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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Percentage change
	2022 RMB'000	2021 RMB'000	
Revenue from contracts with customers	382,882	430,836	-11.1%
Gross profit	177,838	189,190	-6.0%
Profit before taxation	133,427	111,446	19.7%
Profit for the year	95,140	81,124	17.3%
Gross profit margin (%)	46.4%	43.9%	5.7%
Net profit margin (%)	24.8%	18.8%	31.9%
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
- Basic and diluted earnings per share	0.094	0.080	17.5%
Proposed final dividend per ordinary share	<u>HK2.50 cents</u>	<u>HK2.20 cents</u>	<u>13.6%</u>

The board (the “**Board**”) of directors (the “**Director(s)**”) of Clifford Modern Living Holdings Limited 祈福生活服務控股有限公司 (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Revenue	4	382,882	430,836
Cost of sales		<u>(205,044)</u>	<u>(241,646)</u>
Gross profit		<u>177,838</u>	<u>189,190</u>
Other income and gains/(losses), net	4	31,721	(12,903)
Selling and marketing expenses		(33,906)	(32,502)
Administrative expenses		(25,997)	(30,208)
(Provision for)/reversal of impairment loss on trade and other receivables, net		(13,517)	57
Finance costs	5	<u>(2,712)</u>	<u>(2,188)</u>
Profit before taxation		133,427	111,446
Income tax expense	6	<u>(38,287)</u>	<u>(30,322)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>95,140</u></u>	<u><u>81,124</u></u>
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
– Basic and diluted	7	<u><u>0.094</u></u>	<u><u>0.080</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,627	14,309
Investment properties		19,602	3,692
Right-of-use assets		39,072	55,336
Intangible assets		1,262	1,484
Investment in unallocated silver bullion		50,129	117,046
Other receivables	8	3,851	4,222
Deferred tax assets		1,517	2,496
		<u>125,060</u>	<u>198,585</u>
Current assets			
Inventories		17,257	18,213
Trade and other receivables	8	73,222	113,274
Contract assets		4,767	16,361
Term deposits		55,000	64,792
Restricted cash		561	559
Cash and cash equivalents		567,235	351,877
		<u>718,042</u>	<u>565,076</u>
Current liabilities			
Trade and other payables	9	86,557	98,727
Contract liabilities		32,902	23,457
Lease liabilities		15,208	11,825
Tax payables		9,040	9,712
		<u>143,707</u>	<u>143,721</u>
Net current assets		<u>574,335</u>	<u>421,355</u>
Total assets less current liabilities		<u>699,395</u>	<u>619,940</u>

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		52,236	54,066
Deferred tax liabilities		8,562	3,347
		<u>60,798</u>	<u>57,413</u>
Net assets		<u>638,597</u>	<u>562,527</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>10</i>	8,876	8,876
Share premium	<i>10</i>	179,333	179,333
Other reserves		(99,151)	(99,283)
Retained earnings		549,539	473,601
Total equity		<u>638,597</u>	<u>562,527</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and interpretations issued by the Hong Kong Institute 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 of Hong Kong Limited (“**Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost basis except for the investment in unallocated 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 the basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2021 except for the adoption of certain revised HKFRSs that are relevant to the Group and effective from the current period as set out in note (a).

Certain comparative figures have been reclassified to conform with the current year's presentations.

It should be noted that accounting estimates 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(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 2022 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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.

(b) New standards and amendments not yet effective for the financial year beginning on 1 January 2022 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
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

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. 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 income and other gains/(losses), net, finance costs, central administration expenses, income tax expense, and segment assets excluded investment in unallocated 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.

