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**雅居物業管理**  
Modern Living Property Management

**Modern Living Investments Holdings Limited**

**雅居投資控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8426)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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

- For the year ended 31 December 2021, the Group's revenue amounted to approximately HK\$479.76 million (2020: approximately HK\$459.42 million), representing an increase of approximately 4.43% as compared with last year.
- For the year ended 31 December 2021, the Group's operating profit amounted to approximately HK\$30.21 million (2020: approximately HK\$22.19 million), representing an increase of approximately 36.14% as compared with last year.
- For the year ended 31 December 2021, the Group's profit for the year amounted to approximately HK\$25.46 million (2020: approximately HK\$19.44 million), representing an increase of approximately 30.97% as compared with last year.
- The board of Directors (the "**Board**") recommended the payment of a final dividend of HK\$0.015 per share, totalling HK\$12.00 million for the year ended 31 December 2021 (2020: HK\$12.00 million).

## ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2021, together with the audited comparative figures for the year ended 31 December 2020. The financial information has been approved by the Board on 22 March 2022.

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Revenue	4	<b>479,758</b>	459,415
Other income		<b>2,067</b>	9,046
Other (losses)/gains, net		<b>(1,072)</b>	307
Employee benefits expenses	5	<b>(407,346)</b>	(392,667)
Subcontracting fee	5	<b>(18,132)</b>	(26,124)
Cleaning material costs	5	<b>(6,057)</b>	(6,643)
Utilities expenses	5	<b>(1,574)</b>	(1,993)
Depreciation of plant and equipment	5	<b>(972)</b>	(1,082)
Depreciation of right-of-use assets	5	<b>(951)</b>	(996)
Reversal/(impairment loss) of trade receivables	5	<b>444</b>	(811)
Other operating expenses	5	<b>(15,956)</b>	(16,260)
Operating profits		<b>30,209</b>	22,192
Finance income		<b>244</b>	261
Finance costs		<b>(193)</b>	(477)
Finance income/(costs), net	6	<b>51</b>	(216)
Profit before income tax		<b>30,260</b>	21,976
Income tax expense	7	<b>(4,803)</b>	(2,536)
<b>Profit for the year</b>		<b>25,457</b>	19,440
<b>Earnings per share</b>			
Basic and diluted (HK cents per share)	9	<b>3.18</b>	2.43

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>25,457</b>	19,440
<b>Other comprehensive (loss)/income:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of employee benefits obligations	<u>(1,569)</u>	<u>4,768</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(1,569)</u>	<u>4,768</u>
<b>Total comprehensive income for the year</b>	<b><u>23,888</u></b>	<b><u>24,208</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		2,027	2,550
Right-of-use assets		2,997	3,683
Retention money receivables	10	2,949	2,284
Investment in an insurance contract		2,369	2,308
Investment accounted for using the equity method		100	–
Rental deposit	10	120	120
		<u>10,562</u>	<u>10,945</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss (“FVPL”)	11	6,761	–
Trade receivables	10	92,457	91,759
Contract assets	10	18,152	16,487
Prepayments, deposits and other receivables		5,309	4,628
Pledged bank deposits		35,132	36,731
Cash and bank balances		40,915	29,789
		<u>198,726</u>	<u>179,394</u>
<b>Total assets</b>		<u><u>209,288</u></u>	<u><u>190,339</u></u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		8,000	8,000
Reserves		136,735	124,678
<b>Total equity</b>		<u>144,735</u>	<u>132,678</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		240	243
Lease liabilities		2,156	2,546
		<u>2,396</u>	<u>2,789</u>
<b>Current liabilities</b>			
Trade payables	12	113	428
Other payables and accrued liabilities	12	58,440	49,611
Borrowings	13	149	2,802
Lease liabilities		897	1,197
Current income tax liabilities		2,558	834
		<u>62,157</u>	<u>54,872</u>
<b>Total liabilities</b>		<u>64,553</u>	<u>57,661</u>
<b>Total equity and liabilities</b>		<u><u>209,288</u></u>	<u><u>190,339</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2021*

