



祈福生活服務

CLIFFORD MODERN LIVING

祈福生活服務控股有限公司
CLIFFORD MODERN LIVING HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3686



2021

ANNUAL REPORT



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Throughout this annual report, the official Chinese names marked with “*” are the English translations and are for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version should prevail.



CORPORATE INFORMATION

Executive Directors

Ms. MAN Lai Hung
(*Chairman and Chief Executive Officer*)
Ms. HO Suk Mee
Mr. LIU Xing*

Non-executive Director

Ms. LIANG Yuhua[#]

Independent non-executive Directors

Ms. LAW Elizabeth
Mr. HO Cham
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Audit committee

Ms. LAW Elizabeth (*Chairman*)
Mr. HO Cham
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Remuneration committee

Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)
(*Chairman*)
Ms. MAN Lai Hung
Ms. LAW Elizabeth

Nomination committee

Ms. MAN Lai Hung (*Chairman*)
Ms. LAW Elizabeth
Mr. HO Cham

Company secretary

Mr. LAU Chun Pong (*Chief Financial Officer*)

Authorised representatives

Ms. MAN Lai Hung
Mr. LAU Chun Pong

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in the PRC Mainland

8 Shiguang Road
Panyu, Guangzhou
Guangdong
PRC Mainland

Principal place of business and headquarters in Hong Kong

7th Floor
Chai Wan Industrial City, Phase II
70 Wing Tai Road
Chai Wan
Hong Kong

Principal share registrar

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

Legal adviser

As to Hong Kong laws
Chiu & Partners

Auditor

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Stock code

3686

Company's website

www.cliffordmodernliving.com

Investor enquiry hotline

Tel: (852) 2889 0183

Investor enquiry email address

pr@cliffordmodernliving.com.hk

* Re-designated from a non-executive Director to an executive Director and ceased to be a member of the Audit Committee with effect from 1 January 2021.

[#] Re-designated from an executive Director to a non-executive Director and ceased to be a chief operation officer of the Group with effect from 1 January 2021.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Percentage change
	2021 RMB'000	2020 RMB'000	
Revenue from contracts with customers	430,836	420,944	2.3%
Gross profit	194,627	183,755	5.9%
Profit before taxation	111,446	161,526	-31.0%
Profit for the year	81,124	128,738	-37.0%
Gross profit margin (%)	45.2%	43.7%	3.4%
Net profit margin (%)	18.8%	30.6%	-38.6%
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
- Basic and diluted earnings per share	0.080	0.127	-37.0%
Proposed final dividend per ordinary share	HK2.20 cents	HK2.70 cents	-18.5%

CHAIRMAN'S STATEMENT

“



MAN Lai Hung

Chairman,
Chief Executive Officer
and Executive Director

*2021 was a year full of challenges, we
overcame the obstacles, our revenue
reached another record high*

”

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Clifford Modern Living Holdings Limited (the “**Company**” or “**Clifford Modern Living**”), I am pleased to present the annual report of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021.

We are a renowned service provider with a diversified service portfolio comprising six main service segments: property management services, renovation and fitting-out services, retail services, off-campus training services, information technology services and Ancillary Living Services in Guangdong Province (the Group offers catering services, property agency services, employment placement services and laundry services, collectively “**Ancillary Living Services**”).

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021, the Group achieved revenue of approximately RMB430.8 million, representing a year-on-year increase of 2.3%. Our profit during the year under review decreased to approximately RMB81.1 million, representing a year-on-year decrease of approximately RMB47.6 million or 37.0%.

During the year under review, our gross profit margin from continuing operations increased from 43.7% to 45.2%. Net profit margin from continuing operations decreased from 30.6% to 18.8%, representing a year-on-year decrease of about 38.6%.

PROPOSED FINAL DIVIDEND

Based on the financial performance in 2021, the Board recommended the payment of a final dividend of HK2.20 cents per ordinary share for the year ended 31 December 2021 (2020: final dividend of HK2.70 cents per ordinary share).

BUSINESS HIGHLIGHTS

With the introduction of vaccines for Coronavirus Disease 2019 (“**COVID-19**”) during 2021, the economy was expected to recover gradually under the effective control of the outbreak of COVID-19 by the government of the People’s Republic of China (the “**PRC Mainland**”). However, the emergence of COVID-19 variants had again brought uncertainties to the economy of the PRC Mainland. Notwithstanding the challenges, with tremendous effort of our staff and management team, our business performance remained steady.

During the year under review, we made notable progress in expanding our business. Service segments including property management services, off-campus training services and Ancillary Living Services recorded a steady increase in revenue.

Our expansion in scope of services, business partners and property management service contracts has laid a solid foundation for our future growth.

Regulations on our off-campus training services

On 14 May 2021, the PRC State Council announced 《中華人民共和國民辦教育促進法實施條例》 (the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China) (the "Implementation Regulations"), which came into effect on 1 September 2021. The Implementation Regulations set out on the prohibition of foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions.

The Group has stopped offering academic classes to mitigate the impact of the Implementation Regulations.

Expansion in catering services

Revenue from catering services increased by 392.3%, from approximately RMB10.4 million for the year ended 31 December 2020 to approximately RMB50.9 million for the year ended 31 December 2021. Such increase was due to the commencement of catering services in schools since the fourth quarter of 2020. With the steady demand for our catering services in schools, we believe it will serve as a new momentum for our catering services segment.

Investments in unallocated silver bullion

Taking into account the uncertainty of the current global economy, the Group has purchased a total of 800,000 ounces of unallocated silver bullion during the year ended 31 December 2020, with the aggregate cost of the investment amounted to approximately RMB102.5 million. As at 31 December 2021, the fair value of the investment in silver bullion amounted to approximately RMB117.0 million. The fair value losses on investment in silver bullion amounted to approximately RMB21.2 million for the year ended 31 December 2021 (gains for the year ended 31 December 2020: RMB35.8 million). The investment in unallocated silver bullion is considered as the diversification of the Group's asset structure.

OUTLOOK FOR 2022

Looking forward, the global economic environment is expected to be under pressure with the ongoing pandemic. With the effective measures implemented by the PRC Mainland government in containing the COVID-19 pandemic and stimulating the economy, the Group is confident that the economy of the PRC Mainland can maintain a steady growth amid global uncertainty in 2022. Notwithstanding the solid performance in 2021, we will remain prudent in monitoring the Group's expenditures, look for new investment opportunities to cope with the existing market environment and constantly review our business strategy. In the long run, we will continue to implement a diversified business development strategy and focus on the continuous development and expansion of our businesses. With the steady development of our diversified service portfolio, this serves as a new momentum for the Group's future business development.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders and business partners for their constant support for the Group. Going forward, the Group will continue to actively expand its business and upgrade its services. We will strive to bring superior and diversified living services to the residents and customers, and create value for shareholders.

MAN Lai Hung

Chairman, Chief Executive Officer and Executive Director
Hong Kong, 25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a service provider with a diversified service portfolio comprising six main service segments: property management services, renovation and fitting-out services, retail services, off-campus training services, information technology services and Ancillary Living Services.

1. Property Management Services

The Group provided property management services to 16 (as at 31 December 2020: 16) residential communities and five (as at 31 December 2020: five) pure commercial properties or projects with an aggregate contracted GFA of approximately 9,647,000 sq.m. as at 31 December 2021 (as at 31 December 2020: 9,710,000 sq.m.).

The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties or projects managed by the Group in different regions in the PRC Mainland as at the dates indicated:

	As at 31 December			
	2021		2020	
	Approximate total contracted GFA ('000 sq.m.)	Number of communities	Approximate total contracted GFA ('000 sq.m.)	Number of communities
Residential communities				
Panyu district	4,405	5	4,398	5
Huadu district	1,263	8	1,350	8
Zhaoqing city	346	1	346	1
Foshan city	846	2	842	2
Subtotal	6,860	16	6,936	16
Pure commercial properties/projects				
Huadu district	2,659	3	2,659	3
Panyu district	128	2	115	2
Subtotal	2,787	5	2,774	5
Total	9,647	21	9,710	21

2. Renovation and Fitting-out Services

The Group provides renovation and fitting-out services principally for residents, tenants or owners or their principal contractors in their residential units, offices, shops and other properties. For efficient management, we outsource the provision of certain renovation and fitting-out services to third-party sub-contractors. We constantly monitor and evaluate third-party sub-contractors on their ability to meet our requirements and standards to ensure the overall quality of our work.

3. Retail Services

The Group operated 18 retail outlets (two supermarkets, one wet market and 15 convenience stores) of different sizes covering a total GFA of approximately 13,151 sq.m. as at 31 December 2021 (as at 31 December 2020: 18 retail outlets covering a total GFA of approximately 13,151 sq.m.).

The following table sets out the average daily revenue by type of retail outlets in operation during the years ended 31 December 2021 and 2020 respectively:

	For the year ended 31 December	
	2021 (RMB'000)	2020 (RMB'000)
<i>Average daily revenue by type of retail outlet (Note)</i>		
Supermarket	232.4	261.2
Wet market	34.9	33.0
Convenience store	116.9	122.2

Note: Calculated by dividing revenue for the year by 360 days.

4. Off-campus Training Services

The Group had four learning centres in Panyu district as at 31 December 2021 (as at 31 December 2020: four learning centres). Training programmes mainly include interest classes and language learning classes.

5. Information Technology Services

Engineering services

The Group provides information technology services, related engineering services, security systems services and hardware and software integration services, most of which are delivered on project basis.

Telecommunication services

The Group entered into contracts with major telecommunication service providers under which the Group acts as agent for their products and services.

6. Ancillary Living Services

Catering services

The Group provides catering consultancy services and receives a fixed consultancy service fee on monthly basis as well as providing catering services to schools.

Property agency services

The property agency industry is linked with the property market. Although more stringent regulations have been introduced by the government of the PRC Mainland, the Group believes that demand for property agency services will still increase in the long term.

Employment placement services

The Group constantly monitors the performance and services quality of relevant household helpers and dispatched workers.

Laundry services

The Group maintains both safety and quality services by providing continuous training to its staff.

PROSPECTS AND FUTURE PLANS

Property Management

Further increase in the total contracted GFA and the number of residential and pure commercial units managed by the Group

We plan to further expand our business and increase our market share in the industry by expanding the total contracted GFA and the number of residential communities and pure commercial properties we manage.

We believe that by enlarging the total contracted GFA and the number of residential communities, the Group will be able to increase the revenue for our property management services. In addition, we expect that a growing number of residents and property owners will use our retail services and Ancillary Living Services.

Further expand the property management network through engagements in integrated projects

We plan to expand our business by managing integrated projects which include apartments, shopping malls and office buildings developed by third parties in the Guangdong Province. The services we will be providing include property management services, property agency services and marketing consultancy services.

Accelerate our business growth through acquisitions of property management companies

We intend to accelerate the growth of our property management business by acquiring suitable property management companies to help us to achieve our business strategies of standardisation and centralisation.

Retail

Further expand our retail network

In 2022, with the aim to enhancing our retail network, we plan to open two new convenience stores in the residential communities we manage and the nearby areas. Through acting as the property manager of these communities, we believe we have a better understanding on the needs of the residents and the customer traffic within the communities and the neighbourhood.

Information technology

Further develop our information technology services

As more and more emphasis is being placed on the development of smart cities and communities in the PRC Mainland, we see an enormous potential in the information technology market. We plan to further increase our investment in information technology services, with the goal to increase our market share and boost the growth of our overall business.

Develop online marketing and build online distribution channels

We intend to promote various services by reaching our customers through different online channels including websites and apps on smartphones. Currently, we are upgrading our sales and accounting systems so as to further enhance our data collection process, which in turn enables us to respond more quickly to our customers' needs.

Further explore new investment opportunities

Notwithstanding the solid performance in 2021, we will remain prudent in monitoring the Group's expenditures, look for new investment opportunities to cope with existing market environment and constantly review our business strategies.

FINANCIAL REVIEW

Revenue

	For the year ended				Percentage of	
	31 December		Variance		total revenue	
	2021	2020			2021	2020
	RMB'000	RMB'000	RMB'000	%	%	%
Property management services	76,532	76,732	(200)	-0.3	17.8	18.3
Renovation and fitting-out services	6,504	17,819	(11,315)	-63.5	1.5	4.2
Retail services	138,299	149,888	(11,589)	-7.7	32.1	35.6
Off-campus training services	39,239	31,205	8,034	23.2	9.1	7.4
Information technology services	82,902	95,617	(12,715)	-13.3	19.2	22.7
Ancillary Living Services	87,360	49,683	37,677	75.8	20.3	11.8
Total	430,836	420,944	9,892	2.3	100.0	100.0

Revenue from contracts with customers was derived from property management services, renovation and fitting-out services, retail services, off-campus training services, information technology services and Ancillary Living Services. For the year ended 31 December 2021, the total revenue was approximately RMB430.8 million, representing an increase of approximately RMB9.9 million or approximately 2.3% as compared to that of approximately RMB420.9 million in the previous year.

Property management services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Residential property management services	35,417	34,837	580	1.7
Commercial property management services	24,774	22,929	1,845	8.0
Resident support services	16,341	18,966	(2,625)	-13.8
Household helper services	14,967	18,647	(3,680)	-19.7
Household repairs and maintenance services	1,374	319	1,055	330.7
Total	76,532	76,732	(200)	-0.3

During the year ended 31 December 2021, the decrease of revenue generated from property management services was approximately RMB0.2 million, or approximately 0.3%, of which the increase in revenue generated from commercial property management services was approximately RMB1.8 million or approximately 8.0% and the increase in revenue generated from resident property management services was approximately RMB0.6 million or approximately 1.7%. The revenue generated from property management services remained steady, and the decrease of revenue generated from resident support services was mainly due to the decrease in demand for our resident support services.

Renovation and fitting-out services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Total	6,504	17,819	(11,315)	-63.5

During the year ended 31 December 2021, the decrease of revenue generated from renovation and fitting-out services was approximately RMB11.3 million, or approximately 63.5%. The decrease was mainly due to the decrease in number of services contracts entered into by the Group in 2021.

Retail services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Revenue by type of retail outlet				
Supermarket	83,653	94,024	(10,371)	-11.0
Wet market	12,560	11,872	688	5.8
Convenience store	42,086	43,992	(1,906)	-4.3
Total	138,299	149,888	(11,589)	-7.7

During the year ended 31 December 2021, revenue generated from retail services decreased by approximately RMB11.6 million, or about 7.7% to RMB138.3 million, of which the decrease in revenue generated from supermarkets was approximately RMB10.4 million or approximately 11.0%, the decrease in revenue generated from convenience stores was approximately RMB1.9 million or approximately 4.3% and the increase in revenue generated from wet market was approximately RMB0.7 million or approximately 5.8%. The decrease of revenue generated from supermarkets was mainly due to the fact that the surge in demand for our retail services during the initial stage of outbreak of COVID-19 in 2020 has returned to normal during 2021.

Off-campus training services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Off-campus training services revenue by category				
Training programmes	2,637	4,341	(1,704)	-39.3
Interest classes	36,602	26,864	9,738	36.2
Total	39,239	31,205	8,034	25.7

During the year ended 31 December 2021, the increase of revenue generated from off-campus training services was approximately RMB8.0 million, or approximately 25.7%. The increase was mainly due to the fact that demands for off-campus training service resumed during 2021, after being adversely affected during the initial stage of the outbreak of COVID-19 in 2020.

Information technology services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Information technology services revenue by category				
Engineering	69,835	83,954	(14,119)	-16.8
Telecommunication	13,067	11,663	1,404	12.0
Total	82,902	95,617	(12,715)	-13.3

During the year ended 31 December 2021, the decrease of revenue generated from information technology services was approximately RMB12.7 million, or approximately 13.3%, of which the decrease in revenue generated from engineering services was approximately RMB14.1 million or approximately 16.8%. The increase of revenue generated from telecommunication services was approximately RMB1.4 million or approximately 12.0%. The decrease of revenue generated from engineering services was mainly due to the decrease in number of projects entered into by the Group during the year ended 31 December 2021. Engineering services comprise information technology hardware integration and network installation services.

Ancillary Living Services

	For the year ended 31 December		Variance	
	2021 RMB'000	2020 RMB'000	RMB'000	%
Ancillary Living Services revenue by category				
Catering services	50,884	10,336	40,548	392.3
Property agency services	17,016	22,138	(5,122)	-23.1
Employment placement services	10,595	7,980	2,615	32.8
Laundry services	8,865	9,229	(364)	-3.9
Total	87,360	49,683	37,677	75.8

During the year ended 31 December 2021, the increase of revenue generated from Ancillary Living Services was approximately RMB37.7 million, or approximately 75.8%, of which the increase in revenue generated from catering services was approximately RMB40.5 million or approximately 392.3%. The increase of revenue generated from catering service was mainly due to the expansion of the provision of catering services to schools since the fourth quarter of 2020.

Gross profit and gross profit margin

Gross profit increased from approximately RMB183.8 million for the year ended 31 December 2020 to approximately RMB194.6 million for the year ended 31 December 2021, representing an increase of approximately RMB10.9 million or approximately 5.9%. Meanwhile, the Group's gross profit margin increased from approximately 43.7% for the year ended 31 December 2020 to approximately 45.2% for the year ended 31 December 2021. The increase in gross profit and gross profit margin was primarily due to the increase in revenue from our catering services, which generated higher gross profit margin as compared to other service segment.

Other income and (losses)/gains, net

Other income and losses, net value amounted to approximately RMB12.9 million for the year ended 31 December 2021 as compared to the other income and gains, net value amounted to RMB44.8 million for the year ended 31 December 2020. The losses was mainly due to the fair value loss on investment in silver bullion of approximately RMB21.2 million recorded during the year ended 31 December 2021 (year ended 31 December 2020: fair value gain of RMB35.8 million).

Selling and marketing expenses

Selling and marketing expenses primarily consisted of employee benefit expenses for our selling and marketing staff, depreciation and amortisation charges, short term lease expenses and management fees and utility expenses. Selling and marketing expenses remained stable at RMB32.5 million for the year ended 31 December 2021 and RMB32.6 million for the year ended 31 December 2020. A substantial portion of selling and marketing expenses was related to retail services.

Administrative expenses

Administrative expenses principally comprised employee benefit expenses, professional fees and office related expenses for administrative departments. Administrative expenses increased from RMB32.3 million for the year ended 31 December 2020 to RMB35.6 million for the year ended 31 December 2021, representing an increase of 10.4%. The increase was mainly due to the increase in both administrative employee benefit expenses and professional fee.

Finance costs

Finance costs amounted to approximately RMB2.2 million and approximately RMB1.8 million for the years ended 31 December 2021 and 2020 respectively, representing the interest expenses on lease liabilities.

Income tax expenses

The weighted average applicable tax rate was 27.8% and 19.8% for the years ended 31 December 2021 and 2020 respectively. The increase in weighted average applicable tax rate for the year ended 31 December 2021 was mainly due to the fair value loss on investment in silver bullion which are non-deductible from Hong Kong's profit tax. After excluding the impact of fair value gain/loss on investment in silver bullion, the effective tax rate will be 23% this year and 26% last year.

Profit for the year

For the year ended 31 December 2021, as a result of the cumulative effect of the above factors, the Group's net profit from continuing operations was RMB81.1 million and its net profit margin was 18.8%.

Property, plant and equipment

Property, plant and equipment mainly consisted of the machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2021 and 2020, the net book values of property, plant and equipment of the Group were RMB14.3 million and RMB17.2 million respectively.

Investment properties

Investment properties amounted to RMB3.7 million as at 31 December 2021, which comprised principally right-of-use assets, which are held for long-term rental yields and are not occupied by the Group and are recognised due to operating leases.

Investments in silver bullion

The Group, utilizing its internal resources, purchased a total of 800,000 ounces of unallocated silver bullion through Standard Chartered Bank (Hong Kong) Limited, a licensed bank in Hong Kong, during the year ended 31 December 2020 with the total consideration of approximately RMB102.5 million after recognizing a gain of RMB35.8 million in 2021. The Group recorded a loss in fair value of approximately RMB21.2 million during the year ended 31 December 2021 and the fair value as at 31 December 2021 amounted to RMB117.0 million. For further details, please refer to the announcements of the Company dated 26 February 2020 and 28 February 2020 respectively. On 22 February, 3 March and 7 March 2022 (up to 4:30 p.m.), the Group disposed of a total of 200,000, 100,000 and 200,000 ounces of unallocated silver bullion respectively through Standard Chartered Bank (Hong Kong) Limited, and the aggregate sale proceeds (excluding transaction costs) amounted to approximately RMB79.0 million. For further details, please refer to the announcements of the Company dated 22 February, 7 March and 9 March 2022 respectively.