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 2022

	Retail services	Information technology services	Property management services	Off-campus training services	Property agency services	Renovation and fitting-out services	Catering services	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross segment revenue	140,673	41,020	86,174	30,276	26,142	167	49,367	15,376	389,195
Inter-segment revenue	(373)	(1,467)	(3,227)	(147)	-	-	(1,035)	(64)	(6,313)
Revenue	140,300	39,553	82,947	30,129	26,142	167	48,332	15,312	382,882
Timing of revenue recognition									
At a point in time	112,797	944	-	-	25,942	-	44,370	15,280	199,333
Over time	27,503	38,609	82,947	30,129	200	167	3,962	32	183,549
	140,300	39,553	82,947	30,129	26,142	167	48,332	15,312	382,882
Segment results	22,400	(2,747)	59,973	14,345	7,147	(793)	9,200	2,424	111,949
Other income and other gains, net									31,721
Finance costs									(2,712)
Unallocated expenses									(7,531)
Income tax expense									(38,287)
Profit for the year									95,140
Segment results include:									
Depreciation and amortisation	(9,779)	(919)	(2,713)	(2,830)	(348)	(17)	(1,103)	(857)	(18,566)
Loss on disposal of property, plant and equipment, net	(54)	-	-	(5)	-	-	-	(1,620)	(1,679)
Net impairment losses of impairment loss on trade and other receivables	(83)	(12,170)	(78)	-	-	(74)	(336)	(776)	(13,517)

For the year ended 31 December 2021

	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	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	<u>138,299</u>	<u>82,902</u>	<u>76,532</u>	<u>39,239</u>	<u>17,016</u>	<u>6,504</u>	<u>50,884</u>	<u>19,460</u>	<u>430,836</u>
Timing of revenue recognition									
At a point in time	111,861	13,567	-	-	16,783	-	50,884	19,455	212,550
Over time	<u>26,438</u>	<u>69,335</u>	<u>76,532</u>	<u>39,239</u>	<u>233</u>	<u>6,504</u>	-	<u>5</u>	<u>218,286</u>
	<u>138,299</u>	<u>82,902</u>	<u>76,532</u>	<u>39,239</u>	<u>17,016</u>	<u>6,504</u>	<u>50,884</u>	<u>19,460</u>	<u>430,836</u>
Segment results	<u>21,509</u>	<u>25,447</u>	<u>49,358</u>	<u>13,505</u>	<u>3,741</u>	<u>4,749</u>	<u>13,864</u>	<u>3,259</u>	135,432
Other income and other losses, net									(12,903)
Finance costs									(2,188)
Unallocated expenses									(8,895)
Income tax expense									<u>(30,322)</u>
Profit for the year									<u>81,124</u>
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	<u>(264)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321</u>	<u>57</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Segment assets		
Retail services	60,476	64,494
Information technology services	52,959	109,847
Renovation and fitting-out services	34	14
Off-campus training services	21,401	19,692
Property management services	8,582	3,459
Property agency services	1,521	634
Catering services	21,070	20,332
Others	<u>2,617</u>	<u>8,419</u>
Total segment assets	168,660	226,891
Investment in unallocated silver bullion	50,129	117,046
Term deposits	55,000	64,792
Restricted cash	561	559
Cash and cash equivalents	567,235	351,877
Deferred tax assets	<u>1,517</u>	<u>2,496</u>
Total assets	<u>843,102</u>	<u>763,661</u>
Segment liabilities		
Retail services	84,505	79,651
Information technology services	17,561	39,197
Off-campus training services	29,811	27,895
Renovation and fitting-out services	5,122	6,180
Property management services	22,407	15,421
Property agency services	2,064	1,308
Catering services	29,409	21,845
Others	<u>5,064</u>	<u>6,290</u>
Total segment liabilities	<u>195,943</u>	<u>197,787</u>
Deferred tax liabilities	<u>8,562</u>	<u>3,347</u>
Total liabilities	<u><u>204,505</u></u>	<u><u>201,134</u></u>

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

As at 31 December 2022, more than 90% (2021: 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 year ended 31 December 2022, more than 90% (2021: 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.