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contribution reserves <i>HK\$'000</i>	Share-based payment reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 January 2020</b>	8,000	42,776	22,270	596	38,120	111,762
Profit for the year	-	-	-	-	19,440	19,440
Other comprehensive income:						
Remeasurement of employee benefits obligations	-	-	-	-	4,768	4,768
Total comprehensive income	-	-	-	-	24,208	24,208
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	708	-	708
Dividend paid	-	-	-	-	(4,000)	(4,000)
Total transactions with owners in their capacity as owners	-	-	-	708	(4,000)	(3,292)
<b>Balance at 31 December 2020</b>	<b>8,000</b>	<b>42,776</b>	<b>22,270</b>	<b>1,304</b>	<b>58,328</b>	<b>132,678</b>
<b>Balance at 1 January 2021</b>	<b>8,000</b>	<b>42,776</b>	<b>22,270</b>	<b>1,304</b>	<b>58,328</b>	<b>132,678</b>
Profit for the year	-	-	-	-	25,457	25,457
Other comprehensive loss:						
Remeasurement of employee benefits obligations	-	-	-	-	(1,569)	(1,569)
Total comprehensive income	-	-	-	-	23,888	23,888
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	169	-	169
Dividend paid	-	-	-	-	(12,000)	(12,000)
Total transactions with owners in their capacity as owners	-	-	-	169	(12,000)	(11,831)
<b>Balance at 31 December 2021</b>	<b>8,000</b>	<b>42,776</b>	<b>22,270</b>	<b>1,473</b>	<b>70,216</b>	<b>144,735</b>

## NOTES

### 1. GENERAL INFORMATION

Modern Living Investments Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and registered as an exempted company with limited liability on 26 June 2017. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is Units 1102–1103, 11th Floor, Delta House, No. 3 On Yiu Street, Sha Tin, New Territories, Hong Kong.

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

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Company has listed its shares on the GEM of The Stock Exchange of Hong Kong Limited on 10 November 2017 (the “**Listing**”).

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except that investment in an insurance contract and FVPL which are stated at its cash surrender value and fair value respectively.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

#### (i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS16	Covid-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) The following new standard, amendments to existing standards and annual improvements have been issued, but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of the above new standard, amendments to existing standards and annual improvements is expected to have a significant effect on the consolidated financial statements of the Group.

### 3. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-makers (“CODM”) of the Group who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax. The CODM considers all business is included in a single operating segment.

#### Segment results, segment assets and segment liabilities

The Group is engaged in the provision of property management services in Hong Kong. Since the operation of provision of property management services attributes to all of the Group’s revenue, and a majority of results and assets during the years ended 31 December 2021 and 2020, no business segment analysis is presented accordingly.

#### Geographical information

The Group’s revenue is derived from customers in Hong Kong. Except the investment accounted for using the equity method, all other assets of the Group were also located in Hong Kong as at 31 December 2021 and 2020. Accordingly, no analysis by geographical segment is provided.

#### Information about major customer

Details of the customer individually representing 10% or more of the Group’s revenue are as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Customer A	<u>479,758</u>	<u>459,415</u>

No other single customers contributed 10% or more to the Group’s revenue for the years ended 31 December 2021 and 2020.

### 4. REVENUE

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Property management services income	<u>479,758</u>	<u>459,415</u>

All of the Group’s revenues are recognised over time.

## 5. EXPENSES BY NATURE

Profit before income tax is stated after charging the following items:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	1,200	1,080
Cleaning material costs	6,057	6,643
Depreciation of plant and equipment	972	1,082
Depreciation of right-of-use assets	951	996
Employee benefits expenses	407,346	392,667
Entertainment and travelling expenses	1,241	882
Estate maintenance expenses	666	944
Guarantee fee	1,436	1,502
Insurance fee	6,160	5,432
(Reversal)/impairment loss of trade receivables	(444)	811
Office supplies	1,212	1,513
Professional fee	1,015	1,521
Security expenses	545	541
Subcontracting fee	18,132	26,124
Uniform & laundry	331	573
Utilities expenses	1,574	1,993
Other expenses	2,150	2,272
	<u>450,544</u>	<u>446,576</u>

## 6. FINANCE INCOME/(COSTS), NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	244	261
Interests on borrowings	(27)	(390)
Interests on lease liabilities	(166)	(87)
	<u>(193)</u>	<u>(477)</u>
	<u>51</u>	<u>(216)</u>

## 7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year, 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 two-tiered tax rate regime.