Inventories

As at 31 December 2021, inventories mainly consisted of merchandise goods for retail services and raw materials for information technology services. Inventories increased from RMB14.9 million as at 31 December 2020 to approximately RMB18.2 million as at 31 December 2021.

Inventory turnover days was 28 days and 23 days during the years ended 31 December 2021 and 2020 respectively.

Trade and other receivables and prepayments

Trade and other receivables and prepayments mainly consisted of trade receivables, amounts placed in bank accounts opened on behalf of the residents ("**Residents' Accounts**"), other receivables and prepayments.

Trade receivables

Trade receivables are mainly related to receivables from outstanding renovation and fitting-out and information technology services, receivables of outstanding property management fee charged on commission basis and rental receivables from sublease of right-of-use assets. Trade receivables increased by approximately 16.8% from approximately RMB78.6 million as at 31 December 2020 to approximately RMB91.9 million as at 31 December 2021. The increase was mainly due to the increase in both rental receivables from sublease of right-of-use assets and project income receivables from information technology services.

Other receivables

Other receivables mainly comprised rental deposits and deposits paid to suppliers. Other receivables increased by 78.7% from RMB10.7 million as at 31 December 2020 to RMB17.9 million as at 31 December 2021.

Amounts placed in Residents' Accounts

Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened the Residents' Accounts. These Residents' Accounts are used to collect property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts.

As at 31 December 2021, amounts placed in the Residents' Accounts of RMB1.2 million represented the balances of the property management commission fee and resident support services fee entitled by the property management companies (31 December 2020: RMB5.1 million).

Prepayments

Prepayments are mainly related to prepayments made to sub-contractors for renovation and fitting-out services. Prepayments increased by 2.4% from RMB6.7 million as at 31 December 2020 to RMB6.8 million as at 31 December 2021. This was mainly due to expansion of renovation and fitting-out services.

Trade and other payables

Trade and other payables primarily comprised trade payables, other payables and accrued payroll.

Trade payables

Trade payables primarily comprised fees due to third-party suppliers for products for retail services, and fees due to sub-contractors for provision of renovation and fitting-out services and information technology services.

Trade payables decreased by 10.3% from RMB62.1 million as at 31 December 2020 to RMB55.7 million as at 31 December 2021. The decrease was mainly due to the decrease in procurement of supplies for information technology services.

Other payables

Other payables primarily comprised amounts due to third parties, which mainly include deposits received from stall tenants in our retail business and amounted to RMB26.7 million and RMB21.7 million as at 31 December 2021 and 2020 respectively.

Accrued payroll

Accrued payroll remained stable at RMB8.5 million as at 31 December 2021 as compared to RMB9.5 million as at 31 December 2020.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's primary liquidity requirements relate to the funding of required working capital to support an increase in its scale of operations, purchase of property, plant and equipment and payments for leasehold land. As at 31 December 2021, the Group mainly financed its cash requirements through cash generated from operating activities.

As at 31 December 2021, the Group's material sources of liquidity were cash and cash equivalents of RMB351.9 million (as at 31 December 2020: RMB344.4 million), with main currencies being Renminbi and Hong Kong dollars. During the year ended 31 December 2021, the Group has not obtained any loans or borrowing (as at 31 December 2020: nil).

Gearing Ratio

Gearing ratio is calculated based on total debts (being loan payables due to related parties) divided by total equity as at the end of each year. Gearing ratio was nil as at 31 December 2021 and 31 December 2020.

PLEDGE OF ASSETS

The Group had no pledged assets as at 31 December 2021 (31 December 2020: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2021 (31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, excluding labour costs borne by the property owners of the residential communities that we managed on commission basis, the Group had 664 employees (31 December 2020: 608 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the employee concerned and the prevailing industry practice.

Apart from salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees), state-managed retirement pension scheme (for employees in the PRC Mainland) and a discretionary bonus program.

In addition, the Company adopted a share option scheme in October 2016 which allows the Directors to grant share options to employees of the Group in order to retain elite personnel within the Group and to provide incentives for their contribution to the Group. Details of the share options are set out in the paragraph headed "Share Option Schemes" in the Report of the Directors section in this annual report.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Save for those disclosed in paragraphs headed "Investments in unallocated silver bullion" and "Disposal of investments in unallocated silver bullion" in the sections headed "Chairman's Statement" and the "Management Discussion and Analysis" respectively in this annual report, the Group had no significant investments held, material acquisitions and disposals of subsidiaries or associated companies during the year ended 31 December 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Disposal of investments in unallocated silver bullion

On 22 February 2022, 3 March 2022 and 7 March 2022, the Group disposed of 200,000 ounces, 100,000 ounces and 200,000 ounces of silver bullion with gross proceeds (excluding transaction cost) of approximately RMB30,300,000, RMB16,233,000 and RMB32,467,000 respectively. Upon completion of the disposal, the remaining silver bullion held by the Group was 300,000 ounces with estimated fair value of approximately RMB48,700,000 with reference to the market prices of unallocated silver bullion quoted by Standard Chartered Bank (Hong Kong) Limited on 7 March 2022. For details, please refer to the Company's announcements dated 22 February 2022, 7 March 2022 and 9 March 2022.

DIRECTORS' PROFILE

DIRECTORS

Chairman and Executive Directors

Ms. MAN Lai Hung (孟麗紅), aged 62, has been the chairman of the Group and a Director of the Company since January 2016. Ms. Man was appointed as a chairman of the Nomination Committee and a member of the Remuneration Committee of the Company on 7 November 2016. Following the re-designation from a non-executive Director to an executive Director of the Company on 1 October 2018, Ms. Man has been appointed as the Chief Executive Officer of the Company. Ms. Man is the founder of the Group and has since been in charge of the strategic development, management, operations as well as the overall performance of the Group. Ms. Man obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in December 1982.

Ms. Man was appointed as a member of the Thirteenth National Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十三屆全國政協委員會) in January 2018. She also takes part in other social public services including: being a member of the standing committee of the Fourteenth Beijing Women's Federation* (北京市婦女聯合會), the chairman of the Eleventh Council of the Superiors Management Board of Chamber of Commerce of Guangzhou Foreign Investment Enterprises* (廣州外商投資企業商會), the vice president of the Sixteenth Executive Committee of the Guangzhou Chamber of Commerce* (廣州市工商業聯合會(總商會)), the vice president and member of the standing committee of the Second Executive Committee of Hong Kong Federation of Guangzhou Association (香港廣州社團總會), the vice president of New Home Association (香港新家園協會*), the honorary chairman of Hong Kong Guangdong Youth Association (香港廣東青年總會), the advisor of Our Hong Kong Foundation (團結香港基金), a fellow member of Hong Kong Institute of Directors, the honorary chairman of Baise City Education Fund* (百色市教育基金會), the Co-Founder of Hong Kong Coalition (香港再出發大聯盟), a member of The Hong Kong Chinese Importers' & Exporters' Association (香港中華出入口商會), the vice president (advisory council) in the year of 2021–2023 of The Hong Kong Real Property Federation (香港房地產協會), the honorary consultant of Hong Kong CPPCC Youth Association (香港政協青年聯會) and the honorary chairman of the First Executive Committee of the Hong Kong Federation of Guangzhou Women Association (香港廣州婦聯總會). Ms. Man was one of the winners of the Fourth Outstanding Entrepreneur Social Responsibility Award* (第四屆傑出企業家社會責任獎) organised by The Mirror (鏡報) in Hong Kong in March 2015, was granted the sixteen batch honorary citizen of Guangzhou in November 2018 and awarded "Greater Bay Area Outstanding Woman Entrepreneur Awards 2018" in December 2018. She received the honorary title of The National March 8th Red-banner Holder in anti-COVID-19 measure* (抗擊新冠肺炎疫情全國三八紅旗手) in September 2020 and was awarded the Outstanding Businesswomen Award 2021 organised by Hong Kong Commercial Daily in December 2021.

Ms. HO Suk Mee (何淑媚), aged 54, is an executive Director of the Group and also the marketing director of the Group. She is primarily responsible for business development and marketing matters of the Group. Ms. Ho was awarded a Diploma in Design (Packaging & Advertising) by the Sha Tin Technical Institute in 1988 and a Higher Certificate in Marketing & Sales Management by the Hong Kong Polytechnic University in 1993.

Ms. Ho joined the Group in December 2018. Before joining the Group, Ms. Ho was a marketing director of the Private Group and she was responsible for leading and managing marketing matters of the overall business segments of the Private Group. Ms. Ho joined the Private Group as Assistant Marketing Officer in 1994 and has since 2000 become a marketing manager managing the overall marketing matters. Ms. Ho was promoted to marketing director in 2006.

DIRECTORS' PROFILE

Mr. LIU Xing (劉興), aged 58, was re-designated as an executive Director and has ceased to be a member of the Audit Committee of the Company with effect from 1 January 2021. He is primarily responsible for advising on legal issues and matters of the Group and overseeing general compliance of rules and regulations of the Group's operation. Mr. Liu was awarded a degree of Bachelor of Law by the then Zhongnan Institute of Politics and Law (中南政法學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in July 1986. Mr. Liu was issued with a qualification certificate as an accredited lawyer in the PRC Mainland by the Administrative Department of Hubei Province Xianning City* (湖北省咸寧地區行政公署) in April 1991. He is currently a non-practising lawyer.

Mr. Liu is a member of the Twelfth and Thirteenth Guangzhou Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十二屆及第十三屆廣州市委員會). He has become a judicial inspector of the Guangzhou Intermediate People's Court* (廣州市中級人民法院司法監督員) since September 2012. Mr. Liu is also the executive president of the Guangdong Real Estate Chamber of Commerce* (廣東省地產商會).

In July 1986, Mr. Liu started to work for the Justice Bureau of Hubei Province Xianning City* (湖北省咸寧地區司法局) and was an accredited lawyer of the consultancy department of the Justice Bureau of Hubei Province Xianning City* during August 1988 to August 1995. Mr. Liu founded Hubei Province Haizhou Law Office* (湖北省海舟律師事務所) in August 1995 and up to February 1999 when he assumed the office as the chief lawyer (主任律師).

From July 2000 onward, Mr. Liu has been employed by Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司), assuming various offices including being the in-house counsel since July 2000 and the legal manager of the legal department since January 2002. Mr. Liu was promoted to the office as the legal director of Clifford Estates (Panyu) Limited* in September 2010 in which he was in charge of overseeing the legal department, providing legal advice in relation to business negotiations and drafting of contracts and other relevant legal documents.

Non-executive Director

Ms. LIANG Yuhua (梁玉華), aged 57, was re-designated as a non-executive Director and ceased to be the Chief Operation Officer with effect from 1 January 2021. Ms. Liang was awarded a diploma in administrative management (行政管理專業) by the College of Continuing Education of Zhongkai University of Agriculture and Engineering* (仲愷農業工程學院繼續教育學院) in December 2014.

Ms. Liang joined the Group in March 2010 and up to April 2012, was the general manager of the retail department of Guangzhou Clifford Trading Limited* (廣州市祈福貿易有限公司) and was in charge of managing the overall business operation. She has since April 2012 become the Chief Operating Officer of the Group responsible for overseeing the overall business operation and management.

Before joining the Group, Ms. Liang was employed by the Private Group. Ms. Liang worked as the manager of the resort department of Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司俱樂部) between June 1992 and June 1998, a member of the Private Group engaged in real estate development, and Guangzhou Panyu Clifford Estates Resort Club Company Limited* (廣州市番禺祈福新邨渡假俱樂部有限公司) between July 1998 and February 2010, a company engaged in the provision of resort and recreational facilities.

Independent Non-executive Directors

Ms. LAW Elizabeth (羅君美), MH JP, aged 67, is an independent non-executive Director, chairwoman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Ms. Law graduated from McGill University in Canada with a degree of Bachelor of Commerce (majoring in Accounting) in May 1976. Ms. Law became a chartered accountant in Canada in June 1979, a member of Hong Kong Institute of Certified Public Accountants ("HKICPA") in May 1982, a fellow of the Institute of Chartered Accountant in England and Wales in August 2019 and a fellow member of CPA Australia in November 2009. She is a fellow member of the HKICPA since December 1991, a fellow member of The Taxation Institute of Hong Kong since April 2003 and a chartered professional accountant of Canada since November 2012.

Ms. Law was the President of The Society of Chinese Accountants and Auditors in 1993 and is presently their Council Member and the Chairman of its Taxation Committee. She was the Founding President of the Association of Women Accountants (Hong Kong) Ltd. and has been appointed as its honorary founding president since 2008. Ms. Law was appointed as Justice of the Peace in Hong Kong in 2009.

Currently, Ms. Law is the managing director of Law & Partners CPA Ltd. and the proprietor of Stephen Law & Company.

Ms. Law is currently an independent non-executive director of Sunwah Kingsway Capital Holdings Limited (新華匯富金融控股有限公司) (listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with stock code: 188) and The Wharf (Holdings) Limited (九龍倉集團有限公司) (listed on the Stock Exchange with stock code: 4). Ms. Law was an independent non-executive director of China Vanke Co., Ltd. (萬科企業股份有限公司) (listed on the Stock Exchange with stock code: 2202 for H shares and listed on Shenzhen Stock Exchange with stock code: 000002 for A shares) until 30 June 2017 and Sunwah International Limited (listed on Toronto Stock Exchange with stock code: SWH) until 30 June 2021.

Mr. HO Cham (何湛), aged 64, is an independent non-executive Director, a member of the Audit Committee and the Nomination Committee of the Company. Mr. Ho was awarded a degree of Bachelor of Laws and the Postgraduate Certificate in Laws by the University of Hong Kong in November 1980 and July 1981 respectively. Mr. Ho was admitted as a solicitor of the Supreme Court of Hong Kong (currently known as the High Court of Hong Kong) in March 1983 and as a solicitor of the Supreme Court of England in January 1990. Mr. Ho is currently a practising solicitor in Hong Kong.

From July 1981 to February 1983, Mr. Ho worked as an article clerk at Johnson Stokes and Master. In March 1983, Mr. Ho joined Ho and Wong as assistant solicitor and became a partner of Ho and Wong in 1987. Currently Mr. Ho is the senior and managing partner of Ho and Wong.

Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) (麥炳良，又名麥華章), aged 72, is an independent non-executive Director, chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Mak obtained a degree in Bachelor of Arts from the University of Hong Kong in November 1973.

Mr. Mak was the managing director of the Hong Kong Economic Times Holdings Limited (香港經濟日報集團有限公司) (“**HKET**”) and publisher of Hong Kong Economic Times and Sky Post from 29 April 2005 until 1 May 2020. He is also a founder of HKET. Mr. Mak was responsible for formulating the business strategies and the overall management of publishing, recruitment advertising and printing production of HKET. He has over 40 years of extensive experience in the media and publishing industry. Prior to the founding of HKET in 1987, he was the bureau chief of the European Bureau of Wen Wei Po in London, and was later promoted to the office of deputy general manager of Wen Wei Po. Mr. Mak was an honorary advisor of Hong Kong Institute of Marketing. In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong organised by Junior Chamber International Hong Kong (formerly known as Hong Kong Junior Chamber). In 2012, Mr. Mak won the Outstanding Entrepreneurship Award of the Asia Pacific Entrepreneurship Awards 2012 organised by Enterprise Asia.

Mr. Mak is currently an independent non-executive director of Tai Hing Group Holdings Limited (太興集團控股有限公司) (listed on the Stock Exchange with stock code: 6811). Mr. Mak was an executive director of HKET (香港經濟日報集團有限公司) (listed on the Stock Exchange with stock code: 423) from 29 April 2005 until 1 May 2020 and an independent non-executive director of Zhong Ji Longevity Science Group Limited (中基長壽科學集團有限公司) (formerly known as Asia Pacific Silk Road Investment Company Limited 亞太絲路投資有限公司) (listed on the Stock Exchange with stock code: 767) from 31 December 2020 until 1 May 2021.

SENIOR MANAGEMENT'S PROFILE

SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. CAO Jun (曹軍), aged 46, joined Guangzhou Kejian as a general manager in October 2012. He is responsible for managing and supervising the information technology and telecommunication businesses of the Group.

Prior to joining the Group, Mr. Cao worked as a supervisor and manager in the Private Group's computer department from July 2007 to September 2012. He has long been engaged in the information technology, artificial intelligence, process automation and telecommunication industries, and has extensive experience in operations and management.

Mr. CHEN Yuxiong (陳宇雄), aged 55, joined the Group in April 2004 and is currently the chief operating officer of Guangzhou Panyu Clifford Property Management Limited* (廣州市番禺祈福物業管理有限公司), responsible for managing and overseeing the operation of the property management services business of the Group. He obtained a degree of Bachelor of Engineering from the Guangdong Mechanical Engineering Institution* (廣東機械學院) (currently known as Guangdong University of Technology (廣東工業大學)) in June 1988. Mr. Chen is a Certified Property Manager* (物業管理師) of the PRC Mainland and was appointed as Property Management Expert of Guangzhou* (廣州市物業管理專家) by Guangzhou Housing and Urban-Rural Construction Committee (廣州市住房和城鄉建設委員會) in August 2017.

Mr. Chen has extensive experience in multiple aspects of the property management business. Mr. Chen joined Guangzhou Panyu Clifford Property Management Limited* (廣州市番禺祈福物業管理有限公司) since its establishment in October 1998, and has since served as the property management director responsible for managing and overseeing the operation of property management services. Mr. Chen has also overseen the management and operation of Foshan Clifford Property Management Limited* (佛山市祈福物業管理有限公司) since its establishment.

Mr. LAU Chun Pong (劉振邦), aged 48, joined as the Company Secretary and Chief Financial Officer of the Group since December 2019. He is primarily responsible for financial reporting, business planning and company secretarial matters of the Group. Mr. Lau was awarded a degree of Bachelor of Business Economics by the University of California, Los Angeles in September 1997. Mr. Lau has been a member of HKICPA and the American Institute of Certified Public Accountants since 2002.

Mr. Lau has extensive experience in accounting, auditing and corporate finance. He was (i) the qualified accountant and company secretary of Shenzhen Mingwah Aohan High Technology Corporation Limited (深圳市明華澳漢科技股份有限公司) (listed on the GEM of the Stock Exchange with stock code: 8301) from April 2005 to May 2006; (ii) the financial controller and company secretary of We Solutions Limited (former names: Ming Fung Jewellery Group Limited and O Luxe Holdings Limited) (listed on the Main Board of the Stock Exchange with stock code: 860) from June 2008 and November 2008 respectively to November 2017; (iii) the group financial controller and company secretary of AV Promotions Holdings Limited (listed on the GEM of the Stock Exchange with stock code: 8419) from June 2018 to June 2019; and (iv) the company secretary of Grand T G Gold Holdings Ltd (大唐潼金控股有限公司) (listed on the GEM of the Stock Exchange with stock code: 8299) from January 2019 to February 2020. Mr. Lau is currently the independent non-executive director of China Longevity Group Company Limited (中國龍天集團有限公司) (listed on the Main Board of the Stock Exchange with stock code: 1863), and China CBM Group Company Limited (中國煤層氣集團有限公司) (listed on the GEM of the Stock Exchange with stock code: 8270).

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 62.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Company occurred during the year ended 31 December 2021 and an analysis of the Group's performance during the year using key financial performance indicators, and relationships with stakeholders as required under Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) are set out in "Chairman's Statement" on pages 4 to 7, the "Management Discussion and Analysis" on pages 8 to 20 of this annual report which constitute part of this report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into the following:

(i) Risks relating to General Operations

- We rely substantially on key residential communities for a significant portion of our revenue
- Our corporate structure, which consists of multiple service segments, exposes us to challenges not found in companies with a single service segment
- We may not be able to implement our business strategies and our future plans

(ii) Risks relating to Property Management Services

- Termination or non-renewal of our property management services contracts could have a material adverse effect on our business, financial position and results of operations

(iii) Risks relating to Retail Services

- We may not be able to maintain the balance between the levels of products supplied to satisfy customers and inventory control

(iv) Risks relating to Off-campus Training Services

- If we are not able to continue to attract learners to enrol in our classes at commercially viable fee levels, our revenue may decline and we may not be able to maintain our profitability

(v) Risks relating to Information Technology Services

- If the contracts signed by us with the Private Group and/or Ms. MAN Lai Hung's Group are deferred or if we cease to have the Private Group and/or Ms. MAN Lai Hung's Group as our customers, we may experience a significant drop in revenue and may also bear counter-party risks, which may in turn adversely affect our performance and profitability

(vi) Risks relating to Ancillary Living Services

- Intense market competition in the Ancillary Living Services sector could prevent us from increasing or sustaining our revenue and profitability

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group considers environmental protection as its corporate responsibility and recognizes that the sustainable development of the environment is important to the sustainable daily operation of the Group's business. The Group has adopted various green measures to reduce any adverse impact that the Group's business may bring to the environment. More details on the Group's environmental policies and performance will be provided in the "Environmental, Social and Governance Report" which will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cliffordmodernliving.com) and a printed copy of the same will be despatched to the shareholders of the Company (the "Shareholder(s)") upon request.