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

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15, analysed by types of goods or services:</i>		
Sales of goods	111,853	125,667
Engineering work income	36,146	63,750
Property management services	63,883	58,019
Off-campus training services	27,285	36,086
Property agency services	25,943	16,797
Renovation works	167	6,504
Resident support services income	14,864	17,730
Catering service income	48,332	50,884
Household cleaning income	9,917	7,516
Laundry services	3,144	8,839
Concessionaire services income	8,407	7,520
Employment placement services	10,697	10,616
Engineering maintenance income	381	234
Telecommunication service income	3,011	3,108
Procurement service fee	2,527	2,870
After-rental service income from property agency services	199	219
Others	717	828
	<u>367,473</u>	<u>417,187</u>
<i>Revenue from other sources</i>		
Sub-leasing income	<u>15,409</u>	<u>13,649</u>
	<u><u>382,882</u></u>	<u><u>430,836</u></u>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income and gains/(losses), net		
– Interest income on cash and cash equivalents	6,065	1,885
– Interest income on term deposits	898	1,768
– Interest income on long term receivables	420	388
– Gain on derecognition of right-of-use assets and investment properties upon entering into finance lease as lessor	2,361	2,505
– Gain on foreign exchanges, net	9,329	364
– Government grants (<i>Note</i>)	1,083	676
– Loss on disposal of property, plant and equipment, net	(1,679)	(65)
– Gain on early termination of leases	23	49
– (Loss)/gain on modification of leases	(106)	37
– Fair value gains on financial assets at fair value through profit or loss	–	102
– Fair value gain/(loss) on investment in unallocated silver bullion	12,134	(21,244)
– Compensations from tenants	136	22
– Others	1,057	610
	<u>31,721</u>	<u>(12,903)</u>

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.

5. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on lease liabilities	<u>2,712</u>	<u>2,188</u>

6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax:		
– PRC Mainland corporate income tax	30,261	29,597
– PRC Mainland withholding income tax	1,800	600
– Hong Kong Profits Tax	–	82
– Under-provision in prior years	32	–
	<u>32,093</u>	<u>30,279</u>
Deferred tax:		
– PRC Mainland corporate income tax	1,044	(245)
– PRC Mainland withholding income tax	5,150	288
	<u>6,194</u>	<u>43</u>
Total deferred tax	<u>6,194</u>	<u>43</u>
Income tax expense	<u><u>38,287</u></u>	<u><u>30,322</u></u>

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 2.5% 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.

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% (2021: 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% (2021: 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.

7. 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.

	2022	2021
Profit attributable to owners of the Company (RMB)	<u>95,140,000</u>	<u>81,124,000</u>
Weighted average number of ordinary shares in issue	<u>1,015,750,000</u>	<u>1,015,573,973</u>
Basic earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)	<u><u>0.094</u></u>	<u><u>0.080</u></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 and effective on 8 November 2016. Diluted earnings per share is calculated as below:

	2022	2021
Profit from continuing operations attributable to the owners of the Company (RMB)	<u>95,140,000</u>	<u>81,124,000</u>
Weighted average number of ordinary shares in issue	1,015,750,000	1,015,573,973
Adjustments for:		
– Employees' share options	<u>257,828</u>	<u>1,397,513</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,016,007,828</u>	<u>1,016,971,486</u>
Diluted earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)	<u><u>0.094</u></u>	<u><u>0.080</u></u>

8. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables (<i>Note</i>):		
– Related parties	34,437	46,176
– Third parties	<u>31,551</u>	<u>47,277</u>
Total trade receivables	65,988	93,453
Less: allowance for impairment of trade receivables	<u>(14,865)</u>	<u>(1,597)</u>
	<u>51,123</u>	<u>91,856</u>
Amounts placed in Residents' Accounts	<u>841</u>	<u>1,177</u>
Other receivables:		
– Related parties	3,333	2,684
– Third parties	<u>17,255</u>	<u>15,194</u>
	<u>20,588</u>	<u>17,878</u>
Less: allowance for impairment of other receivables	<u>(513)</u>	<u>(264)</u>
	<u>20,075</u>	<u>17,614</u>
Prepayments:		
– Third parties	<u>5,034</u>	<u>6,849</u>
Total trade and other receivables	<u><u>77,073</u></u>	<u><u>117,496</u></u>
Analysed into:		
– Non-current	3,851	4,222
– Current	<u>73,222</u>	<u>113,274</u>
	<u><u>77,073</u></u>	<u><u>117,496</u></u>

Note:

Trade receivables due from third parties mainly represented the receivables arising from provision of 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 2022, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (2021: 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 (2021: cash basis).