The amount of income tax expense charged to the consolidated income statement represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong profits tax:		
Current income tax	4,832	2,468
Over provision in prior year	(26)	(58)
	<u>4,806</u>	<u>2,410</u>
Deferred income tax	(3)	126
	<u><u>4,803</u></u>	<u><u>2,536</u></u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before income tax	<u>30,260</u>	<u>21,976</u>
Calculated at applicable tax rate	4,828	3,461
Income not subject to taxation	(433)	(1,180)
Expenses not deductible for taxation purposes	434	313
Over provision in prior year	(26)	(58)
	<u><u>4,803</u></u>	<u><u>2,536</u></u>

## 8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Proposed final dividend of HK\$0.015 (2020: HK\$0.015) per ordinary share	<u><u>12,000</u></u>	<u><u>12,000</u></u>

A final dividend for the year ended 31 December 2021 of HK\$0.015 (2020: HK\$0.015) per ordinary share, totalling approximately HK\$12,000,000 (2020: HK\$12,000,000) has been recommended by the Board for approval at the forthcoming annual general meeting of the Company. The proposed final dividend has not been dealt with as dividend payable as at 31 December 2021.

## 9. EARNINGS PER SHARE

### a) Basic earnings per share

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

	2021	2020
Profits attributable to owners of the Company ( <i>HK\$'000</i> )	25,457	19,440
Weighted average number of ordinary shares in issue	<u>800,000,000</u>	<u>800,000,000</u>
Earnings per share ( <i>HK cents</i> )	<u><u>3.18</u></u>	<u><u>2.43</u></u>

### b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one (2020: one) category of dilutive potential ordinary shares: share options (2020: one). For the share options, a calculation was performed to determine the number of shares that could have been issued at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

Diluted earnings per share for the years ended 31 December 2021 and 2020 are the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect to the basic earnings per share.

## 10. RECEIVABLES, CONTRACT ASSETS, PREPAYMENTS AND DEPOSITS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current:		
Retention money receivables ( <i>Note i</i> )	2,949	2,284
Rental deposit	120	120
	<u>3,069</u>	<u>2,404</u>
Current:		
Trade receivables	92,824	92,570
Less: Provision of impairment	(367)	(811)
	<u>92,457</u>	<u>91,759</u>
Contract assets ( <i>Note ii</i> )	18,152	16,487
	<u>110,609</u>	<u>108,246</u>
Utilities deposits	331	447
Prepaid insurance	3,795	2,914
Prepayment	536	610
Other receivables	647	657
	<u>5,309</u>	<u>4,628</u>
Total current prepayments, deposits and other receivables	<u>115,918</u>	<u>112,874</u>
Total receivables, contract assets, prepayments and deposits	<u>118,987</u>	<u>115,278</u>

### Notes:

- (i) In accordance with the service contracts with the customer and the common practice in the industry, the customer withholds a portion of the payments in relation to the project management services for maintenance works rendered by the Group as retention money. The retention money normally represents 5% of the service income of the project management services for maintenance works and is accumulated until the sum retained reaches the limit stated in the service contracts. The retention money will be released to the Group according to the terms and conditions of the service contracts. The balances are regularly reviewed by management with reference to the historical default rates or forfeiture rate. There is no history of forfeiture and default of these balances during the years ended 31 December 2021 and 2020. The carrying amounts of retention money receivables approximate their fair values as the impact of discounting is not significant.
- (ii) Contract assets include receivables for project management fees for work performed but yet to be billed; and the project management fee to be billed for completed project management services of maintenance work. Billings to customers will normally be issued when the contractors for the maintenance work submit their final billings. These balances are reviewed regularly by management. No allowance for impairment of contract assets is considered necessary by the directors with reference to the historical experience in collection of these balances once billed and the financial capability of the customer.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables and deposits mentioned above. The Group does not hold any collateral as security.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets ( <i>Note ii</i> )	18,152	16,487
Trade receivables:		
Up to 30 days	41,218	48,113
31 to 60 days	39,642	41,907
61 to 90 days	11,964	2,550
	<u>92,824</u>	<u>92,570</u>
Less: Provision of impairment	<u>(367)</u>	<u>(811)</u>
	<u><u>110,609</u></u>	<u><u>108,246</u></u>

The Group applies the simplified approach under HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

The carrying amounts of retention money receivables, trade receivables, contract assets and other receivables and deposits approximate their fair values. Retention money receivables, trade receivables, contract assets and other receivables and deposits are mainly denominated in HK\$.

