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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)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023; AND (2) INSIDE INFORMATION – REVISED DIVIDEND POLICY

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended		Percentage change
	31 December 2023	2022	
	RMB'000	RMB'000	
Revenue from contracts with customers	345,035	382,882	-9.9%
Gross profit	163,613	177,838	-8.0%
Profit before taxation	126,728	133,427	-5.0%
Profit for the year	85,838	95,140	-9.8%
Gross profit margin (%)	47.4%	46.4%	2.2%
Net profit margin (%)	24.9%	24.8%	0.1%
Earnings per share for profit attributable to the owners of the Company			
(expressed in RMB per share):			
– Basic and diluted earnings per share	0.085	0.094	-9.6%
Proposed final dividend per ordinary share	<u>HK4.30 cents</u>	<u>HK2.50 cents</u>	<u>72.0%</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 2023 together with the comparative figures for the year ended 31 December 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	4	345,035	382,882
Cost of sales		<u>(181,422)</u>	<u>(205,044)</u>
Gross profit		163,613	177,838
Other income and gains, net	4	18,209	31,721
Selling and marketing expenses		(34,990)	(33,906)
Administrative expenses		(23,187)	(25,997)
Reversal of/(provision for) impairment loss on trade and other receivables, net		5,396	(13,517)
Finance costs	5	<u>(2,313)</u>	<u>(2,712)</u>
Profit before taxation		126,728	133,427
Income tax expense	6	<u>(40,890)</u>	<u>(38,287)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>85,838</u>	<u>95,140</u>
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
– Basic and diluted	7	<u>0.085</u>	<u>0.094</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	Notes	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		7,987	9,627
Investment properties		13,242	19,602
Right-of-use assets		28,118	39,072
Intangible assets		886	1,262
Investment in unallocated silver bullion		50,504	50,129
Other receivables	8	5,123	3,851
Deferred tax assets		1,602	1,517
		<u>107,462</u>	<u>125,060</u>
Current assets			
Inventories		10,339	17,257
Trade and other receivables	8	37,459	73,222
Contract assets		5,726	4,767
Term deposits		120,000	55,000
Restricted cash		646	561
Cash and cash equivalents		591,144	567,235
		<u>765,314</u>	<u>718,042</u>
Current liabilities			
Trade and other payables	9	75,914	86,557
Contract liabilities		24,289	32,902
Lease liabilities		10,900	15,208
Tax payables		10,103	9,040
		<u>121,206</u>	<u>143,707</u>
Net current assets		<u>644,108</u>	<u>574,335</u>
Total assets less current liabilities		<u>751,570</u>	<u>699,395</u>

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Lease liabilities		38,902	52,236
Deferred tax liabilities		11,434	8,562
		<u>50,336</u>	<u>60,798</u>
Net assets		<u>701,234</u>	<u>638,597</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)	(99,151)
Retained earnings		612,176	549,539
Total equity		<u>701,234</u>	<u>638,597</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 2022 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 presentation.

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) New and Amended standards adopted by the Group

In the current year, the Group has adopted, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the accounting period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements:

HKFRS 17 (including the October 2020 Insurance Contracts and February 2022 Amendments to HKFRS 17)	
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described in the consolidated financial statements, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(b) Amendments not yet effective for the financial year beginning on 1 January 2023 and not early adopted by the Group

The Group has not early adopted any of the following 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
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date 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 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The Group has already commenced an assessment of the related impact of adopting the above 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 gains, 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 2023