As at 31 December 2022, the ageing analysis of the trade receivables, net of impairment based on invoice date are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Up to 1 year	37,762	91,243
1 to 2 years	12,916	613
Over 2 years	445	–
	<u>51,123</u>	<u>91,856</u>

9. TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 <i>RMB'000</i>
Trade payables (<i>Note</i>):		
– Related parties	628	3,039
– Third parties	46,594	52,689
	<u>47,222</u>	<u>55,728</u>
Other payables:		
– Related parties	4,882	4,972
– Third parties	25,327	26,738
	<u>30,209</u>	<u>31,710</u>
Accrued payroll	7,856	8,457
Other taxes payables	1,270	2,832
	<u>86,557</u>	<u>98,727</u>

Note: As at 31 December 2022 and 2021, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Up to 1 year	37,796	34,496
1 to 2 years	2,837	15,505
2 to 3 years	3,123	5,583
Over 3 years	3,466	144
	47,222	55,728

10. 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
	<i>Shares</i>	<i>HK\$</i>	<i>Translated to RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:					
As at 31 December 2021 and 2022	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>		
Issued and fully paid:					
As at 1 January 2021	1,015,250,000	10,152,500	8,872	179,136	188,008
Employees' Share Option Scheme:					
– Proceeds from shares issued	<u>500,000</u>	<u>5,000</u>	<u>4</u>	<u>197</u>	<u>201</u>
As at 31 December 2021 and 31 December 2022	<u>1,015,750,000</u>	<u>10,157,500</u>	<u>8,876</u>	<u>179,333</u>	<u>188,209</u>

11. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(a) Dividend attributable to previous financial year approved and paid during the year:		
Final dividend of HK2.70 cents for the year ended 31 December 2020 per share, equivalent to HK\$27,412,000	–	22,764
Final dividend of HK2.20 cents for the year ended 31 December 2021 per share, equivalent to HK\$22,347,000	<u>19,070</u>	<u>–</u>
	<u>19,070</u>	<u>22,764</u>
(b) Dividend attributable to the year declared but not yet approved at the reporting date [#] :		
Final dividend of HK2.20 cents for the year ended 31 December 2021 per share, equivalent to HK\$22,347,000	–	18,584
Final dividend of HK2.50 cents for the year ended 31 December 2022 per share, equivalent to HK\$25,394,000	<u>21,794</u>	<u>–</u>
	<u>21,794</u>	<u>18,584</u>

[#] 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 2022.

CHAIRMAN’S STATEMENT

On behalf of the Board, I am pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2022.

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 2022, the Group achieved revenue of approximately RMB382.9 million, representing a year-on-year decrease of 11.1%. Profit during the year under review increased to approximately RMB95.1 million, representing a year-on-year increase of approximately RMB14.0 million or 17.3%.

During the year under review, gross profit margin from continuing operations increased from 43.9% to 46.4%. Net profit margin from continuing operations increased from 18.8% to 24.8%, representing a year-on-year increase of about 31.9%.

PROPOSED FINAL DIVIDEND

Based on the financial performance in 2022, the Board recommended the payment of a final dividend of HK2.50 cents per ordinary share for the year ended 31 December 2022 (2021: final dividend of HK2.20 cents per ordinary share).

BUSINESS HIGHLIGHTS

2022 was a challenging year, with regional outbreaks of 2019 Coronavirus Disease (“**COVID-19**”) in October and November 2022 which led to stringent prevention measures, and the widespread infections nationwide during the fourth quarter. I am incredibly grateful to our staff and management team for their agility and tenacity to cope with the extraordinary challenges. Our management team took decisive actions to sustain operations, manage cost and drive operational efficiencies, and our business performance remained solid during the year.

During the year under review, most of our service segments were negatively impacted by COVID-19. Nevertheless, service segments including property management services, retail 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 the future growth.

Expansion in retail services

The Group operated 16 convenience stores as at 31 December 2022 as compared to 15 convenience stores as at 31 December 2021. Accordingly, revenue from retail services increased by 1.4%, from approximately RMB138.3 million for the year ended 31 December 2021 to approximately RMB140.3 million for the year ended 31 December 2022.

Investments in unallocated silver bullion

Taking into account the uncertainty of the current global economy, the Group 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 the 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 cost) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000 respectively. As at 31 December 2022, the fair value of the investment in unallocated silver bullion amounted to approximately RMB50.1 million. The fair value gains on investment in unallocated silver bullion amounted to approximately RMB12.1 million for the year ended 31 December 2022 (losses for the year ended 31 December 2021: RMB21.2 million). The investment in unallocated silver bullion is considered as the diversification of the Group's asset structure.