Movements on the provision for impairment of trade receivables are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
As at 1 January	811	–
(Reversal of)/provision for impairment	<u>(444)</u>	<u>811</u>
As at 31 December	<u><u>367</u></u>	<u><u>811</u></u>

**11. FINANCE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVPL”)**

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
FVPL — Paper gold	<u>6,761</u>	<u>—</u>

**12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES**

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Trade payables	113	428
Provision for long service payment	4,709	5,161
Provision for unutilised annual leave	6,198	3,665
Accrued wages, salaries and pensions	42,688	35,840
Other accrued expenses and payables	<u>4,845</u>	<u>4,945</u>
Total other payables and accrued liabilities	<u>58,440</u>	<u>49,611</u>
Total trade and other payables and accrued liabilities	<u>58,553</u>	<u>50,039</u>

At 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date was as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
0–30 days	<u>113</u>	<u>428</u>

The carrying amounts of the Group’s trade payables are denominated in HK\$.

The carrying amounts of trade and other payables and accrued liabilities approximate their fair values due to their short maturities.

### 13. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank loans due for repayment within one year	<u>149</u>	<u>2,802</u>

As at 31 December 2021 and 2020, the bank borrowings bear interest at floating rates and the effective interest rates are as follows:

	2021	2020
Bank loans	<u>1.35%–2.5%</u>	<u>1.41%–3.54%</u>

The fair values of the borrowings approximate their carrying amounts, as their interest rates are considered current market rates.

As at 31 December 2021 and 2020, the bank borrowings are denominated in HK\$.

As at 31 December 2021 and 2020, the Group's bank borrowings were repayable (based on the scheduled repayment dates as set out in the loan agreements and ignore the effect of any repayment on demand clause) as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	<u>149</u>	<u>2,802</u>

The Group has the following floating rate undrawn borrowing facilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unutilised facilities	<u>34,500</u>	<u>36,500</u>

As at 31 December 2021, the banking facilities granted to the Group are secured by:

- (i) The Group's Insurance Policy of HK\$2,369,000 (2020: HK\$2,308,000);
- (ii) The Group's pledged bank deposits of HK\$35,132,000 (2020: HK\$36,731,000); and
- (iii) The corporate guarantee executed by the Company.

## 14. CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of the following:

- (i) As at 31 December 2021, the Group had entered into 32 (2020: 37) performance bonds with a bank. The aggregate amount of the performance bonds was HK\$98,283,000 (2020: HK\$100,928,000) as at 31 December 2021. The directors do not consider it probable that a claim on the performance bonds will be made against the Group; and
- (ii) 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 insurance cover and, in the opinion of the directors of the Group, 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 31 December 2021.

## 15. CAPITAL COMMITMENT

As at 31 December 2021, the Group had a the following capital commitment:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contracted but not provided for:		
— Investment in a joint venture	<u>900</u>	<u>—</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Future Prospects

The Group provides property management services in Hong Kong, with a primary focus on public housing. During the year ended 31 December 2021, Hong Kong Housing Authority (“HA”) was the Group’s sole customer and contributed all of the Group’s total revenue. 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.

Looking forward, the property management services sector is still full of challenges. As the Group’s business is mainly focused on property management of public housing and subsidised housing, it is expected that the impact brought by the anticipated economic downturn in Hong Kong and coronavirus epidemic will not be significant to the Group’s business. Nevertheless, the Group will embrace these challenges by implementing proactive marketing strategies, investing more resources on human resources and the reinforcing on cost control measures.

### Financial Review

#### *Revenue*

The Group’s revenue increased by approximately 4.43% from approximately HK\$459.42 million for the year ended 31 December 2020 to approximately HK\$479.76 million for the year ended 31 December 2021. The increase was primarily attributable to (i) increase in pricing of new property management service contracts; and (ii) the upward adjustment on service fee for some of the Group’s existing contracts in accordance with the adjustment mechanism as stipulated in those contracts.

The following table sets out the number of properties the Group was contracted to provide services to as at 31 December 2021.