	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	130,456	16,454	87,943	31,806	6,704	11	62,235	15,206	350,815
Inter-segment revenue	(194)	(722)	(3,599)	(681)	-	-	(584)	-	(5,780)
Revenue	<u>130,262</u>	<u>15,732</u>	<u>84,344</u>	<u>31,125</u>	<u>6,704</u>	<u>11</u>	<u>61,651</u>	<u>15,206</u>	<u>345,035</u>
Timing of revenue recognition									
At a point in time	101,511	605	-	-	6,526	-	60,519	14,939	184,100
Over time	<u>28,751</u>	<u>15,127</u>	<u>84,344</u>	<u>31,125</u>	<u>178</u>	<u>11</u>	<u>1,132</u>	<u>267</u>	<u>160,935</u>
	<u>130,262</u>	<u>15,732</u>	<u>84,344</u>	<u>31,125</u>	<u>6,704</u>	<u>11</u>	<u>61,651</u>	<u>15,206</u>	<u>345,035</u>
Segment results	<u>17,018</u>	<u>8,825</u>	<u>62,455</u>	<u>14,845</u>	<u>2,275</u>	<u>(27)</u>	<u>10,816</u>	<u>4,270</u>	120,477
Other income and gains, net									18,209
Finance costs									(2,313)
Unallocated expenses									(9,645)
Income tax expense									<u>(40,890)</u>
Profit for the year									<u>85,838</u>
Segment results include:									
Depreciation and amortisation	(9,249)	(711)	(2,674)	(4,173)	(507)	-	(1,098)	(212)	(18,624)
(Loss)/gain on disposal of property, plant and equipment, net	(8)	(4)	(11)	82	-	(11)	-	(366)	(318)
(Net impairment losses)/reversal of impairment loss on trade and other receivables	<u>(146)</u>	<u>4,486</u>	<u>160</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>456</u>	<u>441</u>	<u>5,396</u>

For the year ended 31 December 2022

	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	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	<u>140,300</u>	<u>39,553</u>	<u>82,947</u>	<u>30,129</u>	<u>26,142</u>	<u>167</u>	<u>48,332</u>	<u>15,312</u>	<u>382,882</u>
Timing of revenue recognition									
At a point in time	112,797	944	-	-	25,942	-	44,370	15,280	199,333
Over time	<u>27,503</u>	<u>38,609</u>	<u>82,947</u>	<u>30,129</u>	<u>200</u>	<u>167</u>	<u>3,962</u>	<u>32</u>	<u>183,549</u>
	<u>140,300</u>	<u>39,553</u>	<u>82,947</u>	<u>30,129</u>	<u>26,142</u>	<u>167</u>	<u>48,332</u>	<u>15,312</u>	<u>382,882</u>
Segment results	<u>22,400</u>	<u>(2,747)</u>	<u>59,973</u>	<u>14,345</u>	<u>7,147</u>	<u>(793)</u>	<u>9,200</u>	<u>2,424</u>	111,949
Other income and gains, net									31,721
Finance costs									(2,712)
Unallocated expenses									(7,531)
Income tax expense									<u>(38,287)</u>
Profit for the year									<u>95,140</u>
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	<u>(83)</u>	<u>(12,170)</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(336)</u>	<u>(776)</u>	<u>(13,517)</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Segment assets		
Retail services	50,273	60,476
Information technology services	22,969	52,959
Renovation and fitting-out services	–	34
Off-campus training services	14,127	21,401
Property management services	5,781	8,582
Property agency services	558	1,521
Catering services	12,694	21,070
Others	2,478	2,617
	<u>108,880</u>	<u>168,660</u>
Total segment assets	108,880	168,660
Investment in unallocated silver bullion	50,504	50,129
Term deposits	120,000	55,000
Restricted cash	646	561
Cash and cash equivalents	591,144	567,235
Deferred tax assets	1,602	1,517
	<u>872,776</u>	<u>843,102</u>
Total assets	872,776	843,102
Segment liabilities		
Retail services	60,555	84,505
Information technology services	14,743	17,561
Off-campus training services	27,689	29,811
Renovation and fitting-out services	–	5,122
Property management services	25,736	22,407
Property agency services	872	2,064
Catering services	25,345	29,409
Others	5,168	5,064
	<u>160,108</u>	<u>195,943</u>
Total segment liabilities	160,108	195,943
Deferred tax liabilities	11,434	8,562
	<u>11,434</u>	<u>8,562</u>
Total liabilities	171,542	204,505

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 2023, more than 90% (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 year ended 31 December 2023, more than 90% (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.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue and other income and gains, net is as follows:

	2023 <i>RMB'000</i>	2022 <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	101,253	111,853
Engineering work income	19,480	36,146
Property management services	67,670	63,883
Off-campus training services	26,273	27,285
Property agency services	6,527	25,943
Renovation works	11	167
Resident support services income	13,977	14,864
Catering service income	61,652	48,332
Household cleaning income	3,873	9,917
Laundry services	2,097	3,144
Concessionaire services income	6,851	8,407
Employment placement services	11,251	10,697
Engineering maintenance income	1,429	381
Telecommunication service income	2,319	3,011
Procurement service fee	1,746	2,527
After-rental service income from property agency services	176	199
Others	665	717
	327,250	367,473
<i>Revenue from other sources:</i>		
Sub-leasing income	17,785	15,409
	345,035	382,882