OUTLOOK FOR 2023

Looking forward, as the People's Republic of China (the "PRC Mainland") has relaxed the prevention restrictions in relation to COVID-19, the economy is expected to recover gradually. Nonetheless, the global economy is still facing unprecedented challenges, including geopolitical risks and high inflation rate. The Board is confident that the economy of the PRC Mainland can maintain a steady growth amid global uncertainty in 2023. Notwithstanding the solid performance in 2022, 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 the shareholders and business partners of the Company 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 services to the residents and customers, and create value for shareholders.

MAN Lai Hung

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 March 2023

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 2021: 16) residential communities and 5 (as at 31 December 2021: 5) pure commercial properties or projects with an aggregate contracted gross floor area (“GFA”) of approximately 9,859,000 sq.m. as at 31 December 2022 (as at 31 December 2021: 9,647,000 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			
	2022		2021	
	Approximate total contracted GFA (’000 sq.m.)	Number of communities	Approximate total contracted GFA (’000 sq.m.)	Number of communities
<i>Residential communities</i>				
Panyu district	4,658	6	4,405	5
Huadu district	1,208	7	1,263	8
Zhaoqing city	346	1	346	1
Foshan city	857	2	846	2
Subtotal	7,069	16	6,860	16
<i>Pure commercial properties/projects</i>				
Huadu district	2,659	3	2,659	3
Panyu district	131	2	128	2
Subtotal	2,790	5	2,787	5
Total	9,859	21	9,647	21

2. Renovation and Fitting-out Services

The Group provides renovation and fitting-out services mainly 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 19 retail outlets (two supermarkets, one wet market and 16 convenience stores) of different sizes covering a total GFA of approximately 13,414 sq.m. as at 31 December 2022 (as at 31 December 2021: 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 2022 and 2021 respectively:

	For the year ended	
	31 December	
	2022	2021
	(RMB'000)	(RMB'000)
<i>Average daily revenue by type of retail outlet</i> ^(Note)		
Supermarket	230.8	232.4
Wet market	37.0	34.9
Convenience store	<u>121.8</u>	<u>116.9</u>

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 2022 (as at 31 December 2021: 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 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 services and receives a fixed consultancy service fee on a 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 service quality of relevant household helpers and dispatched workers.

Laundry services

The Group provides safe 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

The Group plans to further expand its business and increase the market share in the industry by expanding the total contracted GFA and the number of residential communities and pure commercial properties managed by the Group.

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

Further expand 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.

Accelerate business growth through acquisitions of property management companies

The Group intends to accelerate the growth of the property management business by acquiring suitable property management companies to achieve the business strategies of standardisation and centralisation.

Develop online marketing and build online distribution channels

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

Further explore new investment opportunities

Notwithstanding the solid performance in 2022, the Group will remain prudent in monitoring its expenditures, look for new investment opportunities to cope with the existing market environment and constantly review our business strategies.

FINANCIAL REVIEW

Revenue

	For the year ended		Variance		Percentage of	
	31 December				total revenue	
	2022	2021			2022	2021
	RMB'000	RMB'000	RMB'000	%	%	%
Property management services	82,947	76,532	6,415	8.4	21.7	17.8
Renovation and fitting-out services	167	6,504	(6,337)	-97.4	0.0	1.5
Retail services	140,300	138,299	2,001	1.4	36.6	32.1
Off-campus training services	30,129	39,239	(9,110)	-23.2	7.9	9.1
Information technology services	39,553	82,902	(43,349)	-52.3	10.3	19.2
Ancillary Living Services	89,786	87,360	2,426	2.8	23.5	20.3
Total	<u>382,882</u>	<u>430,836</u>	<u>(47,954)</u>	-11.1	<u>100.0</u>	<u>100.0</u>

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 2022, the total revenue was approximately RMB382.9 million, representing a decrease of approximately RMB48.0 million or approximately 11.1% as compared to that of approximately RMB430.8 million in the previous year.