DIVIDENDS DISTRIBUTION

The Board recommended the payment of a final dividend of HK2.20 cents (2020: final dividend HK2.70 cents) per ordinary share in respect of the year ended 31 December 2021, making the total dividend payment of approximately HK\$22.3 million (equivalent to approximately RMB18.1 million), subject to the approval by the Shareholders at the annual general meeting (the "AGM") to be held on Friday, 24 June 2022. The final dividend will be paid in cash on Friday, 29 July 2022 to Shareholders whose names appeared on the register of members of the Company on Tuesday, 5 July 2022.

ANNUAL GENERAL MEETING

The AGM of the Company is currently planned to be held on Friday, 24 June 2022. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be Friday, 24 June 2022) be closed from Monday, 20 June 2022 to Friday, 24 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents 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 for registration no later than 4:30 p.m. on Friday, 17 June 2022.

In addition, subject to the approval of the proposed final dividend by the Shareholders at the AGM, the register of members of the Company will be closed from Monday, 4 July 2022 to Tuesday, 5 July 2022 (both dates inclusive) for the purpose of determining the identity of shareholders who qualify for the proposed final dividend. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents 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 for registration no later than 4:30 p.m. on Thursday, 30 June 2022.

SHARE CAPITAL

Details of change during the year ended 31 December 2021 in the share capital of the Company are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Group during the year ended 31 December 2021 are set out on page 65 in the consolidated statement of changes in equity.

Reserves available for distribution to the Shareholders consisted of share premium and retained earnings. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and subject to compliance with the articles of association of the Company ("**Articles of Association**"), the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As at 31 December 2021, the Company's reserve available for distribution to equity holders amounted to approximately RMB652.6 million.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this report were:

Executive Directors:

Ms. MAN Lai Hung (*Chairman and Chief Executive Officer*)

Ms. HO Suk Mee

Mr. LIU Xing (re-designated from a non-executive Director to an executive Director and ceased to be a member of the Audit Committee with effect from 1 January 2021)

Non-executive Director:

Ms. LIANG Yuhua (re-designated from an executive Director to a non-executive Director and ceased to be a chief operation officer of the Group with effect from 1 January 2021)

Independent Non-executive Directors:

Ms. LAW Elizabeth

Mr. HO Cham

Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Pursuant to Articles 107(A) and (B) of the Articles of Association, Ms. MAN Lai Hung, Ms. LAW Elizabeth and Mr. LIU Xing shall retire at the AGM.

All of the above retiring Directors are eligible and will offer themselves for re-election at the AGM.

Each of the Directors has entered into a service contract or a letter of appointment (as the case may be) with the Company for a term of three years (except Mr. LIU Xing and Ms. LIANG Yuhua, for a term commenced from 1 January 2021 and expiring on 31 October 2022) which may be terminated by not less than three months' notice in writing served by either the Director or the Company.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Ms. MAN Lai Hung and Ms. HO Suk Mee have entered into service contracts as an executive Director with the Company for an initial fixed term of three years effective from 1 October 2021 and 1 December 2021 as an executive Director respectively, and Mr. LIU Xing has entered into a service contract as an executive Director with the Company for a term commenced from 1 January 2021 and expiring on 31 October 2022, which may be terminated in accordance with the terms of the service contracts, including not less than three months' notice in writing served by either party, and renewable subject to terms and conditions to be agreed between the parties.

Each independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commenced from 1 November 2019. Following the re-designation of Ms. LIANG Yuhua as a non-executive Director on 1 January 2021, Ms. LIANG has signed a letter of appointment as a non-executive Director with the Company for a term commenced from 1 January 2021 and expiring on 31 October 2022. Pursuant to the letters of appointment, the appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

Save as aforesaid, no Director proposed for re-election at the AGM has a service contract or appointment letter with the Company which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Nature of interest/Capacity	Number of shares	Approximate percentage of shareholding in the Company
Ms. MAN Lai Hung ⁽¹⁾	Interest in a controlled corporation ⁽¹⁾	735,840,000	72.44%
Ms. MAN Lai Hung	Beneficial owner	5,000,000	0.49%
Ms. LIANG Yuhua	Beneficial owner	2,500,000 ⁽²⁾	0.25%
Mr. LIU Xing	Beneficial owner	2,500,000 ⁽²⁾	0.25%
Mr. HO Cham	Interest of spouse	400,000	0.04%

Notes:

- (1) Elland Holdings Limited is solely owned by Ms. MAN Lai Hung which in turn owns 735,840,000 shares of the Company. By virtue of the SFO, Ms. MAN Lai Hung is deemed or taken to be interested in all the shares which are beneficially owned by Elland Holdings Limited.
- (2) These represent the maximum number of shares of the Company which may be allotted and issued to such Directors upon the exercise of the pre-IPO share options granted to each of them under the Pre-IPO Share Option Scheme. In respect of these two Directors, these pre-IPO share options may be exercised at any time during the period (i) commencing on the business day immediately after the expiry of the six-month period after the listing date on 8 November 2016 (the "Listing Date") and (ii) ending on the date falling five (5) years and six (6) months of the Listing Date. The exercise price for subscription of each share upon the exercise of the pre-IPO share options is equal to 90% of HK\$0.46.
- (3) All the shares are held in long position.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

RIGHTS TO ACQUIRE SHARES

Save for the pre-IPO share options granted to the Directors, at no time during the year was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, so far as the Directors are aware, the following substantial Shareholders (other than the Directors and the chief executives of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
Elland Holdings Limited	Beneficial owner	735,840,000	72.44%
Mr. PANG Lun Kee Clifford ⁽¹⁾	Interest of spouse	740,840,000	72.94%

Notes:

- (1) Mr. PANG Lun Kee Clifford is the spouse of Ms. MAN Lai Hung. By virtue of the SFO, Mr. PANG Lun Kee Clifford is deemed to be interested in the shares of the Company held by Ms. MAN Lai Hung.
- (2) All the shares are held in long position.

Save as disclosed above, as at 31 December 2021, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme (the “**Share Option Scheme**”) (collectively, the “**Schemes**”) for the purpose of recognising and rewarding the contribution of certain eligible participants to the growth and development of the Group and its listing, to strengthen the corporate governance mechanism, to improve the employee incentive system, to align the interest of the Company, its Shareholders and its management, to encourage continuing development of the eligible employees with a view to promoting the long-term stability and interest of the Group.

Eligible participants of the Schemes include the Directors, employees and other selected groups of participants. The Pre-IPO Share Option Scheme and the Share Option Scheme were adopted by the Company on 21 October 2016 and became effective on the same day. Unless otherwise cancelled or amended, the Pre-IPO Share Option Scheme will remain in force for 5 years and six months from the Listing Date on 8 November 2016, and the Share Option Scheme will remain in force for 10 years from the adoption date.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless Shareholders’ approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders’ approval in advance in a general meeting.

Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associate, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to Shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and may commence from the date of the offer of the share options and end on a date which is not later than 10 years from the date of the offer of the share options or the date on which such options lapse, if earlier.

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme for the year ended 31 December 2021 were as follows:

Name of category of participant	Balance as at 31 December 2020	Exercised during the year	Lapsed or cancelled during the year	Balance as at 31 December 2021	Date of grant	Exercise period	Exercise price per share (HK\$)	Closing price of the shares on the trading day immediately before the date of grant (HK\$)
Directors								
LIANG Yuhua	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
LIU Xing	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Employees of the Group								
	925,000	(500,000)	-	425,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Total	5,925,000	(500,000)	-	5,425,000				

(A) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 21,175,000 options to eligible Directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms stipulated under the Pre-IPO Share Option Scheme. The exercise price is 90% of the final offer price of the Shares issued in connection with the listing (HK\$0.414). 500,000 options were exercised and no options were lapsed or cancelled during the year ended 31 December 2021. As at the date of this report, the Company had 5,425,000 share options under the Pre-IPO Share Option Scheme, representing approximately 0.5% of the issued share capital of the Company as at that date.

Further details of the Pre-IPO Share Option Scheme are set out in note 28 to the consolidated financial statements.

(B) Share Option Scheme

Pursuant to the Share Option Scheme, the Directors may invite participants to take up options at a price determined by the Board but in any event shall not be less than the highest of (i) the nominal value of a Share; (ii) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet on the offer date; and (iii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date. The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer. As at the date of this annual report, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2021.

BORROWINGS

As at 31 December 2021, the Group had no borrowings.

EQUITY-LINKED AGREEMENTS

Save for the Schemes as set out above, no equity-linked agreements were entered into by the Company, during or subsisted at the end of the year 2021.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the paragraph headed "Connected Transactions" on pages 33 to 37 of this annual report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company's subsidiaries was a party during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Group's business subsisted during the financial year ended 31 December 2021.

CONTRACTS OF SIGNIFICANCE

During the year under review, save as disclosed in the paragraph headed "Connected Transactions" in this annual report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the aggregate revenue attributable to the largest customer and the five largest customers of the Group accounted for approximately 10.6% and 18.8% of the Group's total sales in the year respectively.

Guangzhou Clifford Hospital Company Limited* (廣東祈福醫院有限公司) and Guangzhou Panyu Clifford Estates Property Development Company Limited* (廣州市番禺祈福新邨房地產有限公司), which were two of the Group's five largest customers for the year ended 31 December 2021, are members of the Private Group. Save as disclosed above, none of the Directors, their close associates or any Shareholder who, to the knowledge of the Directors, owned more than 5% of the Company's share capital, had any interest in any of the Group's five largest customers for the year ended 31 December 2021.

During the year ended 31 December 2021, the aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 17.4% and 28.9% of the Group's total purchases respectively.

None of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of the Company's share capital, had any interest in any of the Group's five largest suppliers for the year ended 31 December 2021.

SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2021 are set out in note 30 to the consolidated financial statements.

FOREIGN EXCHANGE RISK

Details of the foreign exchange risk are set out in note 34A(i) to the consolidated financial statements.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions during the year ended 31 December 2021. Details of the transactions are set out below:

Connected Persons

1. Private Group

Ms. MAN Lai Hung is one of the controlling shareholders of the Company, an executive Director and the Chairman of the Group. The spouse of Ms. MAN Lai Hung, Mr. PANG Lun Kee Clifford, controls or owns 30% or more of the issued share capital of certain companies (the "**Private Group**"). Being an associate of Ms. MAN Lai Hung, members of the Private Group are connected persons of the Company under Rule 14A.12 of the Listing Rules.

2. Ms. MAN Lai Hung's Group

Ms. MAN Lai Hung's Group comprises the WM Healthcare Group and the WM Non-HC Group (both as defined below).

3. WM Healthcare Group

WM Healthcare Group comprises such companies which were/are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. MAN Lai Hung, which are principally engaging in the provision hospital/clinical, elderly and postpartum care services, healthcare and related services in the PRC Mainland (some of which are former members of the Private Group and has become members of the WM Healthcare Group upon the completion of the WM Healthcare Group Reorganisation (as defined below) being implemented during 2020 and 2021) (the "**WM Healthcare Group**"). The ultimate controlling shareholder of WM Healthcare Group is Ms. MAN Lai Hung, who is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Being an associate of Ms. MAN Lai Hung, members of the WM Healthcare Group (including Clifford Medical Group Limited (祈福醫療集團有限公司) ("**Clifford Medical**")) are connected persons of the Company under the Listing Rules.

4. WM Non-HC Group

WM Non-HC Group comprises such companies which were or are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. MAN Lai Hung, other than the Group and the WM Healthcare Group (the “**WM Non-HC Group**”). The ultimate controlling shareholder of the WM Non-HC Group (including Foshan City Nanhai Clifford Xianhu Hotel Company Limited* (佛山市南海祈福仙湖酒店有限公司) (“**Clifford Xianhu Hotel**”)) is Ms. MAN Lai Hung. As such, members of the WM Non-HC Group (including Clifford Xianhu Hotel) are also associates of Ms. MAN Lai Hung, and hence connected persons of the Company under the Listing Rules.

Master Composite Services Agreement

As disclosed in the Prospectus, the Company (for itself and on behalf of its subsidiaries, as service providers) and Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司) (for itself and on behalf of other members of the Private Group) and Clifford Aged Home Company Limited* (廣州市祈福護老公寓有限公司) (for itself and on behalf of Ms. MAN Lai Hung’s Group) (as receiving parties) entered into a master composite services agreement (“**Master Composite Services Agreement**”) dated 21 October 2016. Pursuant to such agreement, the Group agreed to provide certain services to members of both the Private Group and Ms. MAN Lai Hung’s Group for a term of three years ended 31 December 2018 with an option to renew such agreement for an additional term of three years by mutual consent, subject to compliance with the then applicable provisions of the Listing Rules. The Group set annual caps for the maximum aggregate income from the provision of the services under the Master Composite Services Agreement for each of the financial years ended 31 December 2016, 2017 and 2018 which are RMB23.0 million, RMB23.0 million and RMB23.0 million, respectively.

Master Tenancy Agreement

As disclosed in the Prospectus, the Company (on behalf of its subsidiaries) (as tenant) and Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司) (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord) entered into a master tenancy agreement dated 21 October 2016 (“**Master Tenancy Agreement**”). Pursuant to such agreement, the Group has agreed to lease certain properties (including the properties which the Group may lease from the Private Group in the future) from members of the Private Group for a term of ten years commencing from 1 January 2016 which may be renewed for a successive period of ten years by mutual consent upon initial expiry, subject to the then applicable provisions of the Listing Rules. The Group has set annual caps for the maximum aggregate rental amount payable to the Private Group under the Master Tenancy Agreement for each of the financial years ended 31 December 2016, 2017 and 2018 which are RMB11.5 million, RMB12.0 million and RMB12.5 million, respectively.

Revision of Annual Caps for transactions contemplated under the Master Composite Services Agreement and the Master Tenancy Agreement

On 28 April 2017, a supplemental master composite services agreement (“**Supplemental Master Composite Services Agreement**”) and supplemental master tenancy agreement (“**Supplemental Master Tenancy Agreement**”) were entered between the same parties to revise certain terms of the Master Composite Services Agreement and the Master Tenancy Agreement. Annual caps were revised to RMB37.0 million and RMB41.0 million for the financial years ended 31 December 2017 and 2018 respectively under the Master Composite Services Agreement (as supplemented by the Supplemental Master Composite Services Agreement), and annual caps were revised to RMB16.0 million and RMB20.0 million for the financial years ended 31 December 2017 and 2018 respectively under the Master Tenancy Agreement (as supplemented by the Supplemental Master Tenancy Agreement). For details, please refer to the Company’s announcement dated 28 April 2017 and the Company’s circular dated 7 June 2017. Both supplemental agreements (including the revised annual caps) were unanimously passed as ordinary resolutions of the Company in the extraordinary general meeting held on 23 June 2017. For details, please refer to the Company’s announcement dated 23 June 2017.

Master Engineering Service Agreement

On 16 October 2017, Guangzhou Kejian Computer Technology Co. Limited* (廣州市科健計算機技術有限公司), a company established in the PRC Mainland on 24 August 2007 and an indirect wholly-owned subsidiary of the Company, on the one part, entered into a master engineering service agreement ("**MES Agreement**") with Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司) (for itself and on behalf of other members of the Private Group) and Clifford Aged Home Company Limited* (廣州市祈福護老公寓有限公司) (for itself and on behalf of other members of Ms. MAN Lai Hung's Group) on the other part. Pursuant to such agreement, the Group agreed to provide certain engineering and maintenance services to the Private Group and Ms. MAN Lai Hung's Group for an initial term from 21 December 2017 to 31 December 2018 with an option for extension by mutual consent, subject to compliance with the then applicable provisions of the Listing Rules. The Group set an annual cap of RMB75.0 million for the maximum aggregate income from the provision of the services under the MES Agreement for financial year ended 31 December 2018. The transactions contemplated under the MES Agreement constituted continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 16 October 2017 and the Company's circular dated 29 November 2017. The MES Agreement was unanimously passed as ordinary resolutions of the Company in the extraordinary general meeting held on 18 December 2017. For details, please refer to the Company's announcement dated 18 December 2017.

2018 Master Composite Services Agreement

On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as service providers) on one part, entered into a master composite services agreement ("**2018 Master Composite Services Agreement**" or "**2018 MCSA**") with Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司) (for itself and on behalf of other members of the Private Group) and Clifford Aged Home Company Limited* (廣州市祈福護老公寓有限公司) (for itself and on behalf of Ms. MAN Lai Hung's Group) (as receiving parties) on the other part, to continue the provision of procurement, property management, laundry, resident support and maintenance, employment placement, property agency services and expansion of engineering and maintenance services and telecommunication services to the receiving parties for the three years ended 31 December 2021. Upon the expiry of the term of the MES Agreement, the engineering and maintenance services are provided under the 2018 MCSA with effect from 1 January 2019. The Group has set annual caps for the maximum aggregate income from the provision of the services under the 2018 MCSA for each of the financial years ended 2019, 2020 and 2021 which are RMB126.0 million, RMB129.0 million and RMB138.0 million, respectively. During the year under review, amounts receivable/received by the Group under the 2018 Master Composite Services Agreement from the Private Group and Ms. MAN Lai Hung's Group amounted to approximately RMB90.0 million.

2018 Supplemental Master Tenancy Agreement

On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into a supplemental master tenancy agreement ("**2018 Supplemental Master Tenancy Agreement**" or "**2018 Supplemental MTA**") with Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司) (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord), to revise certain terms of the Master Tenancy Agreement (as supplemented by the Supplemental Master Tenancy Agreement). The Group has set annual caps for the maximum aggregate rental amount payable to the Private Group under the Master Tenancy Agreement (as supplemented by the Supplemental Master Tenancy Agreement and the 2018 Supplemental MTA) for each of the financial years ended 2019, 2020 and 2021 which are RMB19.0 million, RMB20.0 million and RMB21.0 million, respectively. During the year under review, amounts payable/paid by the Group to the Private Group under the 2018 Supplemental Master Tenancy Agreement amounted to approximately RMB13.2 million.

For details of 2018 MCSA and 2018 Supplemental MTA, please refer to the Company's announcement dated 18 October 2018 and the Company's circular dated 11 January 2019. Both agreements (including the annual caps) were unanimously passed as ordinary resolutions of the Company in the extraordinary general meeting held on 28 January 2019. For details, please refer to the Company's announcement dated 28 January 2019.

2021 Master Tenancy Agreements and 2021 Master Composite Services Agreements

During 2020 and 2021, corporate reorganisation is being implemented in respect of certain companies which are members of the then Ms. MAN Lai Hung's Group and members of the then Private Group, and which principally engage in the provision hospital/clinical, elderly and postpartum care services, healthcare and related services in the PRC. Upon the completion of such reorganisation ("**WM Healthcare Group Reorganisation**"), these companies has become the members of the WM Healthcare Group.

2021 Master Tenancy Agreements

On 29 October 2021, the Group entered into the 2021 MTA No.1 and 2021 MTA No.2 (both as defined below) to replace the Master Tenancy Agreement (as supplemented by the Supplemental Master Tenancy Agreement and the 2018 Supplemental Master Tenancy Agreement).

2021 MTA No.1

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into a master tenancy agreement ("**2021 MTA No.1**") with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord), pursuant to which Clifford Estates Panyu agreed to lease certain properties to the Company for a term of three years commenced from 1 January 2022 to 31 December 2024. The Group set annual caps, which represent the total value of right-of-use assets relating to the leases to be entered into by the Group under the 2021 MTA No.1, for each of the three financial years ending 31 December 2022, 2023 and 2024 which are RMB57.1 million, RMB13.6 million and RMB19.7 million, respectively.

2021 MTA No.2

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into a master tenancy agreement ("**2021 MTA No.2**") with Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) (as landlord), pursuant to which the Group will only lease one premise from the WM Healthcare Group in the PRC for its operation as a convenience store, for a term of three years commenced from 1 January 2022 to 31 December 2024.

