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祈福生活服務  
CLIFFORD MODERN LIVING

## CLIFFORD MODERN LIVING HOLDINGS LIMITED

祈福生活服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3686)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

#### FINANCIAL HIGHLIGHTS

	For the six months ended		Percentage change
	30 June 2023 RMB'000	2022 RMB'000	
<b>Revenue</b>	<b>173,099</b>	200,425	<b>-13.6%</b>
<b>Gross profit</b>	<b>84,088</b>	94,049	<b>-10.6%</b>
<b>Profit before income tax</b>	<b>74,929</b>	77,335	<b>-3.1%</b>
<b>Profit for the period</b>	<b>59,357</b>	54,886	<b>8.1%</b>
Gross profit margin (%)	<b>48.6%</b>	46.9%	<b>3.6%</b>
Net profit margin (%)	<b>34.3%</b>	27.4%	<b>25.2%</b>
<b>Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):</b>			
– Basic and diluted	<b>0.058</b>	0.054	<b>7.4%</b>

The board of directors (individually, a “**Director**”, or collectively, the “**Board**”) of Clifford Modern Living Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”). The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	5	173,099	200,425
Cost of sales		<u>(89,011)</u>	<u>(106,376)</u>
<b>Gross profit</b>		<b>84,088</b>	94,049
Other gains/(losses) and other income, net		14,301	17,227
Selling and marketing expenses		(16,968)	(17,874)
Administrative expenses		(10,728)	(12,858)
Reversal of/(provision for) expected credit losses on trade and other receivables, net		5,482	(1,904)
Finance costs		<u>(1,246)</u>	<u>(1,305)</u>
<b>Profit before income tax</b>		<b>74,929</b>	77,335
Income tax expense	6	<u>(15,572)</u>	<u>(22,449)</u>
<b>Profit and total comprehensive income for the period</b>		<u><b>59,357</b></u>	<u>54,886</u>
<b>Profit and total comprehensive income for the period attributable to the owners of the Company:</b>		<u><b>59,357</b></u>	<u>54,886</u>
<b>Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):</b>			
– Basic and diluted	7	<u><b>0.058</b></u>	<u>0.054</u>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at	
		30 June	31 December
		2023	2022
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		8,714	9,627
Investment properties		17,493	19,602
Intangible assets		1,144	1,262
Right-of-use assets		32,169	39,072
Investment in unallocated silver bullion	8	48,705	50,129
Trade and other receivables	9	5,758	3,851
Deferred tax assets		1,589	1,517
		<u>115,572</u>	<u>125,060</u>
<b>Current assets</b>			
Inventories		10,733	17,257
Trade and other receivables	9	54,484	73,222
Contract assets		3,873	4,767
Time deposits		130,000	55,000
Restricted cash		645	561
Cash and cash equivalents		561,023	567,235
		<u>760,758</u>	<u>718,042</u>

		As at	
		30 June 2023	31 December 2022
	Notes	<b>RMB'000</b> (Unaudited)	<b>RMB'000</b> (Audited)
<b>Current liabilities</b>			
Trade and other payables	10	98,260	86,557
Contract liabilities		25,066	32,902
Lease liabilities		13,274	15,208
Tax payables		<u>9,806</u>	<u>9,040</u>
		<u>146,406</u>	<u>143,707</u>
<b>Net current assets</b>		<u>614,352</u>	<u>574,335</u>
<b>Total assets less current liabilities</b>		<u>729,924</u>	<u>699,395</u>
<b>Non-current liabilities</b>			
Lease liabilities		45,380	52,236
Deferred tax liabilities		<u>9,791</u>	<u>8,562</u>
		<u>55,171</u>	<u>60,798</u>
<b>Net assets</b>		<u>674,753</u>	<u>638,597</u>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	11	8,876	8,876
Share premium	11	179,333	179,333
Other reserves		(99,151)	(99,151)
Retained earnings		<u>585,695</u>	<u>549,539</u>
<b>Total equity</b>		<u>674,753</u>	<u>638,597</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 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 located at 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 Holdings 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**”).

These condensed 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 values are rounded to the nearest thousand except when otherwise indicated.

These condensed consolidated financial statements have not been audited.

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

These condensed consolidated financial statements have been prepared under the historical cost convention except for the investment in unallocated silver bullion and certain financial instruments which have been measured at fair value.

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”), and any public announcement made by the Company during the current interim reporting period.

## 3. PRINCIPAL ACCOUNTING POLICIES

Except for the adoption of new and amended HKFRSs as set out below, the accounting policies and methods of computation adopted in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

### (a) New and amendments to HKFRSs adopted by the Group

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA to this financial report for the current accounting period:

- HKFRS 17, *Insurance Contract*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendment to HKAS 8, *Definition of Accounting Estimates*
- Amendment to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to HKAS 12, *International Tax Reform – Pillar Two Model Rules*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this announcement and interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2022.