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other income and gains, net		
– Interest income on cash and cash equivalents	9,634	6,065
– Interest income on term deposits	2,935	898
– Interest income on long term receivables	205	420
– Gain on derecognition of right-of-use assets and investment properties upon entering into finance lease as lessor	2,288	2,361
– Loss on early termination of financial lease and entering into an investment property as lessor	(1,051)	–
– Loss on derecognition of investment properties due to termination of lease	(3)	–
– Loss on modification of financial lease	(230)	–
– Gain on foreign exchanges, net	1,782	9,329
– Government grants (<i>Note</i>)	526	1,083
– Loss on disposal of property, plant and equipment, net	(318)	(1,679)
– Loss on disposal of intangible assets	(78)	–
– Gain on early termination of leases	181	23
– Loss on modification of leases	–	(106)
– Fair value gain on investment in unallocated silver bullion	375	12,134
– Compensations from tenants	688	136
– Others	1,279	1,057
	<u>18,209</u>	<u>31,721</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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expenses on lease liabilities	<u>2,313</u>	<u>2,712</u>

6. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax:		
– PRC Mainland corporate income tax	27,637	30,261
– PRC Mainland withholding income tax	10,350	1,800
– Hong Kong Profits Tax	8	–
– Under-provision in prior years	108	32
	<u>38,103</u>	<u>32,093</u>
Deferred tax:		
– PRC Mainland corporate income tax	(13)	1,044
– PRC Mainland withholding income tax	2,800	5,150
Total deferred tax	<u>2,787</u>	<u>6,194</u>
Income tax expense	<u><u>40,890</u></u>	<u><u>38,287</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 2026, under which, the subsidiary enjoys a preferential corporate income rate of 15%.

Certain subsidiaries of the Group are qualified as the qualifying small enterprises according to the relevant tax law and regulation in the PRC Mainland effective from 1 January 2018. When their assessable profit falls under RMB1,000,000, they will be qualified for a reduced 5% effective tax rate, whereas those assessable profit falls under RMB3,000,000 but above RMB1,000,000, they will be qualified for a reduced 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 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% (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 consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% (2022: 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.

	2023	2022
Profit attributable to owners of the Company (RMB)	<u>85,838,000</u>	<u>95,140,000</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 (expressed in RMB per share)	<u>0.085</u>	<u>0.094</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 (as hereinafter defined) was adopted and effective on 8 November 2016. Diluted earnings per share is calculated as below:

	2023	2022
Profit attributable to the owners of the Company (RMB)	<u>85,838,000</u>	<u>95,140,000</u>
Weighted average number of ordinary shares in issue	1,015,750,000	1,015,750,000
Adjustments for:		
– Employees' share options	<u>–</u>	<u>257,828</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,015,750,000</u>	<u>1,016,007,828</u>
Diluted earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)	<u>0.085</u>	<u>0.094</u>

8. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables (<i>Note</i>):		
– Related parties	10,518	34,437
– Third parties	<u>20,640</u>	<u>31,551</u>
Total trade receivables	31,158	65,988
Less: allowance for impairment of trade receivables	<u>(9,451)</u>	<u>(14,865)</u>
	<u>21,707</u>	<u>51,123</u>
Amounts placed in Residents' Accounts	<u>849</u>	<u>841</u>
Other receivables:		
– Related parties	3,405	3,333
– Third parties	<u>15,549</u>	<u>17,255</u>
	<u>18,954</u>	<u>20,588</u>
Less: allowance for impairment of other receivables	<u>(531)</u>	<u>(513)</u>
	<u>18,423</u>	<u>20,075</u>
Prepayments		
– Third parties	<u>1,603</u>	<u>5,034</u>
Total trade and other receivables	<u><u>42,582</u></u>	<u><u>77,073</u></u>
Analysed into:		
– Non-current	5,123	3,851
– Current	<u>37,459</u>	<u>73,222</u>
	<u><u>42,582</u></u>	<u><u>77,073</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 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 (2022: 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 (2022: cash basis).