As the 2021 MTA No.2 and the transactions contemplated thereunder are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules, brief details of 2021 MTA No.2 and the transactions contemplated thereunder are also included in this report for the Shareholder's information only.

2021 Master Composite Services Agreements

On 29 October 2021, for the purpose of renewing the transactions as provided under the 2018 Master Composite Services Agreement, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into the 2021 MCSA No.1 and 2021 MCSA No.2 (both as defined below).

2021 MCSA No.1

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into a master composite services agreement ("**2021 MCSA No.1**") on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu (for itself and on behalf of other members of the WM Non-HC Group) (as receiving parties) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Xianhu Hotel, for a term of three years from 1 January 2022 to 31 December 2024. The Group set annual caps in respect of the transactions contemplated under the 2021 MCSA No.1 for each of the three financial years ending 31 December 2022, 2023 and 2024 which are RMB132 million, RMB129 million and RMB139 million, respectively.

2021 MCSA No.2

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into a master composite services agreement ("**2021 MCSA No.2**") with Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group) (as receiving parties), pursuant to which the Group agreed to provide the living services, engineering and maintenance services, telecommunication services, to the respective receiving parties, for a term of three years from 1 January 2022 to 31 December 2024 on and subject to the respective terms and conditions contained therein. The Group set annual caps in respect of the transactions contemplated under the 2021 MCSA No.2 for each of the three financial years ending 31 December 2022, 2023 and 2024 which are RMB34 million, RMB41 million and RMB44 million, respectively.

The 2021 MTA No.1, 2021 MCSA No.1 and 2021 MCSA No.2 and the annual caps contemplated thereunder were unanimously passed as ordinary resolutions of the Company in the extraordinary general meeting held on 30 December 2021. For details, please refer to the Company's announcement dated 30 December 2021.

For details of the 2021 MTA No.1, 2021 MTA No.2, 2021 MCSA No.1 and 2021 MCSA No.2, please refer to the Company's announcement dated 29 October 2021 and the Company's circular dated 9 December 2021.

The independent non-executive Directors have reviewed the abovementioned continuing connected transactions undertaken during the year, and confirmed that such transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms and on terms no less favourable to the Group than terms available from independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

REPORT OF THE DIRECTORS

Moore Stephens CPA Limited, Certified Public Accountants, the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

For the purpose of Rule 14A.56 of the Listing Rules, Moore Stephens CPA Limited, the independent auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe the continuing connected transactions abovementioned:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods and services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;
- (iv) have exceeded the annual cap as set by the Company with respect to the aggregate amount of each of the continuing connected transactions.

The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

SIGNIFICANT RELATED PARTY TRANSACTIONS

In connection with the significant related party transactions set out in note 32 to the consolidated financial statements, save for the transactions set out in paragraph headed "Connected Transactions" in this Report of the Directors, these related party transactions do not constitute connected transactions or continuing connected transactions within the meaning of Chapter 14A of the Listing Rules. For the year ended 31 December 2021, the Company has complied with the disclosure requirements of Chapter 14A of Listing Rules.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

Please refer to page 50 of the Corporate Governance Report of this annual report for details.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of the relevant employees and relevant operation units from time to time. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed in the section headed “Relationship with the Controlling Shareholders” of the Prospectus, during the year ended 31 December 2021, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

EMOLUMENT POLICY

The Group’s emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the remuneration committee of the Company (“**Remuneration Committee**”) on the basis of their merit, qualifications and competence.

The emoluments of the Directors are proposed by the Remuneration Committee to the Board, having regards to the Group’s operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme (“**MPF Scheme**”) under rules and regulations of Mandatory Provident Fund Schemes Ordinance of Hong Kong for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees’ salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2021.

The Group’s subsidiaries in the PRC Mainland, in compliance with the applicable regulations of the PRC Mainland, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the year under review, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

During the period under review, total emolument of RMB72.9 million was charged to the consolidated income statement, representing RMB2.1 million for the Directors’ remuneration and RMB70.8 million for other staff’s salaries and allowance.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 41 to 56 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, it is confirmed that the Company has maintained a sufficient public float throughout the year ended 31 December 2021 and up to the date of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges losses, damages and expenses which he/she may sustain by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her office or trusts, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to him/her.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for the directors and officers of the Company.

AUDITOR

The consolidated financial statements for the year ended 31 December 2021 were audited by Moore Stephens CPA Limited. A resolution will be proposed at the forthcoming AGM for the re-appointment of Moore Stephens CPA Limited as the independent auditor of the Company.

On behalf of the Board

MAN Lai Hung

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 March 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules on the Stock Exchange.

The Board is of the view that throughout the year ended 31 December 2021, the Company has complied with all the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 as explained under the paragraph "Chairman and Chief Executive Officer" below.

The Company is committed to enhancing its corporate governance practices appropriate to the operation and growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding Directors' securities transactions.

Specific enquiry has been made by the Company with all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

During the year ended 31 December 2021 and up to the date of this annual report, the Board comprises the following Directors:

Executive Directors

Ms. MAN Lai Hung (*Chairman and Chief Executive Officer*)

Ms. HO Suk Mee

Mr. LIU Xing⁽¹⁾

Non-executive Director

Ms. LIANG Yuhua⁽²⁾

Independent Non-executive Directors

Ms. LAW Elizabeth

Mr. HO Cham

Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Notes:

(1) Re-designated from non-executive Director to executive Director with effect from 1 January 2021.

(2) Re-designated from executive Director to non-executive Director with effect from 1 January 2021.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors including the relationships among the members of the Board are set out in the section headed "Directors' Profile" of this annual report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

Code provision C.5.1 of the CG Code provides that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the year ended 31 December 2021, the Company adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals to discuss overall strategy as well as operations and financial performance of the Group. The Board held five meetings during the year ended 31 December 2021. Apart from regular Board meetings, the Chairman also held one meeting with independent non-executive Directors only without the presence of other Directors during the year.

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance. Notice of regular Board meetings is served to all the Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest development and financial position of the Company and to enable them to make decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management normally will attend regular Board meetings and where necessary, other Board and Board committee meetings, to advise on business development, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at the meetings for approving transactions in which such Directors or any of their associates have a material interest.

The secretary of the meetings is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final version are open for Director's inspection.

Attendance Records of Directors

The attendance records of each Director at the Board, Board committee meetings and the general meetings of the Company held during the year ended 31 December 2021 are set out below:

Name of Director	Number of Attendance in Person/Number of Meeting(s)					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting ⁽¹⁾	Extraordinary General Meeting ⁽²⁾
Ms. MAN Lai Hung	4/5	N/A	2/2	2/2	1/1	0/1
Ms. HO Suk Mee	5/5	N/A	N/A	N/A	1/1	1/1
Mr. LIU Xing ⁽³⁾	5/5	N/A	N/A	N/A	1/1	1/1
Ms. LIANG Yuhua	5/5	N/A	N/A	N/A	1/1	1/1
Ms. LAW Elizabeth	5/5	2/2	2/2	2/2	1/1	1/1
Mr. HO Cham	5/5	2/2	N/A	2/2	1/1	1/1
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)	5/5	2/2	1/2	N/A	1/1	1/1

Notes:

- (1) The annual general meeting of the Company was held on 25 June 2021.
- (2) The extraordinary general meeting of the Company was held on 30 December 2021.
- (3) Mr. LIU Xing had ceased to be a member of Audit Committee with effect from 1 January 2021.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Ms. MAN Lai Hung. However, the Board considers that Ms. MAN Lai Hung has in-depth knowledge and experience in the Group's businesses in the PRC Mainland and therefore it is the best interests of the Group for her to take up the dual roles of the chairman and chief executive officer. The Board believes that the combined roles of Ms. MAN Lai Hung can provide the Company with strong and consistent leadership that facilitates effective and efficient planning and implementation of business decisions and strategies, and should be overall beneficial to the management and development of the Group's business. The structure is supported by the Company's well established corporate governance structure and internal control policies.

Independent Non-executive Directors

During the year ended 31 December 2021, the Board at all times met the requirements of the Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director has entered into an appointment letter with the Company for a term of three years commencing from 1 November 2019 and the appointment letter shall continue unless and until terminated by not less than three months' notice in writing served by either party to another.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years (except for Ms. LIANG Yuhua whose term commenced from 1 January 2021 and expiring on 31 October 2022), subject to renewal after the expiry of the current term.

The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the non-executive Director and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interest and serving on Board committees, all non-executive Directors (including the independent non-executive Directors) make various contributions to the effective direction of the Company.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

All Directors shall carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

If any substantial Shareholder or Director has a potential conflict of interest in a matter to be considered by a general meeting or the Board, the relevant Directors shall abstain from voting and a Board meeting attended by independent non-executive Directors who have no material interest in the matter shall be held to discuss and vote on the same. Save as disclosed above, there are no relationships (including financial, business, family or other material/relevant relationship(s)) among the Board members.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

A summary of trainings received by the Directors during the year ended 31 December 2021 according to the records provided by the Directors is as follows:

Directors	Types of Trainings ⁽¹⁾
Executive Directors	
Ms. MAN Lai Hung	A, B
Ms. HO Suk Mee	A, B
Mr. LIU Xing ⁽²⁾	A, B
Non-executive Director	
Ms. LIANG Yuhua ⁽³⁾	A, B
Independent Non-executive Directors	
Ms. LAW Elizabeth	A, B
Mr. HO Cham	A, B
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)	A, B

Notes:

(1) Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

(2) Re-designated from non-executive Director to executive Director with effect from 1 January 2021.

(3) Re-designated from executive Director to non-executive Director with effect from 1 January 2021.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their respective authority and duties. The terms of reference of the Board committees are of no less exacting terms than those set out in the CG Code and are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

Audit Committee

As at 31 December 2021, the Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise).

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operation and internal control system.

During the year ended 31 December 2021, the Audit Committee held two meetings to review, in respect of the year ended 31 December 2021, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function and re-appointment of external auditors and engagement of non-audit services and relevant scope of works, and connected transactions and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has been provided with sufficient resources to discharge its duties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration Committee

As at 31 December 2021, the Remuneration Committee consists of two independent non-executive Directors, namely Mr. MAK Ping Leung (Chairman) and Ms. LAW Elizabeth and one executive Director, Ms. MAN Lai Hung.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2021, the Remuneration Committee held two meetings to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive, non-executive and independent non-executive Directors and the senior management and other related matters.

Details of the remuneration of the senior management by band are set out in this report on page 51.

Nomination Committee

As at 31 December 2021, the Nomination Committee consists of one executive Director, Ms. MAN Lai Hung (Chairman), and two independent non-executive Directors, namely Ms. LAW Elizabeth and Mr. HO Cham.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, structure and size, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year ended 31 December 2021, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for re-election at the annual general meeting and to consider and recommend to the Board on the appointment of non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended 31 December 2021, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Directors' Service Contracts and Director's Fee

On 21 December 2021, the Board ratified and approved the service contract of Ms. MAN Lai Hung, the executive Director, for a fixed term of three years commenced from 1 October 2021 and expiring on 30 September 2024, and to pay Ms. MAN an annual director's fee of HK\$216,000 for her role as an executive Director.

On 21 December 2021, the Board ratified and approved the service contract of Ms. HO Suk Mei, the executive Director, for a fixed term of three years commenced from 1 December 2021 and expiring on 30 November 2024, and to pay Ms. HO an annual director's fee of HK\$216,000 for her role as an executive Director.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group.

Details of the remuneration of each of the Directors for the year ended 31 December 2021 are set out in note 9 to the consolidated financial statements.

Details of the 5 individuals with the highest emoluments (including Directors, senior management and employees of the Group) are set out in note 10 to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including but not limited to business, operation as well as environmental, social and governance (“**ESG**”) risks) it is willing to take in achieving the Company’s strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee and the internal control consultant engaged by the Company assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management (including but not limited to business, operation as well as ESG related risks) and internal control systems.

In order to ensure the effective implementation of such internal control policies, we have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, including the following:

- we established an Internal Audit Department in December 2016. The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to accounting, financial policies and practices and provided its findings and recommendations for improvement to the Audit Committee;
- for the purpose of enhancing compliance awareness and knowledge, we have arranged compliance training for our management. The trainings provide information with respect to our internal control policies in relation to compliance with relevant laws and regulations. In addition, during the year ended 31 December 2021, training has also been provided to our Directors and senior management in relation to compliance with the Listing Rules. Also, we expect to provide continuous and regular training when necessary;
- we have engaged external professional advisers as necessary to work with our Group to conduct regular review to assist in full compliance with relevant rules and regulations.

On 25 March 2022, the management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021. The Directors are of the view that the risk management and internal control systems are adequate and effective.

At the Board meeting held on 25 March 2022, the Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, ESG performance and reporting, and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Whistleblowing Policy for Employees to Raise Concerns About Possible Improprieties

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. The Company's employees at all levels should conduct themselves with integrity, impartiality and honesty.

The Board has adopted a Whistleblowing Policy to govern and deal with fairly and properly concerns raised by the Company's employees about any suspected misconduct or malpractice regarding financial reporting, internal control or other matters within the Company.

The Audit Committee of the Company shall review regularly the policy and ensure that arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

PERFORMANCE OF THE DEED OF NON-COMPETITION AND OTHER UNDERTAKINGS

The independent non-executive Directors were delegated with the authority to review, on an annual basis, the compliance with the deed of non-competition and other undertakings (the "**Deed of Undertakings**") executed by Ms. MAN Lai Hung and Elland Holdings Limited (the "**Controlling Shareholders**") on 21 October 2016, in favour of the Company. Pursuant to the Deed of Undertakings, each of the Controlling Shareholders has, amongst other matters, irrevocably undertaken to the Company on a joint and several basis that at any time during the Relevant Period (as defined therein), each of them will not, directly or indirectly, compete or may compete with the Company's business. A summary of the principal terms of the Deed of Undertakings is set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. Each of the Controlling Shareholders and her/its close associates has confirmed that she/it had complied with the Deed of Undertakings during the year ended 31 December 2021 and up to the date of this annual report. The independent non-executive Directors were not aware of any non-compliance of the Deed of Undertakings given by the Controlling Shareholders during the year ended 31 December 2021 and up to the date of this annual report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2021.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of insider information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report on pages 57 to 61.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of each of the Directors for the year ended 31 December 2021 are set out in note 9 to the consolidated financial statements.

The annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2021 is set out below:

	Number of individuals
Nil to RMB1,000,000	4
RMB1,000,001 to RMB2,000,000	–
Total	4

AUDITORS' REMUNERATION

During the year ended 31 December 2021, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors, is set out below:

Category of services	Fee paid/ payable RMB'000
Audit services	787
Non-audit services	426
Total	1,213

COMPANY SECRETARY

Mr. LAU Chun Pong, the company secretary as well as the Chief Financial Officer and one of the Authorised Representatives of the Company, is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. Mr. LAU reports to the Chairman and is responsible for advising the Board on governance matters.

According to Rule 3.29 of the Listing Rules, Mr. LAU has confirmed that he has taken no less than 15 hours of relevant professional trainings during the year ended 31 December 2021. The biographical details of Mr. LAU are set out on page 24 of this annual report.

DIVIDEND POLICY

The Board aims at providing sustainable returns to the Shareholders whilst retaining adequate reserves for the Group's future development. Under a dividend policy adopted by the Board on 22 March 2019 (the "**Dividend Policy**"), the declaration, payment and amount of dividends will be subject to the Board's discretion and the approval of the Shareholders. Subject to the factors set out below, the Group targets to distribute dividend to its Shareholders no less than 25% of the Company's audited consolidated profit attributable to the owners of the Company in any financial year.

Dividends may be recommended, declared and paid to the Shareholders from time to time. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

- results of operations;
- cash flows;
- financial position;
- statutory and regulatory restrictions on the dividends paid by the Group;
- future prospects; and
- other factors which the Board considers relevant.

The Board will review the Dividend Policy from time to time.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy on 21 October 2016 (the "**Board Diversity Policy**") which sets out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity. The Nomination Committee has primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships.

Selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on merit and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee is responsible for reviewing the policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives.

The Nomination Committee shall review this policy and the measurable objectives, as appropriate, to ensure the continued effectiveness of the Board.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy on 21 October 2016 which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of knowledge, skills, experience, capability and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The procedure of appointing and re-appointing a Director is summarised as follows:

- the identification of Director candidates by the Nomination Committee based upon suggestions from current Directors, senior management, or recommendations by Shareholders;
- a review of the candidates' qualifications by the Nomination Committee to determine which candidates best meet the Board's required and desired criteria, as further described below;
- interviews of interested candidates, among those who best meet the desired criteria, by the chairman of the Nomination Committee;
- recommended candidates to the Board will according to a majority vote from the Nomination Committee;
- a report to the Board by the Nomination Committee on the selection process; and
- formal nomination by the Nomination Committee for inclusion in the slate of directors for the annual meeting of Shareholders or appointment by the Board to fill a vacancy during the intervals between Shareholder meetings.

Factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 31 December 2021, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and consider the qualifications of the retiring Directors standing for re-election at the annual general meeting.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees, are available to answer Shareholders' questions at general meetings. A notice to Shareholders is sent by the Company at least 20 clear business days before the annual general meeting and at least 10 clear business days in all other general meetings.

During the year ended 31 December 2021, the Company has not made any changes to its Memorandum and Articles of Association. The Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

To promote effective communication, the Company maintains a website (www.cliffordmodernliving.com), where up-to-date information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a Shareholders' Communication Policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Article 64 of the Company's Articles of Association provides that any one or more Shareholders of the Company holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Directors or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Article 112 of the Company's Articles of Association provides that if a Shareholder, who is duly qualified to attend and vote at general meetings of the Company, wishes to propose a person ("**Candidate**") for election as a Director at a general meeting, he/she/it should lodge (i) a written notice ("**Proposal Notice**") of the intention to propose the Candidate for election as a Director; and (ii) a written notice ("**Consent Notice**") by the Candidate of his/her willingness to be elected at either the headquarters and principal place of business of the Company (8 Shiguang Road, Panyu, Guangzhou, Guangdong, the PRC Mainland) or Hong Kong share registrar of the Company (Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) at least seven clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven clear days in length.

Procedures for Putting Forward Proposals at General Meetings

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal ("**Proposal**") with his/her/its detailed contact information at the Company's headquarters and principal place of business of the Company in the PRC Mainland, with a copy of the Proposal served to the Company's Hong Kong share registrar at their respective address and contact details set out on page 2 of this annual report.

The request will be verified with the Company's Hong Kong share registrar and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- (1) Notice of not less than twenty-one clear days and not less than twenty clear business days in writing if the Proposal requires approval in an annual general meeting of the Company; and
- (2) Notice of not less than fourteen clear days and not less than ten clear business days in writing if the Proposal requires approval in an extraordinary general meeting of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 7th Floor, Chai Wan Industrial City, Phase II, 70 Wing Tai Road, Chai Wan, Hong Kong
(For the attention of the Board of Directors/Company Secretary)

Telephone: (852) 2889 0183

Fax: (852) 2889 2422

Email: pr@cliffordmodernliving.com.hk

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INDEPENDENT AUDITOR'S REPORT



Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

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Independent Auditor's Report to the Shareholders of
Clifford Modern Living Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Clifford Modern Living Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 62 to 147, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Incremental borrowing rates ("IBR") adopted for HKFRS 16 (Refer to Notes 4(a) and 16 to the consolidated financial statements).