<b>Types of properties</b>	<b>Number of estates/ contracts</b>
(1) Public housing estates (excluding HOS estates)	23
(2) HOS estates	3

### *Other Income*

Other income decreased by approximately HK\$6.98 million from approximately HK\$9.05 million for the year ended 31 December 2020 to approximately HK\$2.07 million for the year ended 31 December 2021. The decrease was mainly due to a lesser amount of the anti epidemic subsidies received from the Hong Kong government during the year.

### *Other (Losses)/Gains, Net*

Other gains decreased by approximately HK\$1.38 million from approximately HK\$0.31 million for the year ended 31 December 2020 to other losses approximately HK\$1.07 million for the year ended 31 December 2021. The decrease was mainly attributable to the loss incurred on the translation of foreign currency deposits and bank balances into Hong Kong dollars at the year end date.

### *Employee Benefits Expenses*

Employee benefits expenses comprised staff costs of the Group's (i) estate management staff, which mainly included staff for general management, tenancy management, financial management, project management, repairs and maintenance, management and headquarters; (ii) security staff; and (iii) cleaning staff. As at 31 December 2021, the Group had a total of 2,264 employees (2020: 2,293 employees). The total number of employees remained stable during the year.

The total employee benefits expenses amounted to approximately HK\$407.35 million (2020: HK\$392.67 million) for the year ended 31 December 2021, representing approximately 84.91% (2020: 85.47%) of the Group's revenue. The total employee benefits expenses increased by approximately 3.74% for the year ended 31 December 2021 from last year. Such increase was mainly attributable to (i) the salaries and wages mix for the staff employed in 2020; and (ii) the annual increase in salaries and wages.

### *Retirement Benefits Scheme*

The Group joins a mandatory provident fund (“MPF”) Scheme in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

As at 31 December 2021, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$2,590,000 (2020: HK\$2,511,000), net of forfeited contributions of approximately HK\$2,590,000 (2020: HK\$ 2,511,000). As at 31 December 2021 and 2020, there is no unutilised forfeited contribution which could be utilised to reduce future contributions of the Group.

#### *Cleaning Material Costs*

The cleaning material costs amounted to approximately HK\$6.06 million for the year ended 31 December 2021 (2020: HK\$6.64 million), representing a decrease of 8.73% as compared with last year. The decrease was mainly attributable to the decrease in anti-virus expenses as the effects of COVID-19 becomes stable from February 2021 to June 2021.

#### *Other Operating Expenses*

Other operating expenses amounted to approximately HK\$15.96 million (2020: HK\$16.26 million) for the year ended 31 December 2021, representing a decrease of approximately 1.85% from last year. Other operating expenses mainly included insurance expense, office supplies expenses, security charges for specialist guard company to escort money in transit, guarantee fee for performance bonds, entertainment, travelling expense and estate maintenance expense.

The decrease in other operating expenses was mainly attributable to (i) decrease in office supplies expenses; (ii) decrease in various compliance costs; and (iii) decrease in estate maintenance expense.

The breakdown of other operating expenses recorded for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 is as follow:

	<b>For the year ended 31 December 2021 HK\$ ('000)</b>	For the year ended 31 December 2020 HK\$ ('000)
Auditor's remuneration	1,200	1,080
Insurance and guarantee fee	7,596	6,934
Office supplies	1,212	1,513
Security expenses	545	541
Entertainment and travelling expenses	1,241	882
Estate maintenance expenses	666	944
Community function	184	126
Telecommunication charges	243	379
Professional fee	1,015	1,521
Uniform & laundry	331	573
Others	1,723	1,767
	<hr/>	<hr/>
Total	<b>15,956</b>	16,260
	<hr/> <hr/>	<hr/> <hr/>

***Finance Income/(Costs), net***

Net finance income amounted to approximately HK\$0.05 million (2020: net finance costs of HK\$0.22 million) for the year ended 31 December 2021. The decrease was mainly attributable to the decrease in interests on borrowings during the year ended 31 December 2021.

***Income Tax Expense***

Income tax expense amounted to approximately HK\$4.80 million for the year ended 31 December 2021 (2020: HK\$2.54 million). Profit before income tax amounted to approximately HK\$30.26 million for the year ended 31 December 2021 compared with approximately HK\$21.98 million for the year ended 31 December 2020.