As at 31 December 2023, the ageing analysis of the trade receivables, net of impairment based on invoice date are as follows:

	2023	2022
	RMB'000	RMB'000
Up to 1 year	17,711	37,762
1 to 2 years	2,961	12,916
Over 2 years	1,035	445
	<u>21,707</u>	<u>51,123</u>

9. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	RMB'000
Trade payables (<i>Note</i>):		
– Related parties	1,644	628
– Third parties	29,904	46,594
	<u>31,548</u>	<u>47,222</u>
Other payables:		
– Related parties	4,934	4,882
– Third parties	30,845	25,327
	<u>35,779</u>	<u>30,209</u>
Accrued payroll	8,200	7,856
Other taxes payables	387	1,270
	<u>75,914</u>	<u>86,557</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	26,650	37,796
1 to 2 years	4,478	2,837
2 to 3 years	217	3,123
Over 3 years	203	3,466
	<u>31,548</u>	<u>47,222</u>

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>	Translated to <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:					
As at 31 December 2022 and 2023	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>		
Issued and fully paid:					
As at 1 January 2022, 31 December 2022 and 31 December 2023	<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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(a) Dividend attributable to previous financial year approved and paid during the year:		
Final dividend of HK2.20 cents for the year ended 31 December 2021 per share, equivalent to HK\$22,347,000	–	19,070
Final dividend of HK2.50 cents for the year ended 31 December 2022 per share, equivalent to HK\$25,394,000	<u>23,201</u>	<u>–</u>
	<u>23,201</u>	<u>19,070</u>
(b) Dividend attributable to the year declared but not yet approved at the reporting date [#] :		
Final dividend of HK2.50 cents for the year ended 31 December 2022 per share, equivalent to HK\$25,394,000	–	21,794
Final dividend of HK4.30 cents for the year ended 31 December 2023 per share, equivalent to HK\$43,677,000	<u>39,292</u>	<u>–</u>
	<u>39,292</u>	<u>21,794</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 2023.

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 2023.

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 2023, the Group achieved revenue of approximately RMB345.0 million, representing a year-on-year decrease of 9.9%. Profit during the year under review decreased to approximately RMB85.8 million, representing a year-on-year decrease of approximately RMB9.3 million or 9.8%.

During the year under review, gross profit margin increased from 46.4% to 47.4%. Net profit margin increased from 24.8% to 24.9%, representing a year-on-year increase of about 0.1%.

PROPOSED FINAL DIVIDEND

Based on the financial performance in 2023 and the Revised Dividend Policy (as defined hereinafter), the Board recommended the payment of a final dividend (the “**2023 Final Dividend**”) of HK4.30 cents per ordinary share for the year ended 31 December 2023 (2022: final dividend of HK2.50 cents per ordinary share).

PROPOSED DECLARATION OF SPECIAL DIVIDEND

As disclosed in the announcement of the Company dated 18 March 2024, a meeting of the Board will be held on Thursday, 28 March 2024 for the purpose of, among others, considering the declaration and payment of a special dividend (the “**Special Dividend**”) to the shareholders of the Company whose names appear on the register of members of the Company on the relevant record date.

For the avoidance of doubt, the proposed Special Dividend is a separate and distinct matter from the recommendation of the 2023 Final Dividend.

Subject to the approval by the Board, the Company will make a further announcement after the relevant Board meeting to set out the details of the Special Dividend (if any). As the proposed Special Dividend may or may not be approved by the Board at the Board meeting, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

BUSINESS HIGHLIGHTS

In 2023, as the pandemic came under control, residents in the People’s Republic of China (the “**PRC Mainland**”) experienced a gradual return to normality in their daily lives. However, economic recovery remained moderate due to the weak foundation of economic revival and a sluggish property market. In light of these challenges, the Group continued to implement a cost-conscious approach and drive operational efficiencies, which contributed to the resilience in our business performance throughout the year.