#### **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, catering 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 gains/(losses) and other income, net, finance costs, central administration costs, income tax expense, and segment assets excluded investment in unallocated silver bullion, time deposits, restricted cash, cash and cash equivalents and deferred tax assets and segment liabilities excluded dividend payable and deferred tax liabilities as these activities are centrally driven by the Group.

## Segment revenue and results

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

### For the six months ended 30 June 2023 (unaudited)

	Retail services <i>RMB'000</i>	Information technology services <i>RMB'000</i>	Property management services <i>RMB'000</i>	Off- campus training services <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Renovation and fitting- out services <i>RMB'000</i>	Catering services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Gross segment revenue	64,554	10,047	42,340	15,620	2,929	11	33,223	7,411	176,135
Inter-segment revenue	(135)	(382)	(1,932)	(329)	-	-	(258)	-	(3,036)
<b>Revenue</b>	<u>64,419</u>	<u>9,665</u>	<u>40,408</u>	<u>15,291</u>	<u>2,929</u>	<u>11</u>	<u>32,965</u>	<u>7,411</u>	<u>173,099</u>
Timing of revenue recognition									
At a point in time	50,814	732	-	-	2,838	-	32,399	2,502	89,285
Over time	<u>13,605</u>	<u>8,933</u>	<u>40,408</u>	<u>15,291</u>	<u>91</u>	<u>11</u>	<u>566</u>	<u>4,909</u>	<u>83,814</u>
	<u>64,419</u>	<u>9,665</u>	<u>40,408</u>	<u>15,291</u>	<u>2,929</u>	<u>11</u>	<u>32,965</u>	<u>7,411</u>	<u>173,099</u>
<b>Segment results</b>	<u>8,513</u>	<u>7,082</u>	<u>30,628</u>	<u>7,320</u>	<u>895</u>	<u>(24)</u>	<u>7,849</u>	<u>3,636</u>	<u>65,899</u>
Other losses and other income, net									14,301
Finance costs									(1,246)
Unallocated expenses									(4,025)
Income tax expense									<u>(15,572)</u>
<b>Profit for the period</b>									<u>59,357</u>
<b>Segment results include:</b>									
Depreciation and amortisation	(4,872)	(354)	(1,431)	(1,382)	(174)	(5)	(568)	(156)	(8,942)
Loss on disposal of property, plant and equipment	(1)	(4)	-	-	-	-	-	(178)	(183)
Reversal of expected credit losses on trade and other receivables	<u>718</u>	<u>3,418</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>1,109</u>	<u>5,482</u>



For the six months ended 30 June 2022 (unaudited)

	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	Others RMB'000	Total RMB'000
Gross segment revenue	64,948	23,171	41,210	17,688	19,977	97	27,515	8,404	203,010
Inter-segment revenue	(81)	(730)	(772)	-	-	-	(773)	(229)	(2,585)
<b>Revenue</b>	<u>64,867</u>	<u>22,441</u>	<u>40,438</u>	<u>17,688</u>	<u>19,977</u>	<u>97</u>	<u>26,742</u>	<u>8,175</u>	<u>200,425</u>
Timing of revenue recognition									
At a point in time	51,788	748	-	-	19,868	-	24,761	3,733	100,898
Over time	<u>13,079</u>	<u>21,693</u>	<u>40,438</u>	<u>17,688</u>	<u>109</u>	<u>97</u>	<u>1,981</u>	<u>4,442</u>	<u>99,527</u>
	<u>64,867</u>	<u>22,441</u>	<u>40,438</u>	<u>17,688</u>	<u>19,977</u>	<u>97</u>	<u>26,742</u>	<u>8,175</u>	<u>200,425</u>
<b>Segment results</b>	<u>10,762</u>	<u>5,096</u>	<u>28,431</u>	<u>8,839</u>	<u>5,231</u>	<u>(44)</u>	<u>3,711</u>	<u>2,737</u>	64,763
Other losses and other income, net									17,227
Finance costs									(1,305)
Unallocated expenses									(3,350)
Income tax expense									<u>(22,449)</u>
<b>Profit for the period</b>									<u>54,886</u>
<b>Segment results include:</b>									
Depreciation and amortisation	(4,995)	(511)	(1,310)	(1,670)	(172)	(10)	(552)	(540)	(9,760)
Loss on disposal of property, plant and equipment	(6)	-	-	-	-	-	-	-	(6)
Provision for expected credit losses on trade and other receivables	<u>176</u>	<u>337</u>	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>(3,150)</u>	<u>841</u>	<u>(1,904)</u>

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 30 June 2023 and 31 December 2022 are as follows:

**Segment assets**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Retail services	<b>58,939</b>	60,476
Information technology services	<b>32,598</b>	52,959
Property management services	<b>5,279</b>	8,582
Off-campus training services	<b>18,051</b>	21,401
Property agency services	<b>609</b>	1,521
Renovation and fitting-out services	<b>25</b>	34
Catering services	<b>16,291</b>	21,070
Others	<b>2,576</b>	2,617
	<hr/>	<hr/>
<b>Total segment assets</b>	<b>134,368</b>	168,660
Investment in unallocated silver bullion	<b>48,705</b>	50,129
Time deposits	<b>130,000</b>	55,000
Restricted cash	<b>645</b>	561
Cash and cash equivalents	<b>561,023</b>	567,235
Deferred tax assets	<b>1,589</b>	1,517
	<hr/>	<hr/>
<b>Total assets</b>	<b>876,330</b>	<b>843,102</b>
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## Segment liabilities

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Retail services	69,922	84,505
Information technology services	15,236	17,561
Property management services	23,195	22,407
Off-campus training services	32,493	29,811
Property agency services	355	2,064
Renovation and fitting-out services	4,993	5,122
Catering services	18,166	29,409
Others	4,225	5,064
<b>Total segment liabilities</b>	<b>168,585</b>	<b>195,943</b>
Dividend payable	23,201	–
Deferred tax liabilities	9,791	8,562
<b>Total liabilities</b>	<b>201,577</b>	<b>204,505</b>

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

As at 30 June 2023, more than 90% (31 December 2022: more than 90%) of the Group's non-current assets other than financial assets, investment in unallocated silver bullion and deferred tax assets, are situated in the PRC Mainland.

During the six months ended 30 June 2023, more than 90% (six months ended 30 June 2022: 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.

Clifford Estates (Panyu) Limited\* (廣州市番禺祈福新邨房地產有限公司), a company under significant influence of the spouse of Ms. Man, contributes 5% (six months ended 30 June 2022: 10%) of the Group's revenue on the segments of retail services, information technology services, property management services, property agency services, off-campus training services, catering services and others (the six months ended 30 June 2022: retail services, information technology services, property management services, property agency services and off-campus training services, catering services and others) for the six months ended 30 June 2023.

## 6. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
– PRC Mainland corporate income tax	<b>13,735</b>	15,999
– PRC Mainland withholding income tax	<b>680</b>	1,800
	<hr/>	<hr/>
Total current tax	<b>14,415</b>	17,799
	<hr/>	<hr/>
Deferred tax:		
– PRC Mainland corporate income tax	<b>157</b>	1,150
– PRC Mainland withholding income tax	<b>1,000</b>	3,500
	<hr/>	<hr/>
Total deferred tax	<b>1,157</b>	4,650
	<hr/>	<hr/>
Income tax expense	<b>15,572</b>	22,449
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### 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 periods, 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. During the year ended 31 December 2017, a subsidiary of the Company obtained the Certificate of “High and New Technology Enterprise” (the “**Certificate**”) with valid period from 2017 to 2019 which was extended to 2023 in December 2020. According to the Corporate Income Tax Law of the PRC Mainland, corporations which obtain the Certificate are entitled to enjoy 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 5% effective tax rate from 1 January 2023 to 31 December 2024.

### **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 was 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 arrangement between the PRC Mainland and Hong Kong.

During the six months ended 30 June 2023, a provision of deferred tax for the distribution of earnings of the certain profitable PRC Mainland subsidiaries to other overseas group entities has been made at withholding income tax rate of 5% (the six months ended 30 June 2022: 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 condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% (the six months ended 30 June 2022: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profit Tax has been provided as the Group had no assessable profits for the six months ended 30 June 2023 and 30 June 2022.

### **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.

## 7. EARNINGS PER SHARE

### (a) Basic

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to the owners of the Company (RMB)	<u>59,357,000</u>	<u>54,886,000</u>
Weighted average number of ordinary shares in issue	<u>1,015,750,000</u>	<u>1,015,750,000</u>
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.058</u>	<u>0.054</u>

### (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.

The Employees' Share Option Scheme was adopted on 8 November 2016 and became effective on the same day, and had been all expired in May 2022. Diluted earnings per share for the six months ended 30 June 2023 was calculated as below:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to the owners of the Company ( <i>RMB</i> )	<u><b>59,357,000</b></u>	<u>54,886,000</u>
Weighted average number of ordinary shares in issue	<b>1,015,750,000</b>	1,015,750,000
Adjustment for:		
– Employees' share options	<u>–</u>	<u>667,273</u>
Weighted average number of ordinary shares for diluted earnings per share	<u><b>1,015,750,000</b></u>	<u>1,016,417,273</u>
Diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in <i>RMB</i> per share)	<u><b>0.058</b></u>	<u>0.054</u>

## 8. INVESTMENT IN UNALLOCATED SILVER BULLION

During the year ended 31 December 2020, the Group invested in a total of 800,000 ounces of unallocated silver bullion through a licensed bank at a total consideration of approximately RMB102,489,000. 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.