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2021, the Group has right-of-use assets and lease liabilities which amounted to approximately RMB55,336,000 and RMB65,891,000 respectively.	Our key procedures to address the matter included: <ul style="list-style-type: none">– understanding the IBR adopted by the Group's management;
The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's IBR.	<ul style="list-style-type: none">– obtaining the valuation report on the IBR assessment and assessing the independent valuer's competence, capabilities, independence and objectivity;
The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.	<ul style="list-style-type: none">– discussing with the Group's management about the other assumptions made in the assessment and challenging the reasonableness of the key inputs including assessing the reasonableness of the reference based on relevant market data of comparable debt instruments, where appropriate; and
Significant estimations involved when no observable rates are available, especially the Group does not enter into financing transactions. The Group estimates the IBR using observable inputs such as comparable debt financing instruments with similar term, we therefore identified such as a key audit matter.	<ul style="list-style-type: none">– evaluating the sensitivity analysis performed by the Group's management on the key assumptions and assessing the potential impacts of a range of possible outcomes.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by those charged with governance in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed term of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited

Certified Public Accountants

Hung, Wan Fong Joanne

Practising Certificate Number: P05419

Hong Kong, 25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	6	430,836	420,944
Cost of sales		(236,209)	(237,189)
Gross profit		194,627	183,755
Other income and (losses)/gains, net	6	(12,903)	44,816
Selling and marketing expenses		(32,502)	(32,632)
Administrative expenses		(35,645)	(32,274)
Reversal of/(recognition of) impairment loss on trade and other receivables	20	57	(373)
Finance costs	7	(2,188)	(1,766)
Profit before taxation	8	111,446	161,526
Income tax expense	11	(30,322)	(32,788)
Profit and total comprehensive income for the year attributable to owners of the Company		81,124	128,738
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
– Basic and diluted	13	0.080	0.127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	14,309	17,236
Investment properties	15	3,692	7,306
Right-of-use assets	16	55,336	32,199
Intangible assets	17	1,484	1,917
Financial assets at fair value through profit or loss	18	–	4,181
Investment in silver bullion	19	117,046	138,290
Other receivables	20	4,222	3,298
Deferred tax assets	26(a)	2,496	2,251
		198,585	206,678
Current assets			
Inventories	21	18,213	14,858
Trade and other receivables	20	113,274	97,846
Contract assets	22	16,361	15,835
Term deposits	23(a)	64,792	13,933
Restricted cash	23(b)	559	618
Cash and cash equivalents	23(c)	351,877	344,401
		565,076	487,491
Current liabilities			
Trade and other payables	24	98,727	100,434
Contract liabilities	25	23,457	30,860
Lease liabilities	16	11,825	9,213
Tax payables		9,712	11,690
		143,721	152,197
Net current assets		421,355	335,294
Total assets less current liabilities		619,940	541,972
Non-current liabilities			
Lease liabilities	16	54,066	34,919
Deferred tax liabilities	26(b)	3,347	3,059
		57,413	37,978
Net assets		562,527	503,994

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	8,876	8,872
Share premium	27	179,333	179,136
Other reserves	28	(99,283)	(99,514)
Retained earnings		473,601	415,500
Total equity		562,527	503,994

The consolidated financial statements on pages 62 to 147 were approved and authorised for issue by the board of directors on 25 March 2022 and are signed on its behalf by:

Ms. MAN Lai Hung

*Chairman & Chief Executive Officer &
Executive Director*

Ms. HO Suk Mee

Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Notes	Attributable to owners of the Company				
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
		RMB'000 (Note 27)	RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000	RMB'000
Balance at 1 January 2020		8,872	179,118	(105,706)	316,108	398,392
Comprehensive income						
Profit for the year		–	–	–	128,738	128,738
Transactions with owners of the Company						
Dividends approved and paid to shareholders of the Company	12(a)	–	–	–	(23,136)	(23,136)
Employees' Share Option Scheme:						
– Exercise of share options	28	–	18	(18)	–	–
De-registration of subsidiaries	28	–	–	(1,361)	1,361	–
Appropriation of statutory reserves	28	–	–	7,571	(7,571)	–
		–	18	6,192	(29,346)	(23,136)
Balance at 31 December 2020 and 1 January 2021		8,872	179,136	(99,514)	415,500	503,994
Comprehensive income						
Profit for the year		–	–	–	81,124	81,124
Transactions with owners of the Company						
Dividends approved and paid to shareholders of the Company	12	–	–	–	(22,764)	(22,764)
Employees' Share Option Scheme:						
– Exercise of share options	28	4	197	(28)	–	173
Appropriation of statutory reserves	28	–	–	259	(259)	–
		4	197	231	(23,023)	(22,591)
Balance at 31 December 2021		8,876	179,333	(99,283)	473,601	562,527

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit before taxation		111,446	161,526
Adjustments for:			
– Depreciation of property, plant and equipment	14	3,906	5,013
– Depreciation of investment properties	15	6,127	4,385
– Depreciation of right-of-use assets	16	7,839	6,762
– Amortisation of intangible assets	17	454	527
– Loss/(gain) on disposal of property, plant and equipment, net	6	65	(1)
– Gain on derecognition of Right-of-use assets or investment properties due to entering into finance lease as lessor		(2,505)	–
– Scrap of property, plant and equipment	6	–	667
– (Gain)/loss on early termination of leases	6	(49)	379
– Gain on modification of leases	6	(37)	(607)
– Interest expenses on lease liabilities	16	2,188	1,766
– Written off of trade receivables	8	–	218
– Gains from financial assets at fair value through profit or loss	18	(102)	(357)
– Fair value loss/(gain) on investment in silver bullion	19	21,244	(35,801)
– (Reversal of)/provision for impairment loss on trade and other receivables, net	20	(57)	373
– Exchange difference, net	6	(364)	(3,113)
– Interest income		(4,041)	(2,948)
Operating profit before working capital changes		146,114	138,789
Decrease/(increase) in restricted cash		59	(2)
Increase in inventories		(3,355)	(6,081)
Increase in contract assets		(526)	(4,278)
(Increase)/decrease in trade and other receivables		(12,305)	2,190
(Decrease)/increase in contract liabilities		(7,403)	7,404
Decrease in trade and other payables		(1,707)	(283)
Cash generated from operations		120,877	137,739
Income tax paid		(32,257)	(32,527)
Net cash generated from operating activities		88,620	105,212

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(1,087)	(8,591)
Purchases of intangible assets	17	(21)	(707)
Acquisition of silver bullion	19	-	(102,489)
Proceeds from disposal of property, plant and equipment		43	26
(Increase)/decrease in term deposits	23(a)	(50,000)	16,853
Purchase of financial assets at fair value through profit or loss	18	-	(37,000)
Proceeds from disposal of financial assets at fair value through profit or loss	18	4,283	37,323
Interest received		4,041	2,948
Net cash used in investing activities		(42,741)	(91,637)
Cash flows from financing activities			
Repayment of lease liabilities – principal	16	(13,652)	(9,199)
Repayment of lease liabilities – interest	16	(2,188)	(1,766)
Payments of dividends	12(a)	(22,764)	(23,136)
Proceeds from exercise of share options		201	18
Net cash used in financing activities		(38,403)	(34,083)
Net changes in cash and cash equivalents		7,476	(20,508)
Cash and cash equivalents at beginning of year		344,401	364,909
Cash and cash equivalents at end of year	23(c)	351,877	344,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Clifford Modern Living Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 7th Floor, Chai Wan Industrial City, Phase II, 70 Wing Tai Road, Chai Wan, Hong Kong.

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2016 (the “**Listing**”). In the opinion of the directors of the Company, the ultimate holding company of the Group is Elland Holding Limited, a company incorporated in the British Virgin Islands which is wholly owned by Ms. Man Lai Hung (“**Ms. Man**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are primarily engaged in the provision of services to residents in properties developed under the brand name of Clifford, including retail services, catering services, property management services, laundry services, off-campus training services, property agency services, employment placement services, information technology services, renovation and fitting-out services, etc, in the mainland of People’s Republic of China (the “**PRC Mainland**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, which is the same as the functional currencies of the Company and its subsidiaries. All value are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), will collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and interpretation issued by the Hong Kong Institution of Certified Public Accountants (“**HKICPA**”). The consolidated financial statements also comply with applicable disclosure requirements of the Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost basis except for the investment in silver bullion and certain financial instruments which have been measured at fair value at the end of the reporting period, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared on basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2020 except for the adoption of certain new and revised HKFRSs that are relevant to the Group and effective from the current period as set out in note (a).

It should be noted that accounting estimate and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates, there are involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 4 “Significant accounting judgements and estimates”.

2. BASIS OF PREPARATION (CONTINUED)

(a) Amended standards adopted by the Group

In the current year, the Group has adopted, for the first time, the following revised HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the accounting period beginning on 1 January 2021 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform Phase 2
HKFRS 4 and HKFRS 16

In addition, the Group has early applied the Amendments to HKFRS 16 "Covid-19-Related Rent Concession beyond 30 June 2021", which are mandatorily effective for annual reporting periods beginning on or after 1 April 2021.

The adoption of revised HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on disclosure set out in the consolidated financial statements.

Impact on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021" (the "2021 Amendment")

The Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions" in prior year and the 2021 Amendment in the current year. The 2021 Amendment extends the availability of the practical expedient set out in paragraph 46A of HKFRS 16 to rent concessions on or before 30 June 2022. The early application of the 2021 Amendment has had no impact to the opening retained profits at 1 January 2021 and the financial position and financial performance for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. BASIS OF PREPARATION (CONTINUED)

(b) New standards and amendments not yet effective for the financial year beginning on 1 January 2021 and not early adopted by the Group

The Group has not early adopted any of the following new and amendments to HKFRSs, which have been issued but are not yet effective, in these consolidated financial statements:

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	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 HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022

* The amendments were original intended to be effective for annual periods beginning on or after 1 January 2020. The effective date has now been deferred. Early adoption of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new or revised standards, interpretation and amendments to HKFRSs. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group loses control of a subsidiary, it (i) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost, and (ii) recognises the aggregate of the fair value of the consideration received, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. Control is achieved when the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Business combinations

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of changes in equity.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statement, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

No geographic information is shown as the revenue and profit from operations of the Group are mainly derived from activities in the PRC Mainland.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Translation of foreign currency

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income within "other income and gains, net".

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the consolidated financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated income statement.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

- Machinery	3-15 years
- Vehicles	4-15 years
- Office equipment	3-5 years
- Leasehold improvements	Over the remaining life of the lease, about 2-10 years
- Other equipment	3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3(h)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and gains, net" in the consolidated statement of profit or loss and other comprehensive income.

(e) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties also include lease properties which are being recognised as right-of-use assets and subleased by the Group under operating lease. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the period of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at the date and its previous carrying amount is recognised in the consolidated income statement.

(f) Intangible assets

The Group's intangible assets represent computer software. Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

a) When the Group is the lessee: (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position.

Right-of-use assets which meets the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 3(e).

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable..

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

a) When the Group is the lessee: (Continued)

Lease liabilities (Continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

b) When the Group is the lessor:

The Group leases equipment under finance leases and office spaces, retail stores and investment properties under operating leases to non-related parties.

Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

b) When the Group is the lessor: (Continued)

Lessor – Finance leases (Continued)

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets deferred tax assets and investment property), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statement of profit or loss in the period in which it, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(i) Investments and other financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Subsequent measurement

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as revenue in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables (excluding prepayments) and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 34 for more details.

(k) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities, third party interests in consolidated investment fund, bank overdrafts and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investment in silver bullion

As disclosed in Note 19, the investment in silver bullion was made by the Group through the bank during the year. Given that the underlying asset of the investment contract is a kind of commodity, the settlement of investment contract is either sell their silver bullion to third parties through the bank at the exit price (i.e. bid price reference to London Silver Spot Price) or collect the silver bullion in physical form at the Group's sole discretion, and such transaction is not within the normal course of business of the Group but for long term capital appreciation. The management of the Company considered it is appropriate to develop the following accounting policy for the recognition and measurement of the investment in silver bullion and apply it consistently:

"On initial recognition, the investment of silver bullion is measured at fair value with the gain or loss arising from subsequent changes in the fair value of the investment to be included in the profit or loss in the period in which they arise.

Expenditures that are directly attributable to the investment in silver bullion are expensed in the profit or loss."

(m) Inventories

Inventories are assets which are held for sale in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value. Cost, which comprises purchase price and other costs directly attributable to acquisition of inventories, is determined using the first-in first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Cash and cash equivalents, restricted cash and term deposits

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated statement of financial position. Bank deposits with initial terms of over three months are included in "term deposits" in the consolidated statement of financial position. Restricted cash and term deposits with initial terms of over three months are excluded from cash and cash equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

(p) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Revenue recognition

The Group establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contract(s) with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The Group recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on transfer of control. The Group recognises revenue when a performance obligation is satisfied. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Property management fee

Revenue from property management services (both under lump sum basis and under commission basis) and resident support services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed.

For property management service income from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management service fee received by the properties. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group entitles revenue at a pre-determined percentage of the property management fee received by the properties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (Continued)

(ii) Sales of goods and commission income – retail services

The Group operates one supermarket and several convenient stores for selling commodities. Sales of goods are recognised when control of the goods has been transferred to the customers. Commission income from concessionaire sales is recognised upon delivery of goods.

(iii) Provision of property agency services

The Group provides property agency services on the residential communities, including property sales agency services, property lease agency services. Agency commission income is recognised when a buyer and seller or lessee and lessor execute a legally binding sale or lease agreement and when the relevant agreement becomes unconditional and irrevocable.

(iv) Provision of information technology services and renovation and fitting-out services

The Group provides information technology services, which primarily involves provision of information technology services, related engineering services, security system and hardware and software integration, and telecommunication services.

The Group provides renovation and fitting-out services principally for residents, tenants or owners or their principal contractors of residential communities in proximity to their residential units, offices, shops and other properties.

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on construction assets under the control of customer and therefore the Group's construction activities create or enhance an asset under our customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

Where the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (Continued)

(iv) Provision of information technology services and renovation and fitting-out services (Continued)

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction activities. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it would recognise these costs as an asset only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

(v) Provision of other services

The Group also provides various services, such as laundry services, off-campus training services, catering services, employment placement services, etc. Revenue is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

(vi) Rental income

The Group's policy for recognition of revenue from operating leases is described in Note 3(g).

(vii) Interest income

Interest income is recognised using the effective interest method.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (Continued)

(vii) Interest income (Continued)

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

(r) Employee benefits

(i) Pension obligations

The Group companies incorporated in the PRC Mainland contribute funds, based on certain percentage of the salaries of the employees, to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC Mainland on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further legal or constructive obligation for post-retirement benefits beyond the contributions made.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("**MPF Scheme**") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and Hong Kong Dollars ("**HK\$**")1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

Contributions to these defined contributions plans are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (Continued)

(ii) Housing benefits

PRC Mainland employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(s) Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an employee benefit expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Fair value measurement

The Group measures its equity, fund and debt investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(x) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors of the Company have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

Judgements

In the process of applying the Group's accounting policies, the directors of the Company have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Lease – estimation of IBR

The Group cannot readily determine the interest rate implicit in the leases, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available especially the Group does not enter into financing transactions. The Group estimates the IBR using observable inputs (such as similar debt financing instrument) when available and is required to make certain entity-specific estimates (such as the relevant subsidiary's stand-alone credit rating).

Using inaccurate rate may induce understatement of lease liabilities when a lower IBR was used.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

(b) Impairment of trade and other receivables and contract assets

The Group makes allowances on trade and other receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 34(A)(iii).

(c) Estimation of the fair value of financial assets at fair value through profit or loss

Fair value of financial assets at fair value through profit or loss that are not traded in an active market is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks associated with the investments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 34(C)(ii).

(d) Revenue from renovation and fitting-out services contracts with customers

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts and is measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. The Group reviews and revises the estimates of contract costs, variation orders and contract claims prepared for each construction contract. Budgeted contract costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved, professional estimation on costs of materials, labour costs and etc. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

In addition, significant judgement is required to assess the recoverability of contract costs when difference between the estimated costs and the actual costs incurs.

(e) Income taxes

The Group is subject to corporate income taxes in the PRC Mainland and profits tax in Hong Kong. Judgement is required in determining the amount of the provision for taxation and timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

(f) **Operating lease commitments - Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, who are the chief operating decision makers of the Group, was specifically focused on the segments of retail services, information technology services, property management services, off-campus training services, property agency services, renovation and fitting-out services and other services for the purpose of resource allocation and performance assessment. These divisions are the basis on which the Group reports its segment information under HKFRS 8 "Operating Segments".

The executive directors of the Company assess the performance of the operating segments based on a measure of segment revenue and results and segment assets and liabilities. Segment results excluded other income and other (losses)/gains, net, finance costs, central administration expenses, income tax expense, and segment assets excluded financial assets at fair value through profit or loss, investment in silver bullion, term deposits, restricted cash, cash and cash equivalents and deferred tax assets and segment liabilities excluded deferred tax liabilities as these activities are centrally driven by the Group.

As the revenue from catering service segment exceeds 10% of the combined revenue of all operating segments, the operating information for catering service segment was separately disclosed as a new reportable segment of the Group. Certain comparative segment information has been reclassified to conform with the current year's presentations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. SEGMENT INFORMATION

Segment revenue and results

The segment revenue and results and the reconciliation with profit for the year are as follows:

For the year ended 31 December 2021

	Retail services	Information technology services	Property management services	Off-campus training services	Property agency services	Renovation and fitting-out services	Catering services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	138,570	83,313	78,983	39,347	17,016	6,504	50,884	19,509	434,126
Inter-segment revenue	(271)	(411)	(2,451)	(108)	-	-	-	(49)	(3,290)
Revenue	138,299	82,902	76,532	39,239	17,016	6,504	50,884	19,460	430,836
Timing of revenue recognition									
At a point in time	111,861	13,567	-	-	16,783	-	50,884	19,455	212,550
Over time	26,438	69,335	76,532	39,239	233	6,504	-	5	218,286
	138,299	82,902	76,532	39,239	17,016	6,504	50,884	19,460	430,836
Segment results	21,509	25,447	49,358	13,505	3,741	4,749	13,864	3,259	135,432 ²
Other losses									(12,903)
Finance costs									(2,188)
Unallocated expenses									(8,895)
Income tax expense									(30,322)
Profit for the year									81,124
Segment results include:									
Depreciation and amortisation	(9,235)	(1,024)	(2,626)	(2,934)	(288)	(31)	(1,145)	(1,043)	(18,326)
(Loss)/gain on disposal of property, plant and equipment, net	(69)	-	-	4	-	-	-	-	(65)
(Net impairment losses)/reversal of impairment loss on trade and other receivables	(264)	-	-	-	-	-	-	321	57
Written off of trade receivables	-	-	-	-	-	-	-	-	-
Scrap of property, plant and equipment	-	-	-	-	-	-	-	-	-

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 December 2020

	Retail services RMB'000	Information technology services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Property agency services RMB'000	Renovation and fitting-out services RMB'000	Catering services RMB'000 (restated)	Others RMB'000 (restated)	Total RMB'000
Gross segment revenue	150,021	95,791	77,480	31,319	22,138	18,928	10,370	17,183	423,230
Inter-segment revenue	(133)	(174)	(748)	(114)	-	(1,109)	-	(8)	(2,286)
Revenue	149,888	95,617	76,732	31,205	22,138	17,819	10,370	17,175	420,944
Timing of revenue recognition									
At a point in time	134,684	6,502	-	-	21,889	-	10,370	6,814	180,259
Over time	15,204	89,115	76,732	31,205	249	17,819	-	10,361	240,685
	149,888	95,617	76,732	31,205	22,138	17,819	10,370	17,175	420,944
Segment results	21,974	24,718	45,497	11,927	7,488	5,799	5,198	4,247	126,848
Other income and gains, net									44,816
Finance costs									(1,766)
Unallocated expenses									(8,372)
Income tax expense									(32,788)
Profit for the year									128,738
Segment results include:									
Depreciation and amortisation	(9,112)	(1,142)	(1,557)	(3,322)	(294)	-	(96)	(1,164)	(16,687)
Gain on disposal of property, plant and equipment, net (Net impairment losses)/reversal of impairment loss on trade and other receivables	-	-	1	-	-	-	-	-	1
Written off of trade receivables	(236)	(464)	2	-	-	5	-	320	(373)
Scrap of property, plant and equipment	-	-	-	-	-	-	(12)	(206)	(218)
	(19)	-	-	(648)	-	-	-	-	(667)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group are as follows:

	2021 RMB'000	2020 RMB'000 (restated)
Segment assets		
Retail services	64,494	60,418
Information technology services	109,847	85,882
Renovation and fitting-out services	14	4,511
Off-campus training services	19,692	18,660
Property management services	3,459	7,975
Property agency services	634	4,207
Catering services	20,332	1,644
Others	8,419	7,200
Total segment assets	226,891	190,497
Financial assets at fair value through profit or loss	-	4,181
Investment in silver bullion	117,046	138,290
Term deposits	64,792	13,933
Restricted cash	559	618
Cash and cash equivalents	351,877	344,401
Deferred tax assets	2,496	2,249
Total assets	763,661	694,169
Segment liabilities		
Retail services	79,651	66,663
Information technology services	39,197	51,478
Off-campus training services	27,895	28,225
Renovation and fitting-out services	6,180	12,657
Property management services	15,421	15,056
Property agency services	1,308	2,348
Catering Services	21,845	5,695
Others	6,290	4,994
Total segment liabilities	197,787	187,116
Deferred tax liabilities	3,347	3,059
Total liabilities	201,134	190,175

These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liabilities.