### ***Profit and total comprehensive income attributable to owners of the Company***

Profit for the year increased from approximately HK\$19.44 million for the year ended 31 December 2020 to approximately HK\$25.46 million, mainly due to (i) increase in pricing of new property management service contracts; (ii) the upward adjustment on service fee for some of the Group's existing contracts in accordance with the adjustment mechanism as stipulated in those contracts; and (iii) decrease of various other operating expense items. Total comprehensive income for the year ended 31 December 2021 amounted to approximately HK\$23.89 million as compared with approximately HK\$24.21 million for the year ended 31 December 2020. Such decrease was mainly due to the increase in remeasurements of employee benefit obligations during the year ended 31 December 2021.

### **Dividends**

The Board recommended the payment of a final dividend of HK\$0.015 per share, totalling HK\$12.00 million for the year ended 31 December 2021 (2020: HK\$12.00 million).

### **Liquidity and Financial Resources**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Financial position</b>		
Current assets	<b>198,726</b>	179,394
Current liabilities	<b>62,157</b>	54,872
Net current assets	<b>136,569</b>	124,522
Total assets	<b>209,288</b>	190,339
Total liabilities	<b>64,553</b>	57,661
Borrowings	<b>149</b>	2,802
Cash and bank balances	<b>40,915</b>	29,789
Pledged bank deposits	<b>35,132</b>	36,731
Total equity	<b>144,735</b>	132,678
<b>Key financial ratios</b>		
Return on equity <sup>(Note 1)</sup>	<b>17.59%</b>	14.65%
Return on total assets <sup>(Note 2)</sup>	<b>12.16%</b>	10.21%
Current ratio <sup>(Note 3)</sup>	<b>3.20 times</b>	3.27 times
Gearing ratio <sup>(Note 4)</sup>	<b>2.21%</b>	4.93%

*Notes:*

1. Return on equity is calculated as the profit for the year divided by total equity.
2. Return on total assets is calculated as the profit for the year divided by total assets.
3. Current ratio is calculated as total current assets divided by total current liabilities.
4. Gearing ratio is calculated as the total debt divided by total equity. Total debt represents borrowings and lease liabilities.

The current ratio as at 31 December 2021 was 3.20 times as compared to that of 3.27 times as at 31 December 2020. The decrease was mainly due to the increase in accrued wages, salaries and pensions during the year ended 31 December 2021.

As at 31 December 2021, the Group's cash and bank balances were approximately HK\$40.92 million (2020: approximately HK\$29.79 million). As at 31 December 2021, the Group's borrowings were HK\$0.15 million, which bear interest at 1.35%–2.5% per annum (2020: HK\$2.80 million). Further details and the maturities of the Group's total borrowings are set out in note 13 to this announcement.

The gearing ratio decreased to approximately 2.21% as at 31 December 2021 from approximately 4.93% as at 31 December 2020, mainly due to decrease the borrowings and lease liabilities during the year ended 31 December 2021. With the availability of cash and bank balances and bank facilities, the Group has sufficient liquidity to satisfy its funding requirements. The Directors are of the view that the Group's financial position is solid.

### **Capital Structure**

Since the Listing on 10 November 2017 (the "**Listing Date**"), there has been no change in the capital structure of the Company. The share capital of the Group only comprises ordinary shares.

As at 31 December 2021, the Company's issued share capital was HK\$8,000,000 and the number of issued ordinary shares was 800,000,000 of HK\$0.01 each. The number of total issued shares of the Company remained unchanged during the year ended 31 December 2021.

## **Commitment**

Save as disclosed in note 15 to this announcement, as at 31 December 2021 and 2020, the Group did not have other material commitment.

## **Segment Information**

Segment information is disclosed in note 3 of the notes to this announcement.

## **Future Plans for Material Investments and Capital Assets**

As at 31 December 2021, the Group did not have any plans for material investments and capital assets.

## **Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2021.

## **Significant Investment**

The Group held investment in an insurance contract of approximately HK\$2.37 million as at 31 December 2021 (2020: HK\$2.31 million). The gain on investment in an insurance contract amounted to approximately HK\$0.06 million for the year ended 31 December 2021 (2020: HK\$0.07 million). Other than the insurance contract as mentioned above, the Group did not have other significant investment as at 31 December 2021.