During the six months ended 30 June 2022, the Group disposed of 500,000 ounces, in aggregate, of unallocated silver bullion with gross proceeds (excluding transaction cost) of approximately RMB79,051,000, in aggregate. Upon completion of the disposal and as at 30 June 2022, the remaining unallocated silver bullion held by the Group was 300,000 ounces (31 December 2022: 300,000 ounces). For details, please refer to the Company's announcements dated 22 February 2022, 7 March 2022 and 9 March 2022 respectively.

During the six months ended 30 June 2023, the fair value loss in respect of the re-measurement at 30 June 2023 on unallocated silver bullion of approximately RMB1,424,000 (six months ended 30 June 2022: fair value gain of approximately RMB3,017,000) is recognised in other gains/(losses) and other income, net.

The fair value of the investment in unallocated silver bullion is measured with reference to their bid price in London Precious Metals Markets, which is the exit price, at the end of each reporting period.

The Group can unconditionally, at its sole discretion, convert the investment into allocated silver bullion or realise the investment into cash at the London silver spot price by giving not less than 2 business days' prior written notice.

## 9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables ( <i>Note (a)</i> ):		
– Related parties	19,633	34,437
– Third parties	<u>30,675</u>	<u>31,551</u>
Total trade receivables	50,308	65,988
Less: allowance for expected credit losses of trade receivables	<u>(9,596)</u>	<u>(14,865)</u>
	<u>40,712</u>	<u>51,123</u>
Other receivables:		
– Related parties	3,801	3,333
– Third parties ( <i>Note (b)</i> )	<u>15,008</u>	<u>18,096</u>
Total other receivables	<u>18,809</u>	<u>21,429</u>
Less: allowance for expected credit losses of other receivables	<u>(300)</u>	<u>(513)</u>
	<u>18,509</u>	<u>20,916</u>
Prepayments:		
– Third parties	<u>1,021</u>	<u>5,034</u>
Total trade and other receivables	<u><u>60,242</u></u>	<u><u>77,073</u></u>
Analysed into:		
Non-current	5,758	3,851
Current	<u>54,484</u>	<u>73,222</u>
	<u><u>60,242</u></u>	<u><u>77,073</u></u>



Notes:

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

During the six months ended 30 June 2023, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (the six months ended 30 June 2022: one month to one year); the trading of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services are mainly carried out on a cash basis (the six months ended 30 June 2022: cash basis).

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables, net of expected credit losses based on invoice date, were as follows:

	As at	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Less than 1 year	26,799	37,762
1 to 2 year(s)	10,095	12,916
Over 2 years	<u>3,818</u>	<u>445</u>
	<u><b>40,712</b></u>	<u><b>51,123</b></u>

- (b) Included in the other receivables balance are the finance lease receivables with aggregate carrying amount of approximately RMB8,574,000 (31 December 2022: RMB7,715,000). 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 and current other receivables amounting to approximately RMB5,758,000 and RMB2,816,000 (31 December 2022: RMB3,851,000 and RMB3,864,000), respectively and have remaining lease terms ranging from 2 to 10 years (31 December 2022: 2 to 5 years) as at 30 June 2023.

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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2023, a provision of approximately RMB9,896,000 (31 December 2022: RMB15,378,000) was made against the gross amounts of trade and other receivables.

## 10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade payables ( <i>Note</i> ):		
– Related parties	1,631	628
– Third parties	<u>32,386</u>	<u>46,594</u>
	<u>34,017</u>	<u>47,222</u>
Other payables:		
– Related parties	3,568	4,882
– Third parties	<u>29,572</u>	<u>25,327</u>
	<u>33,140</u>	<u>30,209</u>
Accrued payroll	7,683	7,856
Dividend payable ( <i>Note 12</i> )	23,201	–
Other tax payables	<u>219</u>	<u>1,270</u>
	<u>98,260</u>	<u>86,557</u>

*Note:* As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Less than 1 year	26,341	37,796
1 to 2 year(s)	2,100	2,837
2 to 3 years	296	3,123
Over 3 years	<u>5,280</u>	<u>3,466</u>
	<u>34,017</u>	<u>47,222</u>

## 11. SHARE CAPITAL AND SHARE PREMIUM

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

	Number of ordinary shares	Share capital		Share premium	Total
		<i>HK\$</i>	<i>Translated to RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Authorised:</b>					
At 31 December 2022 and 30 June 2023	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>		
<b>Issued and fully paid:</b>					
As at 31 December 2022 and 30 June 2023	<u>1,015,750,000</u>	<u>10,157,500</u>	<u>8,876</u>	<u>179,333</u>	<u>188,209</u>

## 12. DIVIDEND

Pursuant to the approval at the annual general meeting of shareholders of the Company on 27 June 2023, a final dividend of HK2.50 cents per ordinary share for the year ended 31 December 2022 (31 December 2021: HK2.20 cents) was approved and to be distributed out of the Company's retained earnings. The final dividend amounting to approximately HK\$25,394,000 (equivalent to approximately to RMB23,201,000) (30 June 2022: HK\$22,347,000 (equivalent to approximately to RMB19,070,000)) based on the total number of issued shares of the Company of 1,015,750,000 ordinary shares as at 30 June 2023 (31 December 2022: 1,015,750,000 ordinary shares) was recognised as a liability in the condensed consolidated statement of financial position as at 30 June 2023 (Note 10).