5. SEGMENT INFORMATION (CONTINUED)

As at 31 December 2021, more than 90% (2020: more than 90%) of the Group's non-current assets other than financial assets, investment in silver bullion and deferred tax assets are situated in the PRC Mainland.

During the year ended 31 December 2021, more than 90% (2020: more than 90%) of the Group's revenue were derived from activities carried out and from customers located in the PRC Mainland and no geographical segment analysis is prepared.

(a) Assets and liabilities related to contracts with customers

The Group has recognised the following contract assets and liabilities related to contracts with customers:

	Note	2021 RMB'000	2020 RMB'000
Contract assets	22	16,361	15,835
Contract liabilities	25	23,457	30,860

(i) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised that was included in the balance of contract liabilities at the beginning of the year:

	2021 RMB'000	2020 RMB'000
Off-campus training services	12,764	15,024
Renovation and fitting-out services	7,605	1,401
Information technology services	4,909	4,909
Retail services	2,851	1,765
Property management services	1,877	355
Catering services	850	–
Others	4	2
	30,860	23,456

(ii) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equals to the right to invoice, and for information technology services and renovation and fitting-out services, the Group recognised revenue over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. SEGMENT INFORMATION (CONTINUED)

(a) Assets and liabilities related to contracts with customers (Continued)

(ii) Unsatisfied performance obligations (Continued)

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to relevant contracts for information technology services and renovation and fitting-out services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for information technology services and renovation and fitting-out services that had an original expected duration of one year or less.

For other services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not disclosing the remaining performance obligations for these type of contracts.

(iii) Assets recognised from incremental costs to obtain a contract

There were no significant incremental costs to obtain a contract for the year ended 31 December 2021 (2020: nil).

6. REVENUE, OTHER INCOME AND (LOSSES)/GAINS, NET

An analysis of revenue and other income and (losses)/gains, net is as follows:

	2021 RMB'000	2020 RMB'000
<i>Revenue from contracts with customers within the scope of HKFRS 15, analysed by types of goods or services:</i>		
Sales of goods	125,667	127,354
Engineering work income	63,750	79,337
Property management services	58,019	57,929
Off-campus training services	36,086	28,065
Property agency services	16,797	20,614
Renovation works	6,504	17,819
Resident support services income	17,730	14,637
Catering service income	50,884	10,370
Household cleaning income	7,516	9,539
Laundry services	8,839	9,229
Concessionaire services income	7,520	8,335
Employment placement services	10,616	7,955
Engineering maintenance income	234	6,428
Telecommunication service income	3,108	3,239
Procurement service fee	2,870	3,112
After-rental service income from property agency services	219	246
Others	828	1,917
	417,187	406,125
<i>Revenue from other sources</i>		
Sub-leasing income	13,649	14,819
	430,836	420,944

6. REVENUE, OTHER INCOME AND (LOSSES)/GAINS, NET (CONTINUED)

	Notes	2021 RMB'000	2020 RMB'000
Other income and (losses)/gains, net			
- Interest income on cash and cash equivalents		1,885	1,492
- Interest income from amounts placed in Residents' Accounts (as defined in Note 20(b))		-	734
- Interest income on term deposits		1,768	722
- Interest income on long term receivables		388	-
- Gain on derecognition of right-of-use assets and investment properties upon entering into finance lease as lessor		2,505	-
- Gain on foreign exchanges, net		364	3,113
- Government grants (Note)		676	1,842
- (Loss)/gain on disposal of property, plant and equipment, net		(65)	1
- Scrap of property, plant and equipment	14	-	(667)
- Gain/(loss) on early termination of leases	16	49	(379)
- Gain on modification of leases	16	37	607
- Fair value gains on financial assets at fair value through profit or loss	18	102	357
- Fair value (loss)/gain on investment in silver bullion	19	(21,244)	35,801
- Compensations from tenants		22	666
- Others		610	527
		(12,903)	44,816

Note: Government grants represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

7. FINANCE COSTS

	Note	2021 RMB'000	2020 RMB'000
Interest expenses on lease liabilities	29(b)	2,188	1,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Auditor's remuneration			
– Audit services		787	854
– Non-audit services		426	463
Depreciation charged on:			
– Property, plant and equipment	14	3,906	5,013
– Investment properties	15	6,127	4,385
– Right-of-use assets	16	7,839	6,762
Amortisation of intangible assets	17	454	527
Employee benefit expenses (including director's remuneration (Note 9)) (Note)			
– Salaries, allowance and benefits in kind		64,834	60,569
– Retirement benefit scheme contributions		9,080	2,529
Direct operating expenses arising from investment properties that generated rental income		743	636
Cost of inventories recognised as expenses		91,707	84,789
Minimum lease payments under short-term operating lease		2,693	1,378
Written off of trade receivables		–	218
(Reversal of)/provision for impairment loss on trade and other receivables		(57)	373

Note:

Total employee benefits expenses of approximately RMB39,269,000 (2020: RMB28,685,000), RMB19,433,000 (2020: RMB20,429,000) and RMB15,212,000 (2020: RMB13,984,000) has been charged to cost of sales, selling and marketing expenses and administrative expenses, respectively for the year ended 31 December 2021.

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated based on certain percentages of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

Pursuant to an announcement issued by the Ministry of Human Resources and Social Security of the PRC, in light of COVID-19 outbreak, certain Group entities are exempted from making employer contributions to pension, unemployment, and work-related injury insurance schemes between February to December 2020. Such exemption was not valid in 2021, hence the Group contributed to employer contributions to pension, unemployment, and work-related injury insurance schemes as the amount required by the regulation during the year.

9. DIRECTORS' REMUNERATION

Director's remuneration for the year, disclosed pursuant to the Listing Rules, section 338 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies Regulation, is as follows:

	2021 RMB'000	2020 RMB'000
Fees	1,253	1,344
Salaries, allowances and benefits in kind	432	1,041
Retirement benefit scheme contributions	33	188
	1,718	2,573

The directors' emoluments paid or payable by the Group are as follows:

	For the year ended 31 December 2021			Total RMB'000
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	
Executive directors				
Ms. Man Lai Hung (<i>Chairman & Chief Executive Officer</i>)	179	-	9	188
Ms. Ho Suk Mee	179	432	15	626
Mr. Liu Xing (note (a))	179	-	9	188
Non-executive director				
Ms. Liang Yuhua (note (b))	179	-	-	179
Independent non-executive directors				
Ms. Law Elizabeth	179	-	-	179
Mr. Ho Cham	179	-	-	179
Mr. Mak Ping Leung	179	-	-	179
Total	1,253	432	33	1,718

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9. DIRECTORS' REMUNERATION (CONTINUED)

The directors' emoluments received from the Group are as follows: (Continued)

	For the year ended 31 December 2020			Total RMB'000
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	
Executive directors				
Ms. Man Lai Hung (<i>Chairman & Chief Executive Officer</i>)	192	–	10	202
Ms. Ho Suk Mee	192	463	16	671
Mr. Liu Xing	192	–	–	192
Non-executive director				
Ms. Liang Yuhua	192	578	162	932
Independent non-executive directors				
Ms. Law Elizabeth	192	–	–	192
Mr. Ho Cham	192	–	–	192
Mr. Mak Ping Leung	192	–	–	192
	1,344	1,041	188	2,573

Notes:

- (a) On 1 January 2021, Mr. Liu Xing was redesignated from non-executive director to executive director.
- (b) On 1 January 2021, Ms. Liang Yuhua was redesignated from executive director to non-executive director.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

10. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2021 included one director (2020: two). Details of whose remuneration are set out in Note 9. Details of the remuneration for the year of the remaining four (2020: three) highest paid employees who are not a director of the Company are as follows:

	2021	2020
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,322	2,189
Retirement benefit scheme contributions	202	94
	2,524	2,283

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	2021	2020
Emolument bands		
Nil – RMB1,000,000	4	2
RMB1,000,000 – RMB2,000,000	–	1
	4	3

11. INCOME TAX EXPENSE

	2021	2020
	RMB'000	RMB'000
Current income tax:		
– PRC Mainland corporate income tax	29,597	27,360
– PRC Mainland withholding income tax	600	4,300
– Hong Kong Profits Tax	82	–
– Under-provision in prior year	–	351
	30,279	32,011
Deferred tax:		
– PRC Mainland corporate income tax (Note 26)	(245)	(190)
– PRC Mainland withholding income tax (Note 26)	288	967
Total deferred tax	43	777
Income tax expense	30,322	32,788

11. INCOME TAX EXPENSE (CONTINUED)

PRC Mainland corporate income tax

The income tax provision of the Group in respect of operations in the PRC Mainland has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate applicable to the Group entities located in the PRC Mainland ("**PRC Mainland entities**") is 25% according to the Corporate Income Tax Law of the PRC Mainland effective on 1 January 2008. A subsidiary of the Company obtained the Certificate of "High and New Technology Enterprise" (the "**Certificate**") with valid period up to 2022, under which, the subsidiary enjoys a preferential corporate income rate of 15%.

Certain subsidiaries of the Group are qualified as the qualifying small enterprises according to the relevant tax law and regulation in the PRC Mainland effective from 1 January 2018. When their assessable profit falls under RMB1,000,000, they will be qualified for a reduced 5% effective tax rate, whereas those assessable profit falls under RMB3,000,000 but above RMB1,000,000, they will be qualified for a reduced 10% effective tax rate.

PRC Mainland withholding income tax

PRC Mainland withholding income tax of 10% shall be levied on the dividends declared by PRC Mainland entities to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC Mainland subsidiaries are incorporated or operated in Hong Kong and fulfil the requirement to the tax treaty arrangement between the PRC Mainland and Hong Kong.

During the year, a provision of deferred tax for the earnings of certain profitable PRC Mainland entities which plan to distribute to the respective overseas immediate holding companies has been made at withholding income tax rate of 5% (2020: 5%).

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profit for the year.

Overseas Corporate Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and is exempted from Cayman Islands income tax. British Virgin Islands subsidiaries were incorporated under the International Business Companies Act of the British Virgin Islands and are exempted from British Virgin Islands income tax.

11. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the income tax expense applicable to profit before taxation using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax position at the effective tax rates is as follows:

	2021 RMB'000	2020 RMB'000
Profit before taxation	111,446	161,526
Tax calculated at the rates applicable to the tax jurisdiction concerned	30,103	33,633
Tax effects of income not taxable for tax purposes	(4,859)	(6,437)
Tax effects of extra tax deduction of research and development expenses	(580)	(1,163)
Tax effects of expenses not deductible for tax purposes	4,055	2,099
Tax effect of tax losses not recognised	1,003	104
Tax concession	-	(99)
Under-provision in prior year	-	351
PRC Mainland withholding income tax	600	4,300
Income tax expense	30,322	32,788

12. DIVIDENDS

	2021 RMB'000	2020 RMB'000
(a) Dividend attributable to previous financial year approved and paid during the year:		
Final dividend of HK2.50 cents for the year ended 31 December 2019 per share, equivalent to HK\$25,358,000	-	23,136
Final dividend of HK2.70 cents for the year ended 31 December 2020 per share, equivalent to HK\$27,412,000	22,764	-
	22,764	23,136
(b) Dividend attributable to the year declared but not yet approved at the reporting date [#] :		
Final dividend of HK2.70 cents for the year ended 31 December 2020 per share, equivalent to HK\$27,412,000	-	24,555
Final dividend of HK2.20 cents for the year ended 31 December 2021 per share, equivalent to HK\$22,347,000.	18,584	-
	18,584	24,555

[#] The final dividend proposed after the reporting date was not recognised as a liability at the reporting date. In addition, the final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The amount is translated into RMB at average exchange rate for the year ended 31 December 2021.

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13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Profit attributable to owners of the Company (RMB)	81,124,000	128,738,000
Weighted average number of ordinary shares in issue	1,015,573,973	1,015,213,935
Basic earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)	0.080	0.127

(b) Diluted

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 dilutive potential ordinary shares arising from the employees' share options. For the employees' share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

As stated in Note 28(c), the Employees' Share Option Scheme (as hereinafter defined) was adopted and effective on 8 November 2016. Diluted earnings per share is calculated as below:

	2021	2020
Profit from continuing operations attributable to the owners of the Company (RMB)	81,124,000	128,738,000
Weighted average number of ordinary shares in issue	1,015,573,973	1,015,213,935
Adjustments for:		
– Employees' share options	1,397,513	1,561,421
Weighted average number of ordinary shares for diluted earnings per share	1,016,971,486	1,016,775,356
Diluted earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)	0.080	0.127

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Other equipment RMB'000	Total RMB'000
Year ended 31 December 2020						
Opening net book amount	4,245	498	377	7,718	1,512	14,350
Additions	42	8	1,374	6,970	197	8,591
Scrap (Note 6)	(18)	–	–	(649)	–	(667)
Disposals	(3)	(2)	(19)	–	(1)	(25)
Depreciation charge (Note 8)	(836)	(55)	(322)	(3,475)	(325)	(5,013)
Closing net book amount	3,430	449	1,410	10,564	1,383	17,236
As at 31 December 2020						
Cost	8,903	1,373	5,176	22,785	1,910	40,147
Accumulated depreciation	(5,473)	(924)	(3,766)	(12,221)	(527)	(22,911)
Net book amount	3,430	449	1,410	10,564	1,383	17,236
Year ended 31 December 2021						
Opening net book amount	3,430	449	1,410	10,564	1,383	17,236
Additions	69	18	180	709	111	1,087
Disposals	(45)	(1)	(33)	-	(29)	(108)
Depreciation charge (Note 8)	(626)	(52)	(309)	(2,596)	(323)	(3,906)
Closing net book amount	2,828	414	1,248	8,677	1,142	14,309
As at 31 December 2021						
Cost	8,812	1,388	5,043	23,494	1,970	40,707
Accumulated depreciation	(5,984)	(974)	(3,795)	(14,817)	(828)	(26,398)
Net book amount	2,828	414	1,248	8,677	1,142	14,309

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15. INVESTMENT PROPERTIES

	Leased properties under sub-lease arrangement RMB'000
Cost	
As at 1 January 2020	12,058
Transfer from right-of-use assets (Note 16)	2,997
As at 31 December 2020 and 1 January 2021	15,055
Transferred from right-of-use assets (Note 16)	3,634
Derecognised due to entering into finance lease as lessor	(2,004)
Exchange adjustment	(510)
As at 31 December 2021	16,175
Accumulated depreciation	
As at 1 January 2020	3,364
Depreciation charge (Note 8)	4,385
As at 31 December 2020 and 1 January 2021	7,749
Depreciation charge (Note 8)	6,127
Derecognised due to entering into finance lease as lessor	(914)
Exchange adjustment	(479)
As at 31 December 2021	12,483
Net book amount	
As at 31 December 2020	7,306
As at 31 December 2021	3,692

Amounts recognised in the profit or loss for investment properties

	Notes	2021 RMB'000	2020 RMB'000
Sub-leasing income	6	13,649	14,819
Depreciation over the term of head lease	8	(6,127)	(4,385)

The Group's investment properties are leased properties in relation to operating lease used in sub-leasing business. Certain of the Group's right-of-use assets, which are used in sub-leasing business, meet the definition of investment properties.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Valuation is made annually for impairment assessment purposes based on each property's highest-and-best use using the income capitalisation method. Income capitalisation method is based on capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalisation rates.

The fair value of the investment properties approximately RMB18,470,000 (2020: RMB17,033,000) determined by the independent professional valuer, AVISTA Valuation Advisory Limited ("AVISTA").

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**A. Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Premises RMB'000
Cost	
As at 1 January 2020	22,441
Additions	24,401
Transfer to investment properties (Note 15)	(2,997)
De-recognition due to expiry of leases	(1,990)
De-recognition due to early termination	(1,103)
Modification of leases	529
As at 31 December 2020 and 1 January 2021	41,281
Additions	37,949
Transfer to investment properties (Note 15)	(3,634)
Derecognised due to entering into finance lease as lessor	(868)
De-recognition due to expiry of leases	(1,879)
De-recognition due to early termination	(3,688)
Exchange adjustment	(14)
As at 31 December 2021	69,147
Accumulated depreciation	
As at 1 January 2020	5,112
Depreciation charge (Note 8)	6,762
De-recognition due to expiry of leases	(1,990)
De-recognition due to early termination	(724)
Modification of leases	(78)
As at 31 December 2020 and 1 January 2021	9,082
Depreciation charge (Note 8)	7,839
De-recognition due to expiry of leases	(1,879)
De-recognition due to early termination	(1,219)
Exchange adjustment	(12)
As at 31 December 2021	13,811
Net book amount	
As at 31 December 2020	32,199
As at 31 December 2021	55,336

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

A. Right-of-use assets (Continued)

	2021 RMB'000	2020 RMB'000
Expense relating to short-term and low value leases	2,693	1,378
Payment of interest portion of lease liabilities	2,188	1,766
Payment of principal portion of lease liabilities	13,652	9,199
Total cash outflow for leases (Note)	18,533	12,343

Note: These amounts were presented in operating and financing cash flows.

B. Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Premises RMB'000
Carrying amount at 1 January 2020	28,930
Accretion of interest during the year	1,766
Additions	24,401
Payment of lease liabilities	(10,965)
Carrying amount at 31 December 2020	44,132
Analysed into:	
Current portion	9,213
Non-current portion	34,919
Carrying amount at 1 January 2021	44,132
Accretion of interest during the year	2,188
Additions	37,949
De-recognition due to early termination	(2,518)
Modification of leases	(37)
Payment of lease liabilities	(15,840)
Exchange adjustment	17
Carrying amount at 31 December 2021	65,891
Analysed into:	
Current portion	11,825
Non-current portion	54,066

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**B. Lease liabilities (Continued)**

The maturity analysis of lease liabilities is as follows:

	2021	2020
	RMB'000	RMB'000
Within one year	11,825	9,213
Over one year but within two years	11,460	7,083
Over two years but within five years	26,800	16,714
Over five years	15,806	11,122
	65,891	44,132
Analysis into:		
Non-current	54,066	34,919
Current	11,825	9,213
	65,891	44,132

As at 31 December 2021, the future minimum lease payments are as follows:

	2021	2020
	RMB'000	RMB'000
Within one year	14,055	10,829
Over one year but within two years	13,297	8,383
Over two years but within five years	30,310	19,156
Over five years	18,640	11,931
Total lease payments	76,302	50,299
Less: Finance charges	(10,411)	(6,167)
	65,891	44,132

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17. INTANGIBLE ASSETS

	Software RMB'000
Year ended 31 December 2020	
Opening net book amount	1,737
Additions	707
Amortisation (Note 8)	(527)
Closing net book amount	1,917
As at 31 December 2020	
Cost	3,124
Amortisation	(1,207)
Net book amount	1,917
Year ended 31 December 2021	
Opening net book amount	1,917
Additions	21
Amortisation (Note 8)	(454)
Closing net book amount	1,484
As at 31 December 2021	
Cost	3,145
Amortisation	(1,661)
Net book amount	1,484

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represented a financial product purchased from a commercial bank in the PRC Mainland. The financial product has an original maturity period of 10 years, i.e. 20 September 2026, and carried variable return rate, resulting from possible changes in market interest rates.

Such investment is subject to financial risk exposure in terms of interest rate risk and credit risk, details are set out in Note 34. The Group can unconditionally cancel or terminate the investment in the financial product at any time, at the original principal amount and the accrued interests up to the date of cancellation/termination.

The fair value of the financial product as at 31 December 2020 was estimated by the management of the Company by using discounted cash flow method which was based on the present value of the contractual stream of future cash flows (which was estimated with reference to the expected return rates) discounted at the discount rate (which was determined with reference to the yield of the bonds for respective maturity periods) and credit spread determined with reference to the premium compensated from the market comparable with the similar credit rating as the commercial bank.

During the year, the Group fully redeemed the financial product at an amount of approximately RMB4,283,000 and the fair value gain of approximately RMB102,000 (2020: fair value gain on reporting date re-measurement RMB357,000) is recognised in the profit or loss (Note 6).