Property management services

	For the year ended		Variance	
	31 December		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Residential property management services	35,592	35,417	175	0.5
Commercial property management services	25,204	24,774	430	1.7
Resident support services	22,151	16,341	5,810	35.6
Household helper services	17,974	14,967	3,007	20.1
Household repairs and maintenance services	4,177	1,374	2,803	204.0
Total	82,947	76,532	6,415	8.4

During the year ended 31 December 2022, the increase in revenue generated from property management services was approximately RMB6.4 million, or approximately 8.4%, of which the increase in revenue generated from commercial property management services was approximately RMB0.4 million or approximately 1.7%, the increase in revenue generated from resident property management services was approximately RMB0.2 million or approximately 0.5% and the increase in revenue generated from resident support services was approximately RMB5.8 million or approximately 35.6%. The increase of revenue generated from resident support services was mainly due to the increase in demand for our resident support services.

Renovation and fitting-out services

	For the year ended		Variance	
	31 December		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Total	167	6,504	(6,337)	-97.4

During the year ended 31 December 2022, the decrease in revenue generated from renovation and fitting-out services was approximately RMB6.3 million, or approximately 97.4%. The decrease was mainly due to the decrease in demand for the renovation and fitting-out services during COVID-19.

Retail services

	For the year ended		Variance	
	31 December		RMB'000	%
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Revenue by type of retail outlet				
Supermarket	83,102	83,653	(551)	-0.7
Wet market	13,337	12,560	777	6.2
Convenience store	<u>43,861</u>	<u>42,086</u>	<u>1,775</u>	4.2
Total	<u>140,300</u>	<u>138,299</u>	<u>2,001</u>	1.4

During the year ended 31 December 2022, revenue generated from retail services increased by approximately RMB2.0 million, or about 1.4% to RMB140.3 million, of which the decrease in revenue generated from supermarkets was approximately RMB0.6 million or approximately 0.7%, the increase in revenue generated from convenience stores was approximately RMB1.8 million or approximately 4.2% and the increase in revenue generated from wet market was approximately RMB0.8 million or approximately 6.2%. The increase in revenue generated from retail services was in line with the increase in number of retail outlets during the year ended 31 December 2022.

Off-campus training services

	For the year ended		Variance	
	31 December		RMB'000	%
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Off-campus training services revenue by category				
Training programmes	–	2,637	(2,637)	-100.0
Interest classes	<u>30,129</u>	<u>36,602</u>	<u>(6,473)</u>	-17.7
Total	<u>30,129</u>	<u>39,239</u>	<u>(9,110)</u>	-23.2

During the year ended 31 December 2022, the decrease in revenue generated from off-campus training services was approximately RMB9.1 million, or approximately 23.2%. The decrease was mainly due to: (1) the fact that the Group has stopped offering academic classes to mitigate the impact of the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China 《中華人民共和國民辦教育促進法實施條例》 which came into effect on 1 September 2021, and (2) the decrease in demand caused by COVID-19 outbreaks during the second half of the year.

Information technology services

	For the year ended		Variance	
	31 December			
	2022	2021		
	RMB'000	RMB'000	RMB'000	%
Information technology services revenue by category				
Engineering	31,955	69,835	(37,880)	-54.2
Telecommunication	<u>7,598</u>	<u>13,067</u>	<u>(5,469)</u>	-41.9
Total	<u>39,553</u>	<u>82,902</u>	<u>(43,349)</u>	-52.3

During the year ended 31 December 2022, the decrease in revenue generated from information technology services was approximately RMB43.3 million, or approximately 52.3%, of which the decrease in revenue generated from engineering services was approximately RMB37.9 million or approximately 54.2%. The decrease in revenue generated from telecommunication services was approximately RMB5.5 million or approximately 41.9%. 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, it has led to the decrease in revenue generated from information technology services.

