Up to 30 days	32,924	33,089
31 to 60 days	27,650	36,162
61 to 90 days	3,985	5,836
	<u>64,559</u>	<u>75,087</u>
	<u>73,197</u>	<u>83,737</u>

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

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Up to 30 days	<u>180</u>	<u>103</u>

21. BANKING FACILITIES

As at 30 June 2024 and 31 December 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.

22. SHARE CAPITAL

	No. of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Issued and fully paid:		
At 31 December 2023 and 30 June 2024	<u>800,000</u>	<u>8,000</u>

23. CAPITAL COMMITMENT

As at 30 June 2024 and 31 December 2023, the Group had no material capital commitment.

24. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

25. EVENTS AFTER REPORTING PERIOD

On 29 July 2024, the Stock Exchange has granted an extension of waiver to the Company to restore minimum public float for a period from 26 June 2024 to 31 August 2024.

On 30 July 2024, Chun Wo Overseas Holdings Limited ("**Chun Wo Overseas**"), a wholly-owned subsidiary of Asia Allied Infrastructure Holdings Limited ("**AAI**", the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711)), major shareholder of the Company, has entered into a placing agreement with a placing agent, pursuant to which the placing agent has agreed to place, on a commitment basis, 168,000,000 shares owned by Chun Wo Overseas. Upon the completion, the public float of the Company will be above the minimum public float of 25% as required under the GEM Listing Rules and the Company will make an application to the Stock Exchange to resume trading in the shares on GEM (the "**Resumption**").

The Company intends to, after the Resumption, propose to offer 80,000,000 new shares (the "**Rights Share(s)**") to qualifying shareholders of the Company at subscription price of HK\$0.25 per share on the basis of one Rights Share for every ten existing shares at the record date. On 30 July 2024, the Company entered into an underwriting agreement with an underwriter, pursuant to which the underwriter has agreed to fully unwrite any unsubscribed Rights Shares subject to terms and conditions of the underwriting agreement.

Further details of the abovesaid are set out in the announcements of the Company dated 29 July 2024 and 30 July 2024, and joint announcement of the Company and AAI dated 30 July 2024.

Save as disclosed above, there are no other significant events occurred subsequent to the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is a property management service provider for public housing in Hong Kong. The Group's property management services include (i) estate management services (entailing general management, tenancy management, financial management, minor repairs and maintenance as well as project management services); (ii) security services; and (iii) cleaning services. Though the business atmosphere remains challenging, the Group continued performing satisfactory financial result. During the period under review, the Group recorded revenue of HK\$187.68 million (2023: HK\$163.46 million). The overall revenue has gone up 14.82%, However, due to the discontinuation of Job Creation Scheme and other contributing factors, the profit for the period saw a slight decrease to approximately HK\$9.15 million (2023: HK\$11.59 million).

As at 30 June 2024, the Group's existing property management portfolio comprises 17 public housing estates owned by the Hong Kong Housing Authority (“**HA**”) and 6 Home Ownership Scheme (“**HOS**”) estates awarded by the HA. The contracts in hand usually range from 2 to 5 years and business is stable. In addition, 4 new contracts were awarded in the review period and tentative to commence in 2025.

During the reporting period, the Group achieved a major milestone in its growth strategy — the acquisition by Asia Allied Infrastructure Holdings Limited (“**AAI**”) (Stock Code: 00711.HK). This acquisition aligns with the Group's vision of expanding its market presence. AAI's strong brand and influence are expected to help the Group unlock promising growth opportunities in the public housing market. The acquisition also leverages strong synergies with the Group's existing professional services business division, which focuses on providing facilities management services to private housing estates, positioning it well to capitalize on the government's commitment to increasing public housing supply over the next ten years.

To align with societal advancements and the ongoing enhancement of service quality, the Group has embarked on a creative collaboration with the BIM Lab at The Hong Kong University of Science and Technology since December 2023. This groundbreaking cooperation is designed to pioneer the creation of a state-of-the-art property management platform leveraging digital twin technology. The initiative aims to elevate the global competitiveness of Hong Kong's property management sector by addressing the challenges faced by traditional property management companies.

OUTLOOK AND PROSPECTS

In the new era of technology, digital twin technology and robotics are transforming property management, introducing exceptional efficiency, accuracy and consistency in terms of service quality. The Group is poised to enhance its market position and diversify its service offerings by incorporating those cutting-edge technology with sustainable practices. The group aims to establish and surpass the new benchmarks in the estate management, security and environmental stewardship for betterment of the community. Confronted with new challenges and emerging technology, we are living at a times of change. With the dedication and commitment, we embrace these changes blissfully and fearlessly with a forward-thinking mindset of “A STEP FURTHER” that aligns the slogan of our parent company.

The public property market in Hong Kong has been growing steadily. It is envisaged that the growth of public housing property management services business will expand simultaneously with the demand and development of public housing market in Hong Kong. In the future, the Group is considering expanding its service to better seize market opportunities. According to the Chief Executive’s 2022 Policy Address, the government plans to build approximately 360,000 public housing units in the next 10 years, and to complete the construction of 30,000 units of Light Public Housing in the next 5 years. This move will bring more opportunities and prospects to the company. The Group is optimistic about the future and believes that the above opportunities will be beneficial to business development. With many years of industry experience, the Group will continue to be courage in innovation and continue to work hard to create longer-term value for investors and the community.