The management considers investment in financial assets at fair value through profit or loss is classified as Level 3 (as defined in Note 34(C)(ii)) under fair value hierarchy which fair values measured using significant unobservable input. The following table presents the Group's financial assets measured and recognised at fair value at 31 December 2020 on a recurring basis:

Financial assets at fair value through profit or loss	Fair value at 31 December 2020	Valuation technique	Unobservable inputs*	Inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Financial product (the expiry dates 20 September 2026)	RMB4,181,000	Discounted cash flow	Expected interest rate per annum	3.10%	A change expected interest rate per annum 100 basis points results in a change in fair value by approximately RMB89,000

* There was no significant inter-relationships between unobservable inputs that materially affect fair values.

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19. INVESTMENT IN SILVER BULLION

	2021 RMB'000	2020 RMB'000
At 1 January, at fair value	138,290	–
Acquisitions	–	102,489
Fair value (loss)/gain for the year recognised in profit or loss (Note 6)	(21,244)	35,801
At 31 December, at fair value	117,046	138,290

During the year ended 31 December 2020, the Group invested in a total of 800,000 ounces of unallocated silver bullion through a bank in the United Kingdom at a total consideration of approximately RMB102,489,000. The settlement of investment contract is either sell their silver bullion to third parties through the bank at the exit price or collect the silver bullion in physical form at the Group's sole discretion. Such investment is held for long-term capital appreciation, and the management of the Company has decided to use the fair value model, with the changes in fair value to be recognised in the profit or loss in the period of changes as explained in Note 3(l).

The fair value of the investment in silver bullion is measured with reference to their bid price in London Precious Metals Markets (the "London Bullion Market"), which is the exit price, at the end of each reporting period. Such investment is subject to financial risk exposure in terms of commodity price risk, to measure the fair value of the investment. The management considers investment in silver bullion is classified as Level 1 (as defined in Note 34(C)(ii)) under fair value hierarchy which based on the degree to which the fair value is observable.

The following table demonstrates the sensitivity to every 5% change in the fair values of the silver bullion, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	2021 RMB'000	2020 RMB'000
Change in the Group's profit before taxation		
5% change in the price of silver bullion	5,852	6,915

If the unit price of silver bullion increased/decreased by 5%, profit before taxation for the year would have an estimated approximately RMB5,852,000 (2020: RMB6,915,000) increase/decrease.

The Group is exposed to credit risk in relation to investment in silver bullion that are measured at fair value through profit or loss. Credit risk refers to the risk that the bank fails to delivery silver bullion or settle in cash resulting in a loss to the Group. The maximum exposure as at 31 December 2021 is the carrying amount of these investments, amounting to approximately RMB117,046,000 (2020: RMB138,290,000).

The Group expects that there is no significant credit risk associated with investment in silver bullion since the silver bullion is deposited in a reputable bank incorporated in the United Kingdom. Management believe the bank has high credit quality without significant credit risk.

20. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Trade receivables (Note (a)):		
– Related parties (Notes 32 (b) & (d))	46,176	36,042
– Third parties	47,277	44,525
Total trade receivables	93,453	80,567
Less: allowance for impairment of trade receivables (Note (d))	(1,597)	(1,918)
	91,856	78,649
Amounts placed in Residents' Accounts (Note (b))	1,177	5,142
Other receivables:		
– Related parties (Note 32(d))	2,684	3,220
– Third parties (Note (c))	15,194	7,443
	17,878	10,663
Less: allowance for impairment of other receivables (Note (d))	(264)	–
	17,614	10,663
Prepayments:		
– Third parties	6,849	6,690
Total trade and other receivables	117,496	101,144
Analysed into:		
– Non-current (Note (e))	4,222	3,298
– Current	113,274	97,846
	117,496	101,144

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20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) Trade receivables due from third parties mainly represented the receivables arising from provision of renovation and fitting-out services and information technology services, the receivables of outstanding property management fee charged on commission basis and receivables of concessionaire services under retail services.

As at 31 December 2021, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (2020: one month to one year); the trading of retail services, catering services, off-campus training services, employment placement services and laundry services are mainly carried out on cash basis (2020: cash basis).

As at 31 December 2021, the aging analysis of the trade receivables, net of impairment based on invoice date are as follows:

	2021 RMB'000	2020 RMB'000
Up to 1 year	91,243	75,265
1 to 2 years	613	550
Over 2 years	-	2,834
	91,856	78,649

- (b) Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened bank accounts on behalf of the residents ("Residents' Accounts"). These Residents' Accounts are used to collect the property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts.

As at 31 December 2021, the residents' funds amounted to approximately RMB107,798,000 (2020: RMB107,350,000) which are not included in the Group's financial statement.

As at 31 December 2021, amounts placed in Residents' Accounts of RMB1,177,000 (2020: RMB5,142,000) represented the balances of the property management commission fee and resident support service fee entitled by the property management companies of the Group. As at 31 December 2021, amounts placed in Resident's Accounts carried interest at prevailing rates from 0.30% to 2.00% per annum (2020: 0.30% to 2.00% per annum). The fair value of these balances approximates their carrying amounts.

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

- (c) Other receivables from third parties mainly represents the followings:

	2021 RMB'000	2020 RMB'000
Utilities deposits paid	2,062	1,612
Management fee deposits paid	2,776	2,149
Rental deposits paid	1,053	831
Finance lease receivables	6,979	2,213
Others	2,324	638
	15,194	7,443

The directors of the Company considered that expected credit loss for other receivables from third parties is immaterial in view of no history of default and good repayment history from counter parties.

- (d) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB1,861,000 (2020: RMB1,918,000) was made against the gross amounts of trade and other receivables.

Details of impairment loss of trade and other receivables are set out in Note 34.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

- (e) As at 31 December 2021, certain leased properties under subleases were classified as finance leases as the terms of the sub-lease transfer substantially all the risks and rewards incidental to ownership of head lease to the lessee. Amounts due from lessees under finance leases are recognised as finance lease receivables which included in the non-current other receivables and have remaining lease terms ranging from 2 to 5 years (2020: 2 to 5 years).

Finance lease receivables are comprised of the followings:

	2021 RMB'000	2020 RMB'000
Amounts receivables under finance leases		
Within 1 year	3,052	1,588
2 to 5 years	4,368	3,568
Undiscounted lease payments	7,420	5,156
Less: unearned finance income	(441)	(560)
Present value of lease payments receivable	6,979	4,596
Analysed into:		
– Non-current	4,222	3,298
– Current	2,757	1,298
	6,979	4,596

The movements in provision for impairment of trade and other receivables are as follows:

	2021		2020	
	Trade receivables RMB'000	Other receivables RMB'000	Trade receivables RMB'000	Other receivables RMB'000
At the beginning of the year	1,918	–	1,545	–
(Reversal)/charge for the year (Note 7)	(321)	264	373	–
At the end of the year	1,597	264	1,918	–

21. INVENTORIES

	2021 RMB'000	2020 RMB'000
Merchandise goods	11,394	12,350
Raw materials and consumables	6,683	2,508
Others	136	–
	18,213	14,858

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For the year ended 31 December 2021

22. CONTRACT ASSETS

	2021 RMB'000	2020 RMB'000
Amounts due from customers for contract works		
– Related parties (Note 32(d))	7,074	6,945
– Third parties	9,287	8,890
	16,361	15,835

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date arising from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

The change during the current year is mainly due to the net effect of balance reduced as a result of the change in the time frame for a right to consideration to become unconditional; and balance increased for the recognition of revenue, as disclosed below.

	2021 RMB'000	2020 RMB'000
At 1 January	15,835	11,557
Decrease in contract assets as a result of right to consideration became unconditional during the year	(82,787)	(91,513)
Increase in contract assets as a result of recognising revenue during the year	83,313	95,791
At 31 December	16,361	15,835

The maximum exposure to credit risk at the reporting dates is the carrying value of contract assets. The Group does not hold any collateral as security.

The Group applies the simplified approach for expect credit losses prescribed by HKFRS 9 and there is no impairment allowance for expected credit loss (2020: Nil).

Details of impairment loss of contract assets are set out in Note 34(a)(iii).

23. CASH AND BANK BALANCES**(a) Term deposits**

As at 31 December 2021, the term deposits matured over 3 months and carried interest at prevailing deposit rates which range from 1.50% to 1.90% (2020: 1.75% to 2.00%) per annum. The fair value of the Group's term deposits approximates their carrying amounts. The term deposits are denominated in RMB.

(b) Restricted cash

Restricted cash represents cash deposits in the banks as security for issuance of cash cards and carrying out training services according to the relevant regulations in the PRC Mainland.

(c) Cash and cash equivalents

	2021	2020
	RMB'000	RMB'000
Cash at banks and on hand	351,877	336,909
Short-term bank deposits	-	7,492
	351,877	344,401

As at 31 December 2021, short-term bank deposits are made for varying periods of not more than three months which carried interest at prevailing deposit rates ranging from 0.30% to 1.90% (2020: 0.50% to 1.50%) per annum.

	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents denominated in:		
– RMB	340,306	331,872
– HK\$	11,562	12,522
– United State Dollars ("USD")	9	7
	351,877	344,401

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC Mainland are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC Mainland government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables (Note (a)):		
– Related parties (Note 32(d))	3,039	829
– Third parties	52,689	61,318
	55,728	62,147
Other payables:		
– Related parties (Note 32(d))	4,972	3,646
– Third parties	26,738	21,674
	31,710	25,320
Accrued payroll	8,457	9,516
Other taxes payables	2,832	3,451
	98,727	100,434

- (a) As at 31 December 2021 and 2020, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	2021 RMB'000	2020 RMB'000
Up to 1 year	34,496	56,383
1 to 2 years	15,505	4,991
2 to 3 years	5,583	45
Over 3 years	144	728
	55,728	62,147

25. CONTRACT LIABILITIES

	2021	2020
	RMB'000	RMB'000
Contract liabilities:		
– Related parties (Note 32(d))	4,423	11,513
– Third parties	19,034	19,347
	23,457	30,860
Receipt in advance in off-campus training services	10,993	12,764
Receipt in advance in relation to construction contracts	6,008	12,514
Cash vouchers in relation to retail services	121	2,851
Receipt in advance in relation to property management services	2,119	1,877
Catering services	4,212	850
Others	4	4
	23,457	30,860

Contract liabilities, representing customers' deposits and receipt in advance relating to information technology services and renovation and fitting-out service segments while the underlying services are yet to be provided. Movement of contract liabilities is as follows:

	2021	2020
	RMB'000	RMB'000
At 1 January	30,860	23,456
Increase in contract liabilities as a result of receiving deposits during the year	92,916	107,035
Decrease in contract liabilities as a result of recognising revenue during the year	(100,320)	(99,631)
At 31 December	23,457	30,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

26. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax liabilities and assets during the year are as follows:

(a) Deferred tax assets

	Temporary difference relating to accrual of rental expenses RMB'000	Lease properties RMB'000	Total RMB'000
As at 1 January 2020	1,966	338	2,304
Credited to the consolidated statement of profit and loss	–	146	146
Charged to the consolidated statement of profit and loss	(182)	(17)	(199)
As at 31 December 2020 and 1 January 2021	1,784	467	2,251
Credited to the consolidated statement of profit and loss	–	303	303
Charged to the consolidated statement of profit and loss	(58)	–	(58)
As at 31 December 2021	1,726	770	2,496

(b) Deferred tax liabilities

	Finance lease receivables RMB'000	Withholding taxes RMB'000	Total RMB'000
As at 1 January 2020	1,152	1,183	2,335
Credited to the consolidated statement of profit and loss	(243)	(1,183)	(1,426)
Charged to the consolidated statement of profit and loss	–	2,150	2,150
As at 31 December 2020 and 1 January 2021	909	2,150	3,059
Credited to the consolidated statement of profit and loss	(234)	–	(234)
Charged to the consolidated statement of profit and loss	522	–	522
As at 31 December 2021	1,197	2,150	3,347

26. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Deferred tax liabilities (Continued)

As at 31 December 2021, the Group has tax losses arising in Hong Kong of approximately RMB1,010,000 (2020: RMB862,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department. No deferred tax asset has been recognised due to unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

As at 31 December 2021, the Group has not recognised the provision of PRC Mainland withholding income tax of approximately RMB10,334,000 (2020: RMB4,920,000) in relation to the undistributed profits of certain PRC Mainland group entities totaling approximately RMB206,693,000 (2020: RMB98,390,000) as the Group does not have a plan to distribute these profits out of the PRC Mainland in the foreseeable future.

27. SHARE CAPITAL AND SHARE PREMIUM

Details of the share capital of the Company are as follows:

	Number of ordinary shares	Share capital		Share premium	Total
	Shares	HK\$	Translated to RMB'000	RMB'000	RMB'000
Authorised:					
As at 31 December 2020 and 2021	10,000,000,000	100,000,000	87,440		
Issued and fully paid:					
As at 1 January 2020	1,015,200,000	10,152,000	8,872	179,118	187,990
Employees' Share Option Scheme:					
– Proceeds from shares issued (Note 28(c))	50,000	500	-	18	18
As at 31 December 2020 and 1 January 2021	1,015,250,000	10,152,500	8,872	179,136	188,008
Employees' Share Option Scheme:					
– Proceeds from shares issued (Note 28(c))	500,000	5,000	4	197	201
As at 31 December 2021	1,015,750,000	10,157,500	8,876	179,333	188,209

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For the year ended 31 December 2021

28. OTHER RESERVES

	Statutory reserve	Capital reserve	Share-based compensation reserve	Reserves for transactions with non- controlling interest	Total
	(Note (a))	(Note (b))	(Note (c))		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	29,222	(121,099)	502	(14,331)	(105,706)
Employees' Share Option Scheme (Note (c)):					
– Exercise of share options	–	–	(18)	–	(18)
De-registration of subsidiaries	(1,361)	–	–	–	(1,361)
Appropriation of statutory reserves	7,571	–	–	–	7,571
As at 31 December 2020 and 1 January 2021	35,432	(121,099)	484	(14,331)	(99,514)
Employees' Share Option Scheme (Note (c)):					
– Exercise of share options	–	–	(28)	–	(28)
Appropriation of statutory reserves	259	–	–	–	259
As at 31 December 2021	35,691	(121,099)	456	(14,331)	(99,283)

Notes:

- (a) **Statutory reserve**
In accordance with relevant rules and regulations in the PRC Mainland, except for sino-foreign equity joint venture enterprises, all PRC Mainland companies are required to transfer 10% of their profit after taxation calculated under PRC Mainland accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.
- (b) **Capital reserve**
The amount of RMB111,305,000 represented the difference between the carrying value of the listing business and the par value of shares issued by the Company to the shareholders of the Group in exchange of the Listing Business during the Reorganisation for the Listing. The remaining balance of RMB9,794,000 represented paid-in capital of the acquired subsidiary in a business combination under common control in 2017.

28. OTHER RESERVES (CONTINUED)

Notes (Continued):

(c) Employees' Share Option Scheme

On 21 October 2016, the Company granted share options to certain directors, senior management and employees of the Group (the "Recipients") under a share option scheme (the "Employees' Share Option Scheme"), under which the option holders are entitled to acquire an aggregate of 21,175,000 shares of the Company at 10% discount to the offer price of HK\$0.46 per share upon the listing date on 8 November 2016 ("Listing Date").

The employees' share option shall be exercisable at any time during the period (i) commencing on the business day immediately after the expiry of the six-month period after the Listing Date and (ii) ending on the date falling in five years and six months of the Listing Date.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The fair value of share options granted on 21 October 2016 is HK\$0.10 per option, which was determined using the Binomial Model based on specific unobservable inputs. These input include:

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Employees' share options	Binomial Model	suboptimal exercise factor	2.5–3.5 times	The higher the suboptimal exercise factor, the higher the fair value
		volatility	20%–30%	The higher the volatility, the higher the fair value
		interest rate	0.8%–1.2%	The higher the interest rate, the higher the fair value

There are no significant inter-relationships between unobservable inputs that materially affect fair values.

During the year ended 31 December 2021, two senior management have exercised total of 500,000 units at the exercise price of HK\$0.414 per share (2020: a senior management has exercised 50,000 units at the exercise price of HK\$0.414 per share), at an aggregated proceed of HK\$207,000, equivalent to RMB201,000 (2020: HK\$21,000, equivalent to RMB18,000) received by the Company.

Movements in the number of shares options outstanding are as follows:

	2021		2020	
	Average exercise price in HK\$ per share option	Number of share options	Average exercise price in HK\$ per share option	Number of share options
As at 1 January	0.414	5,925,000	0.414	5,975,000
Exercised	0.414	(500,000)	0.414	(50,000)
As at 31 December	0.414	5,425,000	0.414	5,925,000

The expiry date of the outstanding share options is 8 May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB37,949,000 (2020: RMB24,401,000) and RMB37,949,000 (2020: RMB24,401,000) during the year ended 31 December 2021 in respect of lease arrangements for the properties (Note 16).

(b) Reconciliation of liabilities arising from financial activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
At 1 January 2020	28,930	–	28,930
Changes of financing activities:			
– Repayment of lease liabilities – principal	(9,199)	–	(9,199)
– Repayment of lease liabilities – interest	(1,766)	–	(1,766)
– Dividend paid (Note 12)	–	(23,136)	(23,136)
	(10,965)	(23,136)	(34,101)
Other changes:			
– Interest on lease liabilities (Note 7)	1,766	–	1,766
– Additions of lease liabilities	24,401	–	24,401
– Dividend declared and approved (Note 12)	–	23,136	23,136
	26,167	23,136	49,303
At 31 December 2020 and 1 January 2021	44,132	–	44,132
Changes of financing activities:			
– Repayment of lease liabilities – principal	(13,652)	–	(13,652)
– Repayment of lease liabilities – interest	(2,188)	–	(2,188)
– Dividend paid (Note 12)	–	(22,764)	(22,764)
	(15,840)	(22,764)	(38,604)
Other changes:			
– Interest on lease liabilities (Note 7)	2,188	–	2,188
– Additions of lease liabilities	37,949	–	37,949
– De-recognition due to early termination	(2,518)	–	(2,518)
– Exchange adjustment	17	–	17
– Lease modification	(37)	–	(37)
– Dividend declared and approved (Note 12)	–	22,764	22,764
	37,599	22,764	60,363
At 31 December 2021	65,891	–	65,891

30. SUBSIDIARIES

The Group's principal subsidiaries at the reporting date are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital and debt securities	Ownership interest held by the Group	
				2021 (%)	2020 (%)
Directly owned					
Wide Leisure Limited* 廣逸有限公司	BVI, limited liability company	Investment holding in BVI	1 ordinary share USD1	100%	100%
Indirectly owned					
Guangzhou Panyu Clifford Property Management Limited* 廣州市番禺祈福物業管理有限公司	PRC Mainland, limited liability company	Property management services in the PRC Mainland	RMB5,500,000	100%	100%
Foshan Clifford Property Management Limited* 佛山市祈福物業管理有限公司	PRC Mainland, limited liability company	Property management services in the PRC Mainland	HK\$8,770,000	100%	100%
Guangzhou Clifford Trading Limited* 廣州市祈福貿易有限公司	PRC Mainland, limited liability company	Retail services in the PRC Mainland	RMB1,000,000	100%	100%
Guangzhou Smart Real Estate Agency Limited* 廣州市睿明房地產中介有限公司	PRC Mainland, limited liability company	Property agency services in the PRC Mainland	RMB300,000	100%	100%
Guangzhou Welcome Employment Limited* 廣州市惠爾家職業介紹有限公司	PRC Mainland, limited liability company	Employment placement services in the PRC Mainland	RMB2,000,000	100%	100%
Guangzhou Goodwash Laundry Limited* 廣州市雪白洗衣有限公司	PRC Mainland, limited liability company	Laundry services in the PRC Mainland	RMB5,000,000	100%	100%
Guangzhou Panyu Clifford Education and Training Center Co., Ltd. 廣州市番禺區祈福教育培訓中心有限公司	PRC Mainland, limited liability company	Off-campus training services in the PRC Mainland	-	100%	100%

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30. SUBSIDIARIES (CONTINUED)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operations	Particulars of issued share capital and debt securities	Ownership interest held by the Group	
				2021 (%)	2020 (%)
Guangzhou Clifford Household Services Limited* 廣州市祈福家居服務有限公司	PRC Mainland, limited liability company	Renovation and fitting-out services in the PRC Mainland	RMB500,000	100%	100%
Guangzhou Clifford Communications Limited* 廣州市祈福通訊有限公司	PRC Mainland, limited liability company	Information technology services in the PRC Mainland	RMB1,000,000	100%	100%
Guangzhou Clifford Catering Management Limited* 廣州市祈福餐飲管理有限公司	PRC Mainland, limited liability company	Catering services in the PRC Mainland	RMB1,000,000	100%	100%
Guangzhou Kejian Computer Technology Co., Limited* 廣州市科健計算機技術有限公司	PRC Mainland, limited liability company	Information technology services in the PRC Mainland	RMB8,000,000	100%	100%

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

31. COMMITMENTS

Sub-leasing arrangement – Group as intermediate lessor

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to Note 16.