No interim dividend for the six months ended 30 June 2023 (the six months ended 30 June 2022: Nil) has been proposed by the Board of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a service provider with a diversified service portfolio comprising six main service segments: (i) property management services, (ii) renovation and fitting-out services, (iii) retail services, (iv) off-campus training services, (v) information technology services and (vi) Ancillary Living Services (as hereinafter defined).

#### 1. Property Management Services

The Group provided property management services to 16 residential communities and 5 pure commercial properties or projects with an aggregate contracted gross floor area (“GFA”) of approximately 9,873,000 sq.m. as at 30 June 2023. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties or projects which the Group managed in different regions in the mainland of the People’s Republic of China (the “PRC Mainland”) as at the dates indicated below:

	As at 30 June 2023		As at 31 December 2022	
	Approximate total contracted GFA (’000 sq.m.)	Number of communities	Approximate total contracted GFA (’000 sq.m.)	Number of communities
<b><i>Residential communities</i></b>				
Panyu district	4,672	6	4,658	6
Huadu district	1,208	7	1,208	7
Zhaoqing city	346	1	346	1
Foshan city	857	2	857	2
<b>Sub-total</b>	<b>7,083</b>	<b>16</b>	<b>7,069</b>	<b>16</b>
<b><i>Pure commercial properties/ projects</i></b>				
Huadu district	2,659	3	2,659	3
Panyu district	131	2	131	2
<b>Sub-total</b>	<b>2,790</b>	<b>5</b>	<b>2,790</b>	<b>5</b>
<b>Total</b>	<b>9,873</b>	<b>21</b>	<b>9,859</b>	<b>21</b>

## 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. To utilise the workforce more efficiently, the Group delegates certain renovation and fitting-out work to third-party sub-contractors. The Group constantly monitors and evaluates third-party sub-contractors on their ability to meet its requirements and standards to ensure the overall quality of the work.

## 3. Retail Services

The Group operated 21 retail outlets of different scales covering a total GFA of approximately 13,787 sq.m. as at 30 June 2023. These 21 retail outlets consist of a wet market, 3 supermarkets and 17 convenience stores.

The following table sets out the Group's average daily revenue by type of retail outlet in operation during the Reporting Period and the six months ended 30 June 2022 respectively:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><i>Average daily revenue by type of retail outlet</i></b> <sup>(Note)</sup>		
Supermarket	<b>211.57</b>	212.64
Wet market	<b>36.76</b>	33.20
Convenience store	<b>109.56</b>	114.53

*Note:* Average daily revenue by type of retail outlet is calculated by dividing revenue by type of retail outlet for six months by 180 days.

## 4. Off-campus Training Services

The Group had four learning centres in Panyu district as at 30 June 2023 (31 December 2022: four learning centres). Training programmes mainly include interest classes and language 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 some major telecommunication service providers under which the Group acts as an agent for their products and services.

## 6. Ancillary Living Services

The Group provides catering services, property agency services, employment placement services and laundry services (collectively, the “**Ancillary Living Services**”).

### *Catering services*

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

### *Property agency services*

The property agency industry is linked to the property market. Under the policy of “housing for living instead of speculation”, the regulations introduced by the PRC Mainland government will continue to stabilise the property market. The Group believes that the property market will gradually recover with more supporting policies from local governments.

### *Employment placement services*

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

### *Laundry services*

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

## **PROSPECTS AND FUTURE PLANS**

### **Expansion of the property management network through engagements in integrated projects**

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

### **Developing online marketing and building online distribution channels**

The Group intends to promote its various services by reaching customers through different online channels including websites and apps on smartphones. Currently, the Group is upgrading the sales and accounting systems so as to further enhance the data collection process, which in turn enables the customer service team to respond more quickly to customers' needs.

### **Further exploration for new investment opportunities**

Notwithstanding the solid performance of the Group in the first half of 2023, 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 strategies.