Ancillary Living Services

	For the year ended		Variance	
	31 December			
	2022	2021		
	RMB'000	RMB'000	RMB'000	%
Ancillary Living Services revenue by category				
Catering services	48,332	50,884	(2,552)	-5.0
Property agency services	26,142	17,016	9,126	53.6
Employment placement services	12,135	10,595	1,540	14.5
Laundry services	3,177	8,865	(5,688)	-64.2
Total	<u>89,786</u>	<u>87,360</u>	<u>2,426</u>	2.8

During the year ended 31 December 2022, the increase in revenue generated from Ancillary Living Services was approximately RMB2.4 million, or approximately 2.8%, of which the increase in revenue generated from property agency services was approximately RMB9.1 million or approximately 53.6%. The increase in revenue generated from property agency services was mainly due to the increase in commission income received from sales of new residential units during the year.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB189.2 million for the year ended 31 December 2021 to approximately RMB177.8 million for the year ended 31 December 2022, representing a decrease of approximately RMB11.4 million or approximately 6.0%. Meanwhile, the Group's gross profit margin increased from approximately 43.9% for the year ended 31 December 2021 to approximately 46.4% for the year ended 31 December 2022. The decrease in gross profit was in line with the decrease in revenue during the year.

Other income and gains/(losses), net

Other income and gains, net value amounted to approximately RMB31.7 million for the year ended 31 December 2022 as compared to the other income and losses, net value amounted to RMB12.9 million for the year ended 31 December 2021. The gains was mainly due to (1) the fair value gain on investment in unallocated silver bullion of approximately RMB12.1 million recorded during the year ended 31 December 2022 (year ended 31 December 2021: fair value loss of RMB21.2 million) and (2) the gain on foreign exchanges, net of RMB9.3 million recorded during the year ended 31 December 2022 (year ended 31 December 2021: RMB0.4 million).

Selling and marketing expenses

Selling and marketing expenses primarily consisted of employee benefit expenses for selling and marketing staff, depreciation and amortisation charges, short term lease expenses and management fees and utility expenses. Selling and marketing expenses increased from approximately RMB32.5 million for the year ended 31 December 2021 to approximately RMB33.9 million for the year ended 31 December 2022, representing an increase of approximately RMB1.4 million or approximately 4.3%. As substantial part of selling and marketing expenses was incurred from our retail services, the increase in selling and marketing expenses was in line with the increase in revenue from our retail services.

Administrative expenses

Administrative expenses principally comprised employee benefit expenses, professional fees and office related expenses for administrative departments. Administrative expenses decreased from RMB30.2 million for the year ended 31 December 2021 to RMB26.0 million for the year ended 31 December 2022, representing a decrease of 13.9%. The decrease was mainly due to the fact that the Group has strengthened its cost control during the year.

Finance costs

Finance costs amounted to approximately RMB2.7 million and approximately RMB2.2 million for the years ended 31 December 2022 and 2021 respectively, representing the interest expenses on lease liabilities.

Income tax expenses

The weighted average applicable tax rate was 28.7% and 27.8% for the years ended 31 December 2022 and 2021 respectively. The increase in weighted average applicable tax rate for the year ended 31 December 2022 was mainly due to the withholding tax in PRC Mainland during this year.

Profit for the year

For the year ended 31 December 2022, as a result of the cumulative effect of the above factors, the Group's net profit for the year was RMB95.1 million and its net profit margin was 24.8%.

Property, plant and equipment

Property, plant and equipment mainly consisted of the machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2022 and 2021, the net book values of property, plant and equipment of the Group were RMB9.6 million and RMB14.3 million respectively.

Investment properties

Investment properties amounted to RMB19.6 million as at 31 December 2022, 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 unallocated 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. 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, with gross proceeds (excluding transaction cost) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000 respectively. As at 31 December 2022, the remaining unallocated silver bullion held by the Group was 300,000 ounces with estimated fair value of approximately RMB50.1 million, the Group recorded a gain in fair value of approximately RMB12.1 million during the year ended 31 December 2022 (for the year ended 31 December 2021: loss in fair value of approximately RMB21.2 million). 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

As at 31 December 2022, inventories mainly consisted of merchandise goods for retail services and raw materials for information technology services. Inventories decreased from RMB18.2 million as at 31 December 2021 to approximately RMB17.3 million as at 31 December 2022.

Inventory turnover days was 31 days and 28 days during the years ended 31 December 2022 and 2021 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 information technology services, receivables of outstanding property management fee charged on commission basis and receivables of concession services under retail services. Trade receivables decreased by approximately 44.3% from approximately RMB91.9 million as at 31 December 2021 to approximately RMB51.1 million as at 31 December 2022. The decrease was mainly due to (1) the Group has strengthened its credit control over the trade debtors and (2) increase in allowance for impairment of trade receivable.