## **Contingent Liabilities**

Save as disclosed in note 14 to this announcement, as at 31 December 2021 and 2020, the Group did not have other material contingent liabilities.

## **Exposure to Exchange Rate Fluctuation**

The Group's revenue generating operations are mainly transacted in Hong Kong Dollar. The Directors consider that the impact of foreign exchange exposure to the Group is minimal. The Group had not entered into any foreign exchange hedging contracts for the year ended 31 December 2021.

## **Charge of Group's Assets**

As at 31 December 2021, the Group has pledged its bank deposits of approximately HK\$35.13 million (2020: approximately HK\$36.73 million) and investment in an insurance contract of approximately HK\$2.37 million (2020: approximately HK\$2.31 million) to a bank for securing its performance bonds of approximately HK\$98.28 million (2020: approximately HK\$100.93 million) and bank borrowings of HK\$0.15 million (2020: HK\$2.80 million) under certain banking facilities.

## **Employees and Remuneration Policies**

As at 31 December 2021, the Group had a total of 2,264 employees (2020: 2,293 employees). The Group's employee benefits expenses for the year ended 31 December 2021 amounted to approximately HK\$407.35 million (2020: HK\$392.67 million). To ensure that the Group is able to attract and retain Directors and staff 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. The Group has also granted 32,000,000 share options to four employees on 17 June 2019.

## **CORPORATE GOVERNANCE PRACTICES**

The Board recognises that transparency and accountability are important to the Company as a listed company. Since its Listing, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's shareholders as a whole.

The Board has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2021 and up to the date of this announcement, the Board is of the opinion that the Company has complied with all the code provisions of the CG Code.

The Directors will continue reviewing the Company's corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation on the Company.

## **CODE OF CONDUCT FOR 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 to each of the Director and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 December 2021. The Company was not aware of any non-compliance with the Model Code by the Directors during the year ended 31 December 2021 and up to the date of this announcement.

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Directors confirm that since the Listing Date and up to the date of this announcement, there has been no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (“**2021 AGM**”) will be held at 2:30 p.m. on Thursday, 5 May 2022, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

## **PROPOSED FINAL DIVIDEND**

The Directors recommended the payment of a final dividend of HK\$0.015 per share for the year ended 31 December 2021. The proposed dividend payment is subject to approval by the shareholders of the Company at the 2022 AGM. Upon shareholders' approval for the payment of the final dividend at the 2022 AGM is obtained, the proposed final dividend is expected to be paid on Monday, 11 July 2022 to shareholders whose names appear on the register of members of the Company on Wednesday, 22 June 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Thursday, 5 May 2022, the register of members of the Company will be closed from Friday, 29 April 2022 to Thursday, 5 May 2022 (both dates inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 28 April 2022.

In order to establish the entitlement to the final dividend, the register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both dates inclusive), during which period no transfer of the shares will be registered. In order to qualify entitlement to the final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 16 June 2022.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 24 October 2017 with written terms of reference in compliance with paragraph C.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Bay, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny. Mr. Wong Siu Fai Albert has since been appointed as the chairman of the Audit Committee, and is the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process, to nominate and monitor the Company's external auditors, to oversee the independence and qualifications of the external auditors, and to oversee the risk management and internal control procedures of the Company. The annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the this announcement.

## **APPRECIATION**

I wish to take this opportunity to extend my sincere thanks to our shareholders, business partners and customers for their ongoing support to the Group. At the same time, I would like to express my appreciation to my fellow Directors, the Group's management team and staff members for their substantial contribution and unwavering dedication to the Group.

By order of the Board  
**Modern Living Investments Holdings Limited**  
**Ho Chu Ming**  
*Chairman and Executive Director*

Hong Kong, 22 March 2022

*As at the date of this announcement, the Board comprises Mr. Ho Chu Ming, Mr. Ng Fuk Wah, Mr. Sung Alfred Lee Ming and Mr. Tang Kong Fuk as executive Directors, Ms. Tam Mo Kit as non-executive Director, Mr. Wong Bay, Mr. Wong Siu Fai Albert and Mr. Ng Kee Fat Ronny as independent non-executive Directors.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.modernliving.com.hk](http://www.modernliving.com.hk)).*