## FINANCIAL REVIEW

### Revenue

	For the six months ended 30 June		Variance		Percentage of total revenue	
	2023	2022			2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%	%
Property management services	<b>40,408</b>	40,438	(30)	-0.1	<b>23.4</b>	20.2
Renovation and fitting-out services	<b>11</b>	97	(86)	-88.7	<b>0.0</b>	0.0
Retail services	<b>64,419</b>	64,867	(448)	-0.7	<b>37.2</b>	32.4
Off-campus training services	<b>15,291</b>	17,688	(2,397)	-13.6	<b>8.8</b>	8.8
Information technology services	<b>9,665</b>	22,441	(12,776)	-56.9	<b>5.6</b>	11.2
Ancillary Living Services	<b>43,305</b>	54,894	(11,589)	-21.1	<b>25.0</b>	27.4
<b>Total</b>	<b><u>173,099</u></b>	<u>200,425</u>	<u>(27,326)</u>	<u>-13.6</u>	<b><u>100.0</u></b>	<u>100.0</u>

Revenue decreased from RMB200.4 million for the six months ended 30 June 2022 to RMB173.1 million for the six months ended 30 June 2023, representing a decrease of RMB27.3 million or 13.6%. The decrease in revenue was caused by the decrease in revenue from the six main service segments of the Group.



### ***Property Management Services***

	<b>For the six months</b>		<b>Variance</b>	
	<b>ended 30 June</b>		<b>RMB'000</b>	<b>%</b>
	<b>2023</b>	<b>2022</b>		
	<b>RMB'000</b>	<b>RMB'000</b>		
General property management services	<b>22,841</b>	23,884	(1,043)	-4.4
Resident support services	<b>17,567</b>	16,554	1,013	6.1
<b>Total</b>	<b>40,408</b>	40,438	(30)	-0.1

Revenue from property management services decreased by 0.1% to RMB40.4 million for the six months ended 30 June 2023 from RMB40.4 million for the six months ended 30 June 2022. Revenue from general property management services decreased from RMB23.9 million for the six months ended 30 June 2022 to RMB22.8 million for the six months ended 30 June 2023. The increase in revenue from resident support services from RMB16.6 million for the six months ended 30 June 2022 to RMB17.6 million for the six months ended 30 June 2023 was due to the increase in demand for our household helper services.

### ***Renovation and Fitting-out Services***

	<b>For the six months</b>		<b>Variance</b>	
	<b>ended 30 June</b>		<b>RMB'000</b>	<b>%</b>
	<b>2023</b>	<b>2022</b>		
	<b>RMB'000</b>	<b>RMB'000</b>		
<b>Total</b>	<b>11</b>	97	(86)	-88.7

Revenue from renovation and fitting-out services decreased by 88.7%, from RMB97,000 for the six months ended 30 June 2022 to RMB11,000 for the six months ended 30 June 2023. Such decrease was mainly due to the decrease in demand for renovation and fitting-out services.

## ***Retail Services***

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2023	2022		
	RMB'000	RMB'000		
<b>Revenue by type of retail outlet</b>				
Supermarket	38,083	38,276	(193)	-0.5
Wet market	6,616	5,976	640	10.7
Convenience store	19,720	20,615	(895)	-4.3
<b>Total</b>	<b>64,419</b>	<b>64,867</b>	<b>(448)</b>	<b>-0.7</b>

Revenue from retail services decreased by 0.7% to RMB64.4 million for the six months ended 30 June 2023 from RMB64.9 million for the six months ended 30 June 2022. The decrease was due to the keen competition in the retail market.

## ***Off-campus Training Services***

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2023	2022		
	RMB'000	RMB'000		
<b>Total</b>	<b>15,291</b>	<b>17,688</b>	<b>(2,397)</b>	<b>-13.6</b>

Revenue from off-campus training services decreased by 13.6% to RMB15.3 million for the six months ended 30 June 2023 from RMB17.7 million for the six months ended 30 June 2022. Revenue from off-campus training services decreased due to the prevention measures and social restrictions of coronavirus disease 2019. Although such restrictions have been lifted, the enrollments have not yet fully recovered.

## ***Information Technology Services***

	<b>For the six months</b>		<b>Variance</b>	
	<b>ended 30 June</b>		<b>RMB'000</b>	<b>%</b>
	<b>2023</b>	<b>2022</b>		
	<b>RMB'000</b>	<b>RMB'000</b>		
<b>Information technology services</b>				
<b>revenue by category</b>				
Engineering	<b>7,741</b>	18,084	(10,343)	-57.2
Telecommunication	<b>1,924</b>	4,357	(2,433)	-55.8
<b>Total</b>	<b><u>9,665</u></b>	<b><u>22,441</u></b>	<b><u>(12,776)</u></b>	<b><u>-56.9</u></b>

Revenue from information technology services decreased by 56.9% from RMB22.4 million for the six months ended 30 June 2022 to RMB9.7 million for the six months ended 30 June 2023. The decrease in revenue generated from telecommunication services was approximately RMB2.4 million or approximately 55.8%. As the Group has strengthened its credit control over its trade debtors in response to the delay in settlement of trade and other receivables from certain information technology services customers, revenue generated from information technology services decreased.