Other receivables

Other receivables mainly comprised rental deposits and deposits paid to suppliers. Other receivables increased by 13.6% from RMB17.6 million as at 31 December 2021 to RMB20.0 million as at 31 December 2022.

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 2022, amounts placed in the Residents' Accounts of RMB0.8 million represented the balances of the property management commission fee and resident support services fee entitled by the property management companies (31 December 2021: RMB1.2 million).

Prepayments

Prepayments are mainly related to prepayments made to sub-contractors. Prepayments decreased by 26.5% from RMB6.8 million as at 31 December 2021 to RMB5.0 million as at 31 December 2022.

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 15.3% from RMB55.7 million as at 31 December 2021 to RMB47.2 million as at 31 December 2022. 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 tenants in the retail business and amounted to RMB25.3 million and RMB26.7 million as at 31 December 2022 and 2021 respectively.

Accrued payroll

Accrued payroll remained stable at RMB7.9 million as at 31 December 2022 as compared to RMB8.5 million as at 31 December 2021.

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 2022, the Group mainly financed its cash requirements through cash generated from operating activities.

As at 31 December 2022, the Group's material sources of liquidity were cash and cash equivalents of RMB567.2 million (as at 31 December 2021: RMB351.9 million), with main currencies being Renminbi and Hong Kong dollars. During the year ended 31 December 2022, the Group has not obtained any loans or borrowing (as at 31 December 2021: 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 2022 and 31 December 2021.

PLEDGE OF ASSETS

The Group had no pledged assets as at 31 December 2022 (31 December 2021: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (31 December 2021: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, excluding labour costs borne by the property owners of the residential communities that we managed on commission basis, the Group had 630 employees (31 December 2021: 664 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 allowed 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.

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

Save for those disclosed in paragraphs headed “Investments in unallocated silver bullion” in this announcement, the Group had no significant investments held, material acquisitions and disposals of subsidiaries or associated companies during the year ended 31 December 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the following paragraph, the Group had no other significant events after 31 December 2022 and up to the date of this announcement.

On 24 March 2023, 29 March 2023 and 30 March 2023, the Group placed term deposits with a principal amount of RMB30,000,000, RMB20,000,000 and RMB30,000,000, respectively in two licensed banks in PRC Mainland. The term deposits are denominated in RMB, which will be matured in 3 years and are interest-bearing at the rate of 3.1% per annum.

DIVIDENDS DISTRIBUTION

The Board recommended the payment of a final dividend of HK2.50 cents (2021: final dividend HK2.20 cents) per ordinary share in respect of the year ended 31 December 2022, making the total dividend payment of approximately HK\$25.4 million (equivalent to approximately RMB21.8 million), subject to the approval by the Shareholders at the annual general meeting (the “AGM”) to be held on Tuesday, 27 June 2023. The final dividend will be paid in cash on Friday, 28 July 2023 to Shareholders whose names appeared on the register of members of the Company on Wednesday, 5 July 2023.

ANNUAL GENERAL MEETING

The AGM of the Company is currently planned to be held on Tuesday, 27 June 2023. 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 be closed from Tuesday, 20 June 2023 to Tuesday, 27 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 June 2023.

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 Tuesday, 4 July 2023 to Wednesday, 5 July 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 July 2023.

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 INFORMATION

The Company was incorporated in the Cayman Islands on 6 January 2016 as an exempted company with limited liability, and the shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 November 2016.

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 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Company is committed to enhancing its corporate governance practices appropriate to the conduct 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.

The Board is of the view that throughout the year ended 31 December 2022, save for the following deviation, the Company has complied with all the code provisions as set out in Part 2 of the CG Code.

Under code provision C.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, 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 businesses 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 of the Company. 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.

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 2022.

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.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Company established audit committee (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 (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 Audit Committee has reviewed with the management of the Company the annual results of the Group for the year ended 31 December 2022, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore Stephens CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. 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 Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cliffordmodernliving.com). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

By Order of the Board
Clifford Modern Living Holdings Limited
Chairman, Chief Executive Officer and Executive Director
MAN Lai Hung

Hong Kong, 31 March 2023

As at the date of this announcement, the board of directors of the Company 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.