Arrangement for sub-leasing to external tenants are negotiated for terms ranging from 1 to 5 years (2020: 1 to 5 years). As at the end of the reporting period the Group had total future minimum sublease payments expected to be received under non-cancellable sub-leasing arrangements with its tenants falling due as follows:

	2021 RMB'000	2020 RMB'000
Up to 1 year	7,262	13,570
Over 1 year but within 2 years	10,897	7,134
	18,159	20,704

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties:

Name	Relationship
Ms. Man	Ultimate shareholder of the Company
Guangzhou Clifford Wonderland Service Apartment Company Limited*	Company under control of Ms. Man
廣州市祈福繽紛世界國際公寓有限公司	
Guangzhou Panyu CZ Clifford Lakeside Kindergarten*	Company under control of Ms. Man
廣州市番禺區鍾村街祈福倚湖灣幼兒園	
Guangzhou Fortune Software Limited *	Company under control of the spouse of Ms. Man
廣州市科進計算機技術有限公司	
Guangdong Clifford Hospital Company Limited*	Company under control of the spouse of Ms. Man
廣東祈福醫院有限公司	
Guangzhou Huadu Clifford Property Development Company Limited*	Company under control of the spouse of Ms. Man
廣州市花都祈福房地產有限公司	
Guangzhou Huadu Clifford Estates Property Development Company Limited*	Company under control of the spouse of Ms. Man
廣州市花都祈福花園房地產有限公司	
Guangzhou Crown Property Company Limited*	Company under control of the spouse of Ms. Man
廣州市冠都物業有限公司	
Foshan Nanhai Clifford Golden Lake Hotel Limited*	Company under control of the spouse of Ms. Man
佛山市南海祈福仙湖酒店有限公司	
Guangzhou Huadu Xin Hua Clifford Property Development Company Limited*	Company under control of the spouse of Ms. Man
廣州市花都新華祈福房地產有限公司	
Guangzhou Panyu Clifford English Experimental School*	Company under control of the spouse of Ms. Man
廣州市番禺區祈福英語實驗學校	
Zhaoqing Clifford Coast Property Development Company Limited*	Company under control of the spouse of Ms. Man
肇慶祈福海岸房地產有限公司	
Foshan Nanhai Clifford Property Development Limited*	Company under control of the spouse of Ms. Man
佛山市南海祈福置業有限公司	
Guangzhou Lakeside Property Company Limited*	Company under control of the spouse of Ms. Man
廣州市倚湖物業有限公司	
Foshan Nanhai Clifford Household Industrial Company Limited*	Company under control of the spouse of Ms. Man
佛山市南海祈福家居實業有限公司	
Foshan Nanhai Clifford Property Development Company Limited*	Company under control of the spouse of Ms. Man
佛山市南海祈福房地產有限公司	

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32. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties: (Continued)

Name	Relationship
Guangzhou Clifford Business Center Management Company Limited* 廣州市祈福商務中心經營管理有限公司	Company under control of the spouse of Ms. Man
China Venture Limited	Company under control of the spouse of Ms. Man
Guangzhou Zhan Sheng Commercial Property Management Company Limited* 廣州市展盛商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Commercial Property Management Company Limited* 廣州市祈福繽紛世界商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Management Company Limited* 廣州市祈福地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Management Limited* 廣州祈福物業管理有限公司	Company under control of the spouse of Ms. Man
Maliton Services Limited	Company under control of the spouse of Ms. Man
Tango Trading Limited	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Company Limited* 廣州市祈福繽紛樂園有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Postnatal Care Company Limited* 廣州市祈福母嬰護理服務有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Limited* 廣州市祈福物業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford Estates Resort Club Company Limited* 廣州市番禺祈福新邨渡假俱樂部有限公司	Company under significant influence of the spouse of Ms. Man
Clifford Estates (Panyu) Limited* 廣州市番禺祈福新邨房地產有限公司	Company under significant influence of the spouse of Ms. Man
Guangzhou Clifford Estates School* 廣州市番禺區祈福新邨學校	Company under significant influence of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental Kindergarten* 廣州市番禺區祈福英語實驗幼兒園	Company under significant influence of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental Primary School* 廣州市番禺區祈福英語實驗小學	Company under joint control of the spouse of Ms. Man and independent third parties

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The following transactions are carried out with related parties:

	2021 RMB'000	2020 RMB'000
Sales of goods to:		
– Companies under control of the spouse of Ms. Man	59	389
– Companies under significant influence of the spouse of Ms. Man	268	315
– Companies under control of Ms. Man	817	27
	1,144	731
Provision of services to:		
– Companies under significant influence of the spouse of Ms. Man	53,099	57,999
– Companies under control of the spouse of Ms. Man	21,740	24,790
– Companies under control of Ms. Man	13,540	4,725
	88,379	87,514
	2021 RMB'000	2020 RMB'000
Short-term lease expenses and management fee paid/payable to:		
– Companies under control of the spouse of Ms. Man	210	31
– Companies under significant influence of the spouse of Ms. Man	1,009	734
	1,219	765
Interest expenses for lease liabilities paid/payable to:		
– Companies under control of Ms. Man	22	
– Companies under control of the spouse of Ms. Man	738	111
– Companies under significant influence of the spouse of Ms. Man	650	1,003
	1,410	1,114
Payment of lease liabilities to:		
– Companies under control of Ms. Man	70	
– Companies under control of the spouse of Ms. Man	6,162	1,060
– Companies under significant influence of the spouse of Ms. Man	4,392	5,652
	10,624	6,712

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32. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 9 is set out below.

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	3,341	3,555
Post-employment benefits	311	172
Salaries and other employee benefits	3,652	3,727

(d) Balances with related parties

	2021 RMB'000	2020 RMB'000
Receivables from related parties:		
Trade receivables (Note 20) (Note (i))		
– Companies under control of the spouse of Ms. Man	14,516	16,123
– Companies under significant influence of the spouse of Ms. Man	27,169	19,218
– Companies under control of Ms. Man	4,491	701
	46,176	36,042
Other receivables (Note 20) (Note (ii))		
– Companies under control of the spouse of Ms. Man	1,022	1,337
– Companies under significant influence of the spouse of Ms. Man	1,637	1,883
– Companies under control of Ms. Man	25	–
	2,684	3,220
Contract assets (Note 22)		
– Companies under significant influence of the spouse of Ms. Man	5,709	5,585
– Companies under the control of Ms. Man	465	69
– Companies under control of the spouse of Ms. Man	900	1,291
	7,074	6,945
Total receivables from related parties	55,934	46,207

32. RELATED PARTY TRANSACTIONS (CONTINUED)**(d) Balances with related parties (Continued)**

	2021 RMB'000	2020 RMB'000
Payables to related parties:		
Trade payables (Note 24) (Note (i))		
– Companies under significant influence of the spouse of Ms. Man	760	–
– Companies under control of the spouse of Ms. Man	22	829
– Company under control of Ms. Man	2,257	–
	3,039	829
Other payables (Note 24) (Note (ii))		
– Companies under significant influence of the spouse of Ms. Man	1,271	1,974
– Companies under control of the spouse of Ms. Man	3,606	1,672
– Company under control of Ms. Man	95	–
	4,972	3,646
Contract liabilities (Note 25)		
– Companies under control of the spouse of Ms. Man	665	–
– Companies under significant influence of the spouse of Ms. Man	3,600	9,947
– Company under control of Ms. Man	53	–
– Companies under joint control of the spouse of Ms. Man and independent third parties	105	1,566
	4,423	11,513
Total payables to related parties	12,434	15,988

Notes:

- (i) Trade receivables and payables with related parties are unsecured and interest-free. These balances are with credit period varying from one to three months.
- (ii) Other receivables and payables with related parties are unsecured and interest-free. Except for the balances paid as rental deposits, which are repayable upon maturity of rental period according to the respective contracts, the remaining balances are repayable on demand.

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33. FINANCIAL INSTRUMENTS BY CATEGORY

	2021 RMB'000	2020 RMB'000
Financial assets		
At amortised cost		
– Trade and other receivables excluding prepayments	110,647	94,454
– Term deposits	64,792	13,933
– Restricted cash	559	618
– Cash and cash equivalents	351,877	344,401
At fair value through profit or loss		
– Financial assets at fair value through profit or loss	–	4,181
	527,875	457,587
Financial liabilities		
At amortised costs		
– Trade and other payables excluding non-financial liabilities	87,438	87,467
– Lease liabilities	65,891	44,132
	153,329	131,599

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

A Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, liquidity risk and price risk.

The Group's principal activities are conducted in RMB. The directors are of the opinion that the Group's activities do not expose it to any significant foreign exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group operates in the PRC Mainland with most transactions being settled in RMB, which is the functional currency of the Group companies. Foreign currency transactions included mainly receipt of listing proceeds, professional fees and employee benefit expenses which are denominated in Hong Kong Dollar ("HK\$"). The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**A Financial risk factors (Continued)****(i) Foreign exchange risk (Continued)**

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities as at 31 December 2021 and 2020 are as follows:

	2021 RMB'000	2020 RMB'000
Monetary assets denominated in:		
– HK\$	12,371	14,167
Monetary liabilities denominated in:		
– HK\$	1,967	1,499

The following table demonstrates the sensitivity at the end of the reporting period to reasonably possible changes in the RMB exchange rates, with all other variables held constant, of the Group's profit before taxation and the Company's equity.

	2021 RMB'000	2020 RMB'000
5% appreciation in RMB against – HK\$	(520)	(633)
5% depreciation in RMB against – HK\$	520	633

(ii) Interest rate risk

The Group's interest rate risk arises from bank balances, amounts placed in bank accounts opened on behalf of the residents ("**Amounts placed in Residents' Accounts**") and the financial product measured at fair value through profit or loss. Bank balances and Amounts placed in Residents' Accounts carried at prevailing market interest rate expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The Group expects that there is no significant interest rate risk associated with financial product since the Group furnishes investment mandates to commercial banks. These mandates require them to invest in bank financial product with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Management considers that interest rate risk related to bank balances, Amounts placed in Residents' Accounts and financial product is insignificant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

A Financial risk factors (Continued)

(iii) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group is exposed to credit risk in relation to its deposit with banks, contractual cash flows of financial assets carried at amortised cost and at fair value through profit or loss ("FVPL"), and trade and other receivables (excluding prepayments) and contract assets.

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade and other receivables (excluding prepayments)
- contract assets

While deposits with banks are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(a) Deposits with banks

As at 31 December 2021 and 2020, substantially all the Group's bank balances are deposited with major financial institutions incorporated in the PRC Mainland and Hong Kong, of which management believes are high credit quality without significant credit risk.

The management considers the credit risk in respect of restricted bank balances and bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

(b) Financial product measured at fair value through profit or loss

The Group is exposed to credit risk in relation to financial product that are measured at fair value through profit or loss. Since the financial product measured at fair value through profit or loss was disposed during the year, the Group no longer have significant exposure to fair value risk as at 31 December 2021 (2020: RMB4,181,000).

The Group expects that there is no significant credit risk associated with financial product measured at fair value through profit or loss since the Group furnishes investment mandates to commercial banks. These mandates require them to invest in financial product issued by bank with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

A Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Trade and other receivables (excluding prepayments) and contract assets

The Group considers the probability of default upon initial recognition of asset and at the end of the reporting period.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets with third parties/finance lease receivables (included in other receivables)	
		Trade and other receivables and contract assets with related parties	
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

A Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Trade and other receivables (excluding prepayments) and contract assets (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	12-month or lifetime ECL	2021 Gross carrying amount RMB'000	2020 Gross carrying amount RMB'000
Financial assets at amortised costs				
Trade receivables with third parties	(i)	Lifetime ECL (not credit impaired)	47,277	43,998
		Credit-impaired	-	527
Trade receivables with related parties	(ii)	12-month ECL	46,176	36,042
			93,453	80,567
Finance lease receivables (included in other receivables)	(ii)	Lifetime ECL (not credit impaired)	6,979	4,596
Other receivables	(ii)	12-month ECL	10,899	6,067
Other items:				
Contract assets with third parties	(i)	Lifetime ECL (not credit impaired)	9,287	8,890
Contract assets with related parties	(ii)	12-month ECL	7,074	6,945
			16,361	15,835

Notes:

- (i) For trade receivables and contract assets with third parties, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables.

The Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group recognises lifetime ECL for finance lease receivable that results from transactions that are within the scope of HKFRS 16. To measure the ECL, finance lease receivables have been grouped based on shared credit risk characteristics or are assessed individually for credit-impaired balances.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

A Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) Trade and other receivables (excluding prepayments) and contract assets (Continued)

Notes (Continued):

- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition for its trade and other receivables and contract assets with related parties.

Trade and other receivables and contract assets with related parties are measured on 12-m ECL basis unless there had been significant increase in credit risk since initial recognition.

The Group has assessed that there is no significant increase of credit risk for trade and other receivables and contract assets with related parties. Thus the Group used the 12 months expected credit losses model to assess credit loss of trade and other receivables and contract assets with related parties.

As at 31 December 2021, the Group has assessed that the expected loss rate for trade and other receivables and contract assets from related parties was immaterial considering the good finance position and credit history of the related parties.

As at 31 December 2021, the loss allowance provision for the trade receivables and other receivables due from third parties amounted to approximately RMB1,597,000 (2020: RMB1,918,000) and RMB264,000 (2020: Nil), respectively.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021 and 2020:

	Not overdue or within 3 months RMB'000	Third parties			Over 2 years RMB'000	Related parties	
		3 to 6 months RMB'000	6 months to 1 year RMB'000	1 to 2 years RMB'000		Not overdue RMB'000	Total RMB'000
At 31 December 2021							
Expected credit loss rate	0.2%	16.9%	17.7%	30.4%	-	-	
Gross carrying amount	48,612	732	6,344	876	-	53,250	109,814
Expected credit losses	(86)	(124)	(1,121)	(266)	-	-	(1,597)
At 31 December 2020							
Expected credit loss rate	0.1%	9.4%	17.4%	20.2%	22.7%	-	
Gross carrying amount	42,340	2,784	4,907	550	2,834	42,987	96,402
Expected credit losses	(50)	(263)	(852)	(111)	(643)	-	(1,918)

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34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

A Financial risk factors (Continued)

(iii) Credit risk (Continued)

(c) *Trade and other receivables (excluding prepayments) and contract assets (Continued)*

As at 31 December 2021 and 2020, the loss allowance provision for trade and other receivables (excluding prepayments) and contract assets reconciles to the opening loss allowance for that provision as follows:

	Trade receivables with third parties RMB'000	Trade and other receivables from related parties RMB'000	Contract assets RMB'000	Other receivables (excluding prepayments and other receivables from related parties) RMB'000	Total RMB'000
As at 1 January 2020	1,477	-	-	68	1,545
Provision for loss allowance recognised in profit or loss	738	-	-	-	738
Reversal of impairment loss	(297)	-	-	(68)	(365)
As at 31 December 2020 and 1 January 2021	1,918	-	-	-	1,918
Provision for loss allowance recognised in profit or loss	-	-	-	264	264
Reversal of impairment loss	(321)	-	-	-	(321)
As at 31 December 2021	1,597	-	-	264	1,861

As at 31 December 2021, the gross carrying amount of trade and other receivables (excluding prepayments) was approximately RMB112,508,000 (2020: RMB96,372,000), and the maximum exposure to loss was RMB110,647,000 (2020: RMB94,454,000).

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**A Financial risk factors (Continued)****(iv) Liquidity risk**

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Trade and other payables, excluding non-financial liabilities	87,438	-	-	-	87,438
Lease liabilities	14,055	13,297	30,310	18,640	76,302
	101,493	13,297	30,310	18,640	163,740
As at 31 December 2020					
Trade and other payables, excluding non-financial liabilities	87,467	-	-	-	87,467
Lease liabilities	10,829	8,383	19,156	11,931	50,299
	98,296	8,383	19,156	11,931	137,766

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

B Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital comprises "equity" as shown in the consolidated statement of financial position. As at 31 December 2021 and 2020, the Group was at net cash position, being calculated as cash and cash equivalents less total borrowings.

No material changes were made in the objectives, policies or processes for managing capital during the years.

C Fair value estimation

(i) Financial instruments not measured at fair value

Except for the below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

(ii) Financial instruments measured at fair value

The fair value of financial assets and financial liabilities is determined based on discounted cash flow analysis. The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: fair values measured using significant unobservable input.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

C Fair value estimation (Continued)

(ii) Financial instruments measured at fair value (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
As at 31 December 2021			
Financial assets at fair value through profit or loss			
– Financial product with variable returns	–	–	–
As at 31 December 2020			
Financial assets at fair value through profit or loss			
– Financial product with variable returns	–	–	4,181

There were no transfers between the three levels during the reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The movements during the year in the balance of the of the level 3 fair value measurements are as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	4,181	4,147
Acquisitions	–	37,000
Gains for the year recognised in profit or loss (Note 6)	(102)	357
Redemptions	(4,283)	(37,323)
At 31 December	–	4,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3	8
Right-of-use assets		16	163
Investment properties		385	1,712
Investments in subsidiaries		105,190	105,190
Investment in silver bullion		117,046	138,290
Deferred tax assets		2	5
		222,642	245,368
Current assets			
Trade and other receivables		3,686	48,038
Cash and cash equivalents		102,669	83,130
		106,355	131,168
Current liabilities			
Other payables		1,341	17,300
Lease liabilities		409	1,643
		1,750	18,943
Net current assets		104,605	112,225
Total assets less current liabilities		327,247	357,593
Non-current liabilities			
Lease liabilities		-	265
Net assets		327,247	357,328
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	8,876	8,872
Share premium	27	179,333	179,136
Other reserves	(b)	548	520
Retained earnings	(b)	138,490	168,800
Total equity		327,247	357,328

The statement of financial position of the Company was approved and is authorised for issue by the board of directors on 25 March 2022 and is signed on its behalf by:

Ms. MAN Lai Hung
Chairman & Chief Executive Officer &
Executive Director

Ms. HO Suk Mee
Executive Director

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)**(b) Reserves movement of the Company**

	Other reserves	Retained earnings
	RMB'000	RMB'000
As at 1 January 2020	502	79,491
Profit for the year	–	112,445
Exercise of share options (Note 28)	18	–
Dividends declared to shareholders of the Company (Note 12)	–	(23,136)
As at 31 December 2020 and 1 January 2021	520	168,800
Loss for the year	–	(7,546)
Exercise of share options (Note 28)	28	–
Dividends declared to shareholders of the Company (Note 12)	–	(22,764)
As at 31 December 2021	548	138,490

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentations.

37. EVENTS AFTER THE REPORTING PERIOD**Investments in unallocated silver bullion**

On 22 February 2022, 3 March 2022 and 7 March 2022, the Group disposed of 200,000 ounces, 100,000 ounces and 200,000 ounces of silver bullion with gross proceeds (excluding transaction cost) of approximately RMB30,300,000, RMB16,233,000 and RMB32,467,000 respectively. Upon completion of the disposal, the remaining silver bullion held by the Group was 300,000 ounces with estimated fair value of approximately RMB48,700,000 with reference to the market prices of unallocated silver bullion quoted by the Bank on 7 March 2022. For details, please refer to the Company's announcements dated 22 February 2022 and 7 March 2022.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Continuing operations					
Revenue from contracts with customers	430,836	420,944	396,554	341,627	365,387
Gross profit	194,627	183,755	176,229	166,218	151,600
Operating profit	111,446	161,526	130,170	102,148	84,216
Profit before income tax	81,124	128,738	129,678	103,315	84,819
Profit from continuing operations	81,124	128,738	95,212	72,436	57,388
Profit from discontinued operations	–	–	598	244	–
Profit for the year	81,124	128,738	95,810	72,680	57,388
Profit attributable to:					
Owners of the Company	81,124	128,738	95,810	72,680	56,325
Non-controlling interests	–	–	–	–	1,063

ASSETS AND LIABILITIES

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Total assets	763,661	694,169	566,036	442,201	356,177
Total liabilities	201,134	190,175	167,644	120,050	100,161
	562,527	503,994	398,392	322,151	256,016
Equity attributable to owners of the Company	562,527	503,994	398,392	322,151	256,016