FINANCIAL REVIEW

Revenue

The revenue from the provision of property management services has been increased from approximately HK\$163.46 million for the six months ended 30 June 2023 to approximately HK\$187.68 million for the six months ended 30 June 2024, representing an increase of approximately 14.82% over the same period in 2023. This increase was mainly due to the newly awarded of certain property management services contracts during the six months ended 30 June 2024.

Employee benefits expenses

The total employee benefits expenses slightly increased to approximately HK\$167.15 million for the six months ended 30 June 2024 from approximately HK\$147.41 million for the six months ended 30 June 2023, respectively. Such increase was mainly due to the increase in the number of contracts under management for the six months ended 30 June 2024.

Cleaning material costs

The cleaning material costs amounted to approximately HK\$1.38 million and HK\$1.35 million for the six months ended 30 June 2024 and 2023, respectively. The cleaning material costs mainly comprised rubbish bags, masks, disinfection and other cleaning material. The slightly increase was due to the increase in the number of contracts under management for the six months ended 30 June 2024.

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\$9.42 million and HK\$6.13 million for the six months ended 30 June 2024 and 2023, respectively. The increase in other operating expenses was mainly attributable to (i) increase in professional fee; (ii) increase in guarantee fee for performance bonds; (iii) increase in estate maintenance expense; and (iv) increase 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 decrease in profit for the period from approximately HK\$11.56 million for the six months ended 30 June 2023 to approximately HK\$9.15 million for the six months ended 30 June 2024, representing a decrease of approximately 20.85%, was mainly due to (i) the decrease in other income; and (ii) the decrease in other (losses)/gains, net.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2024, 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. As at 30 June 2024, the gearing ratio calculated as the total debt which representing borrowings and lease liabilities divided by total equity, was approximately 1.14% (as at 31 December 2023: 1.45%).

The Group's cash and cash equivalents amounted to approximately HK\$10.65 million and approximately HK\$11.56 million as at 30 June 2024 and as at 31 December 2023, respectively.

As at 30 June 2024 and as at 31 December 2023, the Group had current assets of approximately HK\$208.82 million and approximately HK\$200.75 million, respectively, which included trade receivables, contract assets, prepayments, deposits and other receivables, short-term bank deposits, cash and cash equivalents and pledged bank deposits. As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$10.65 million (as at 31 December 2023: approximately HK\$11.56 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 2024, 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 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, 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 2024, the Group had not entered into any hedging instrument or contract.

SIGNIFICANT INVESTMENTS

The Group held investment in an insurance contract of approximately HK\$2.63 million as at 30 June 2024 and approximately HK\$2.60 million as at 31 December 2023, respectively. Save as disclosed herein, the Group did not have other significant investments for the Period.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no material capital commitment that was not provided for in this unaudited condensed consolidated financial information.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had entered into 25 performance bonds with banks. The aggregate amount of the performance bonds was approximately HK\$65.40 million as at 30 June 2024. As at 30 June 2024, 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 2024.

INTERIM DIVIDEND

On 16 August 2024, the Board declared an interim dividend of HK1.4 cents per ordinary share for the six months ended 30 June 2024 to the shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 1,613 employees. The Group's employee benefits expenses for the six months ended 30 June 2024 and 2023 amounted to approximately HK\$167.15 million and approximately HK\$147.41 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 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange: (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and 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 (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 Directors	Capacity	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of interest in the Company
Mr. Pang Yat Ting, Dominic ⁽²⁾	Interest in controlled corporation	Corporate interest	687,649,500 (L)	85.95%
Mr. Ng Fuk Wah ⁽³⁾	Interest of spouse	Corporate interest	80,000,000 (L)	10.00%

Notes:

1. The letter “L” denotes the person’s long position in the shares.
2. On 26 January 2024, Chun Wo Overseas Holdings Limited (the “Offeror”) entered into a sale and purchase agreement (the “SPA”) with R5A Group Limited, Mr. Ng Fuk Wah, Mr. Ho Chu Ming and Mr. Tang Kong Fuk (the “Vendor(s)”), pursuant to which Vendors conditionally agreed to sell, and the Offeror conditionally agreed to purchase, 473,870,000 shares (“Sale Share(s)”) of the Company, which represents approximately 59.23% of the issued share capital of the Company as at the date of joint announcement dated on 31 January 2024 (the “Joint Announcement”) with a maximum consideration of HK\$165,854,500 (equivalent to HK\$ 0.35 per Sale Share).

Chun Wo Overseas Holdings Limited is a wholly-owned subsidiary of Asia Allied Infrastructure Holdings Limited (“AAI”), the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 00711) which is held as to approximately 67.39% by Mr. Pang Yat Ting, Dominic, through his shareholding in GT Winners Limited (“GT Winners”) and through such shareholding held by him in his own capacity. The Offeror and the Vendors are presumed to be parties acting in concert under The Codes on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”). Upon completion of acquisition, the Offeror and parties acting in concert with it, became collectively interested in 553,870,000 shares of the Company, representing approximately 69.23% of the total issued shares immediately after the acquisition and as at the date of the Joint Announcement. Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued shares held by the Independent Shareholders is required to be made.