OUTLOOK FOR 2024

Looking forward, the economy of the PRC Mainland is anticipated to stabilise in 2024 as a result of policies aimed at facilitating economic recovery. However, there are still several challenges and uncertainties on the horizon, including geopolitical risks and sluggish global economic growth. In light of these factors, we will maintain a cautious approach 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, it 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, 27 March 2024

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 2022: 16) residential communities and 5 (as at 31 December 2022: 5) pure commercial properties or projects with an aggregate contracted gross floor area (“GFA”) of approximately 9,875,000 sq.m. as at 31 December 2023 (as at 31 December 2022: 9,859,000 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 below:

	As at 31 December			
	2023		2022	
	Approximate total contracted GFA (’000 sq.m.)	Number of communities/ properties or projects	Approximate total contracted GFA (’000 sq.m.)	Number of communities/ properties or projects
<i>Residential communities</i>				
Panyu district	4,671	6	4,658	6
Huadu district	1,208	7	1,208	7
Zhaoqing city	346	1	346	1
Foshan city	857	2	857	2
Subtotal	7,082	16	7,069	16
<i>Pure commercial properties/ projects</i>				
Huadu district	2,662	3	2,659	3
Panyu district	131	2	131	2
Subtotal	2,793	5	2,790	5
Total	9,875	21	9,859	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 21 retail outlets (three supermarkets, one wet market and 17 convenience stores) of different sizes covering a total GFA of approximately 13,809 sq.m. as at 31 December 2023 (as at 31 December 2022: 19 retail outlets covering a total GFA of approximately 13,414 sq.m.).

The following table sets out the average daily revenue by type of retail outlet in operation during the years ended 31 December 2023 and 2022 respectively:

	For the year ended	
	31 December	
	2023	2022
	(RMB'000)	(RMB'000)
<i>Average daily revenue by type of retail outlet</i> ^(Note)		
Supermarket	208.8	230.8
Wet market	38.0	37.0
Convenience store	<u>115.1</u>	<u>121.8</u>

Note: Average daily revenue by type of retail outlet is calculated by dividing revenue by type of retail outlet for the year by 360 days.

4. Off-campus Training Services

The Group had four learning centres in Panyu district as at 31 December 2023 (as at 31 December 2022: four learning centres). Off-campus training services mainly include offering of tutoring courses, language learning classes and various interest 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 an agent for their products and services.

6. Ancillary Living Services

Catering services

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

Property agency services

The property agency industry is linked to 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 laundry 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 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 Guangdong Province. The Group will be providing property management services, property agency services and marketing consultancy services.

Accelerating 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.

Developing online marketing and building 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 exploration of new investment opportunities

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				Percentage of	
	31 December		Variance		total revenue	
	2023	2022			2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%	%
Property management services	84,344	82,947	1,397	1.7	24.4	21.7
Renovation and fitting-out services	11	167	(156)	-93.4	0.0	0.0
Retail services	130,262	140,300	(10,038)	-7.2	37.8	36.6
Off-campus training services	31,125	30,129	996	3.3	9.0	7.9
Information technology services	15,732	39,553	(23,821)	-60.2	4.6	10.3
Ancillary Living Services	83,561	89,786	(6,225)	-6.9	24.2	23.5
Total	<u>345,035</u>	<u>382,882</u>	<u>(37,847)</u>	-9.9	<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 2023, the total revenue was approximately RMB345.0 million, representing a decrease of approximately RMB37.8 million or approximately 9.9% as compared to that of approximately RMB382.9 million in the previous year.

Property management services

	For the year ended		Variance	
	31 December		RMB'000	%
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Residential property management services	36,658	35,592	1,066	3.0
Commercial property management services	25,399	25,204	195	0.8
Resident support services	22,287	22,151	136	0.6
Household helper services	15,079	17,974	(2,895)	-16.1
Household repairs and maintenance services	7,208	4,177	3,031	72.6
Total	84,344	82,947	1,397	1.7

During the year ended 31 December 2023, the increase in revenue generated from property management services was approximately RMB1.4 million, or approximately 1.7%, of which the increase in revenue generated from commercial property management services was approximately RMB0.2 million or approximately 0.8%, the increase in revenue generated from residential property management services was approximately RMB1.1 million or approximately 3.0% and the revenue generated from resident support services remained stable at approximately RMB22.3 million.

Renovation and fitting-out services

	For the year ended		Variance	
	31 December		RMB'000	%
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Total	11	167	(156)	-93.4

During the year ended 31 December 2023, the decrease in revenue generated from renovation and fitting-out services was approximately RMB0.2 million, or approximately 93.4%. The decrease was mainly due to the decrease in demand for the renovation and fitting-out services.