## ***Ancillary Living Services***

	<b>For the six months</b>		<b>Variance</b>	
	<b>ended 30 June</b>		<b>RMB'000</b>	<b>%</b>
	<b>2023</b>	<b>2022</b>		
	<b>RMB'000</b>	<b>RMB'000</b>		
<b>Ancillary Living Services revenue</b>				
<b>by category</b>				
Catering services	<b>32,965</b>	26,742	6,223	23.3
Property agency services	<b>2,929</b>	19,977	(17,048)	-85.3
Employment placement services	<b>6,372</b>	5,787	585	10.1
Laundry services	<b>1,039</b>	2,388	(1,349)	-56.5
<b>Total</b>	<b><u>43,305</u></b>	<b><u>54,894</u></b>	<b><u>(11,589)</u></b>	<b><u>-21.1</u></b>

Revenue from Ancillary Living Services decreased by 21.1% from RMB54.9 million for the six months ended 30 June 2022 to RMB43.3 million for the six months ended 30 June 2023. Such decrease was primarily due to the decrease in commission income received from sales of new residential units during the Reporting Period.

## **Gross Profit and Gross Profit Margin**

Gross profit decreased from approximately RMB94.0 million for the six months ended 30 June 2022 to approximately RMB84.1 million for the six months ended 30 June 2023, representing a decrease of approximately RMB10.0 million or 10.6%. Meanwhile, the Group's gross profit margin increased from approximately 46.9% for the six months ended 30 June 2022 to approximately 48.6% for the six months ended 30 June 2023. The decrease in gross profit was in line with the decrease in revenue.

## **Selling and Marketing Expenses**

Selling and marketing expenses primarily consist of employee benefits expenses for sales and marketing staff, operating lease payments, depreciation and amortisation charges and utility expenses.

Selling and marketing expenses decreased from RMB17.9 million for the six months ended 30 June 2022 to RMB17.0 million for the six months ended 30 June 2023, representing a decrease of 5.1%, which was mainly due to the decrease in sales and marketing staff expenses and depreciation on right-of-use assets.

## **Administrative Expenses**

Administrative expenses primarily consist of employee benefits expenses, operating lease payments, depreciation and amortisation charges, professional fees and office expenses for the administrative departments.

Administrative expenses decreased from RMB12.9 million for the six months ended 30 June 2022 to RMB10.7 million for the six months ended 30 June 2023, representing a decrease of 16.6%. The decrease was mainly due to the decrease in administrative staff costs and depreciation expenses.

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

Other gains and other income, net amounted to RMB14.3 million and RMB17.2 million for the six months ended 30 June 2023 and 2022 respectively. Such decrease was primarily due to (i) fair value loss on investment in unallocated silver bullion of RMB1.4 million (for the six months ended 30 June 2022: fair value gain of RMB3.0 million), and (ii) the gains on foreign exchanges, net of RMB7.3 million and RMB9.3 million recorded during the six months ended 30 June 2023 and 2022 respectively.

## **Finance Costs**

Finance costs amounted to RMB1.2 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB1.3 million), which represented the interest expense on lease liabilities.

## **Income Tax Expense**

The effective tax rate was 20.8% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 30.2%).

## **Net Profit for the Period**

For the six months ended 30 June 2023, as a result of the foregoing, the Group's net profit was RMB59.4 million (for the six months ended 30 June 2022: RMB54.9 million) and its net profit margin was 34.3% (for the six months ended 30 June 2022: 27.4%).

## **Property, Plant and Equipment**

Property, plant and equipment mainly consist of machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2022 and 30 June 2023, the net book values of the property, plant and equipment of the Group were RMB9.6 million and RMB8.7 million respectively.

## **Investment Properties**

Investment properties amounted to RMB19.6 million and RMB17.5 million as at 31 December 2022 and 30 June 2023 respectively, representing principally right-of-use assets, which are held for long-term rental yields, not occupied by the Group and recognised due to operating leases.

## **Investment in Unallocated Silver Bullion**

The Group, utilising its internal resources, purchased a total of 800,000 ounces of unallocated silver bullion through a licensed bank, during the year ended 31 December 2020 with the aggregate cost of investment amounted to approximately RMB102.5 million. 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 unallocated silver bullion with gross proceeds (excluding transaction costs) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000 respectively. As at 30 June 2023, the remaining amount of unallocated silver bullion held by the Group was 300,000 ounces with an estimated fair value of approximately RMB48.7 million with reference to the market prices of unallocated silver bullion quoted by Standard Chartered Bank (Hong Kong) Limited on 30 June 2023. The Group recorded a loss in fair value of approximately RMB1.4 million during the Reporting Period. The investment in unallocated silver bullion is considered as the diversification of the Group's asset structure. For further details, please refer to the announcements of the Company dated 26 February 2020, 28 February 2020, 22 February 2022, 7 March 2022 and 9 March 2022 respectively.

## **Inventories**

Inventories mainly consist of merchandise goods for the retail services segment and raw materials for the Group's information technology services segment which the Group procured from suppliers.