On 26 March 2024, the Offeror had received valid acceptances in respect of 213,779,500 Offer Shares under the Offer. Taking into account the Acceptance Shares and Shares already owned by the Offeror and parties acting in concert with it, the Offeror and the parties acting in concert with it are interested in an aggregate of 767,649,500 Shares as at the date of such announcement.

Please refer to the joint announcements dated 31 January 2024, 21 February 2024, 5 March 2024 and 26 March 2024.

The Shares were beneficially owned by GT Winners, in which was owned as to 45% by Mr. Pang Yat Ting, Dominic and 45% by Madam Li Wai Hang, Christina. By virtue of the SFO, each of them was deemed to be interested in the ordinary shares/underlying shares of AAI in which GT Winners had interest or was deemed to have interest.

3. The Shares were beneficially owned by R5A Group Limited, registered owner of 80,000,000 Shares of the Company, representing approximately 10.00% of the Company’s issued share capital. R5A Group Limited is owned as to 55.34% by Ms. Tam Mo Kit, 16.40% by Mr. Sung Alfred Lee Ming, 14.07% by Mr. Ho Chu Ming, 12.91% by Mr. Tang Kong Fuk and 1.28% by Mr. Ho Tik Wai. 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. As Mr. Ng Fuk Wah is the spouse of Ms. Tam Mo Kit, under the SFO, Mr. Ng Fuk Wah is also deemed to be interested in the same number of Shares held by Ms. Tam Mo Kit .

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, 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 and 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 and 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 2024, the following persons/entities other than a Director or 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 Shareholders	Capacity/Nature of interest	Number of shares⁽¹⁾	Approximate percentage of interest in the Company
Asia Allied Infrastructure Holdings Limited ⁽²⁾	Interest in controlled corporation Corporate interest	687,649,500 (L)	85.95%
Chun Wo Overseas Holdings Limited ⁽²⁾	Beneficial owner	687,649,500 (L)	85.95%
Madam Li Wai Hang, Christina ⁽³⁾	Interest in controlled corporation Corporate interest	687,649,500 (L)	85.95%
R5A Group Limited ⁽⁴⁾	Beneficial owner	80,000,000 (L)	10.00%

Notes:

1. The letter “L” denotes the person’s long position in the shares.
2. The Shares were beneficially owned by Chun Wo Overseas Holdings Limited, a wholly-owned subsidiary of AAI. The details of the underlying share of the Company held by Chun Wo Overseas Holdings Limited and AAI are set out in the above section headed “Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations”.
3. The Shares were beneficially owned by GT Winners, in which was owned as to 45% by Mr. Pang Yat Ting, Dominic and 45% by Madam Li Wai Hang, Christina. By virtue of the SFO, each of them was deemed to be interested in the ordinary shares/underlying shares of AAI in which GT Winners had interest or was deemed to have interest.

4. R5A Group Limited is owned as to 55.34% by Ms. Tam Mo Kit, 16.40% by Mr. Sung Alfred Lee Ming, 14.07% by Mr. Ho Chu Ming, 12.91% by Mr. Tang Kong Fuk and 1.28% by Mr. Ho Tik Wai.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, the Directors were not aware of any other persons who had, or was deemed to have, interest or short positions in the shares and 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 2024 and 30 June 2023.

COMPETING INTERESTS

For the six months ended 30 June 2024, 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 2024 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 C1 of the GEM Listing Rules and there has been no deviation in relation thereto.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors since the Listing Date and up to the date of this announcement.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors are pleased to declare an interim dividend of HK1.4 cents per ordinary share for the six months ended 30 June 2024 (2023: HK0.75 cent per ordinary 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 Tuesday, 10 September 2024. The interim dividend is payable on or before Monday, 30 September 2024.

The Company’s register of members will be closed from Friday, 6 September 2024 to Tuesday, 10 September 2024 (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 Thursday, 5 September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

The financial information in this announcement has not been audited 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 C1 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. Yu Cheeric (Chairman), Mr. Wong Bay, Mr. Ng Kee Fat Ronny and Ms. Fung Nancy Ruth, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated financial of the Company for the six months ended 30 June 2024 and is of the opinion that such information 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
Ir Dr. Pang Yat Bond, Derrick JP
Chairman

Hong Kong, 16 August 2024

As at the date of this announcement, the Board comprises six executive Directors, namely Ir Dr. Pang Yat Bond, Derrick JP, Mr. Pang Yat Ting, Dominic, Mr. Ho Chu Ming, Mr. Ng Fuk Wah, Mr. Xu Jianhua, Jerry and Mr. Shea Chun Lok, Quadrant and four independent non-executive Directors, namely Mr. Wong Bay, Mr. Ng Kee Fat Ronny, Mr. Yu Cheeric and Ms. Fung Nancy Ruth.

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 be published on the Company's website at <http://www.modernliving.com.hk>.