Inventories decreased from approximately RMB17.3 million as at 31 December 2022 to approximately RMB10.7 million as at 30 June 2023. It was primarily due to the decrease in raw materials for information technology services, which was in line with the decrease in revenue.

During the six months ended 30 June 2023, the Group did not recognise any provision or write-down for our inventories.

## **Trade and Other Receivables**

Trade and other receivables mainly consist of trade receivables, the amounts placed in bank accounts opened on behalf of the residents, other receivables and prepayments.

### ***Trade receivables***

Trade receivables are mainly related to the Group's receivables from the outstanding property management fee, information technology services and renovation and fitting-out services.

Trade receivables decreased by 20.4% from RMB51.1 million as at 31 December 2022 to RMB40.7 million as at 30 June 2023.

### ***Other receivables***

Other receivables are mainly rental deposits, deposits paid to the Group's suppliers and fixed return and capital preservation wealth management products.

Other receivables decreased by 11.5% from RMB20.9 million as at 31 December 2022 to RMB18.5 million as at 30 June 2023.

### **Trade and Other Payables**

Trade and other payables primarily comprise trade payables, other payables, dividend payable and accrued payroll.

#### ***Trade payables***

Trade payables primarily consist of fees due to the suppliers for the procurement of raw materials for the Group's renovation and fitting-out services segment and the information technology services segment and products for the provision of the retail services of the Group, and fees due to the sub-contractors for the provision of the resident support services and information technology services.

Trade payables decreased by 28.0% from RMB47.2 million as at 31 December 2022 to RMB34.0 million as at 30 June 2023 as a result of the decrease in the procurement of the raw materials for the information technology services segment.

#### ***Other payables***

Other payables primarily consist of amounts due to third parties amounted to RMB25.3 million and RMB29.6 million as at 31 December 2022 and 30 June 2023 respectively, which mainly included the deposits received from the stall tenants in the retail business.

### **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

### **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 June 2023, the Group's material sources of liquidity were cash and cash equivalents of RMB561.0 million (31 December 2022: RMB567.2 million).

During the six months ended 30 June 2023, the Group had not obtained any loans or borrowings.

## **PLEDGE OF ASSETS**

The Group had no pledged assets as at 30 June 2023 (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, excluding the labour costs borne by the properties that were managed on commission basis, the Group had 617 employees (31 December 2022: 630 employees). Remuneration is determined with reference to the performance, skills, qualifications and experience of the staff concerned and the prevailing industry practice.

Apart from salaries, other staff benefits include contributions to the mandatory provident fund (for Hong Kong employees) and state-managed pension schemes (for employees in the PRC Mainland) and discretionary bonuses.

In addition, the Company adopted a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme in October 2016 which allow the Directors to grant share options to employees of the Group in order to retain elite personnel and to provide incentives for their contribution to the Group. All of the share options granted under the Pre-IPO Share Option Scheme expired on 9 May 2022, and no further share options can be granted thereunder.

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

Save as disclosed in the paragraph headed “Investment in Unallocated Silver Bullion” in this announcement, the Group had no significant investment held, material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2023.

## **Future Plans for Capital Assets**

As at the date of this announcement, the Group does not have any concrete future plan for material investment or capital assets.



## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There was no material subsequent event affecting the Group after 30 June 2023 and up to the date of this announcement.

## **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 six months ended 30 June 2023.

## **CORPORATE GOVERNANCE CODE**

The Company has applied the principles as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Board is of the view that during the six months ended 30 June 2023, save for the following deviation, the Company had complied with all the code provisions as set out in Part 2 of the CG Code.

Both the positions of the chairman and chief executive officer of the Company are held by Ms. MAN Lai Hung.

Under code provision C.2.1 as set out in Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Board considers that Ms. MAN Lai Hung has in-depth knowledge and experience in the Group's business in the PRC Mainland and therefore it is in 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 dual 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 beneficial to the management and development of the Group's overall business. The structure is supported by the Company's well established corporate governance structure and internal control policies.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

A specific enquiry has been made by the Company of all Directors and the Directors confirmed that they had complied with the required standard set out in the Model Code, which is also the code of conduct regarding directors' securities transactions of the Company during the six months ended 30 June 2023.

## AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). 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 operations and internal controls. The Interim Results have been reviewed with no disagreement by the Audit Committee.

In addition, the independent auditor of the Company, Moore Stephens CPA Limited, has reviewed the Interim Results in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on Interim Results.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cliffordmodernliving.com](http://www.cliffordmodernliving.com)). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the same websites in due course.

By Order of the Board  
**Clifford Modern Living Holdings Limited**  
**MAN Lai Hung**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 August 2023

*As at the date of this announcement, the Board comprises Ms. MAN Lai Hung, Ms. HO Suk Mee and Mr. LIU Xing as executive Directors; Ms. LIANG Yuhua as non-executive Director; and Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) as independent non-executive Directors.*

\* for identification purpose only