Retail services

	For the year ended		Variance	
	31 December			
	2023	2022		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Revenue by type of retail outlet				
Supermarket	75,151	83,102	(7,951)	-9.6
Wet market	13,684	13,337	347	2.6
Convenience store	41,427	43,861	(2,434)	-5.6
Total	<u>130,262</u>	<u>140,300</u>	<u>(10,038)</u>	-7.2

During the year ended 31 December 2023, revenue generated from retail services decreased by approximately RMB10.0 million, or about 7.2% to RMB130.3 million, of which the decrease in revenue generated from supermarkets was approximately RMB8.0 million or approximately 9.6%, the decrease in revenue generated from convenience stores was approximately RMB2.4 million or approximately 5.6% and the increase in revenue generated from wet market was approximately RMB0.3 million or approximately 2.6%. The decrease in revenue generated from retail services was mainly attributable to the fact that customers no longer stockpile goods after the pandemic during the year ended 31 December 2023.

Off-campus training services

	For the year ended		Variance	
	31 December			
	2023	2022		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Total	<u>31,125</u>	<u>30,129</u>	<u>996</u>	3.3

During the year ended 31 December 2023, the increase in revenue generated from off-campus training services was approximately RMB1.0 million, or approximately 3.3%. The increase was mainly due to the gradual resumption of demand for off-campus training services following the relaxation of pandemic prevention measures and social restrictions in the first quarter of 2023.

Information technology services

	For the year ended		Variance	
	31 December			
	2023	2022		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%
Information technology services revenue by category				
Engineering	11,003	31,955	(20,952)	-65.6
Telecommunication	4,729	7,598	(2,869)	-37.8
Total	<u>15,732</u>	<u>39,553</u>	<u>(23,821)</u>	-60.2

During the year ended 31 December 2023, the decrease in revenue generated from information technology services was approximately RMB23.8 million, or approximately 60.2%, of which the decrease in revenue generated from engineering services was approximately RMB21.0 million or approximately 65.6%. The decrease in revenue generated from telecommunication services was approximately RMB2.9 million or approximately 37.8%. The Group's implementation of enhanced credit control measures for trade and other receivables in response to the delay in settlement of trade and other receivables from certain customers for information technology services has resulted in the decline in revenue generated from information technology services.

Ancillary Living Services

	For the year ended		Variance	
	31 December			
	2023	2022		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%
Ancillary Living Services revenue by category				
Catering services	61,651	48,332	13,319	27.6
Property agency services	6,704	26,142	(19,438)	-74.4
Employment placement services	13,045	12,135	910	7.5
Laundry services	2,161	3,177	(1,016)	-32.0
Total	<u>83,561</u>	<u>89,786</u>	<u>(6,225)</u>	-6.9

During the year ended 31 December 2023, the decrease in revenue generated from Ancillary Living Services was approximately RMB6.2 million, or approximately 6.9%, of which the decrease in revenue generated from property agency services was approximately RMB19.4 million or approximately 74.4%. The decrease in revenue generated from property agency services was mainly due to the decrease in commission income received from sales of new residential units during the year.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB177.8 million for the year ended 31 December 2022 to approximately RMB163.6 million for the year ended 31 December 2023, representing a decrease of approximately RMB14.2 million or approximately 8.0%. Meanwhile, the Group's gross profit margin increased from approximately 46.4% for the year ended 31 December 2022 to approximately 47.4% for the year ended 31 December 2023. The decrease in gross profit was in line with the decrease in revenue during the year.

Other income and gains, net

Other income and gains, net amounted to approximately RMB18.2 million for the year ended 31 December 2023 as compared to the other income and gains, net of RMB31.7 million for the year ended 31 December 2022. Such decrease was mainly due to (1) the fair value gain on investment in unallocated silver bullion of approximately RMB0.4 million recorded during the year ended 31 December 2023 (year ended 31 December 2022: fair value gain of RMB12.1 million) and (2) the gain on foreign exchanges, net of RMB1.8 million recorded during the year ended 31 December 2023 (year ended 31 December 2022: RMB9.3 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 RMB33.9 million for the year ended 31 December 2022 to approximately RMB35.0 million for the year ended 31 December 2023, representing an increase of approximately RMB1.1 million or approximately 3.2%. As a substantial part of selling and marketing expenses was incurred from the retail services, the increase in selling and marketing expenses was due to the increase in marketing activities in the retail services.

Administrative expenses

Administrative expenses principally comprised employee benefit expenses, professional fees and office related expenses for administrative departments. Administrative expenses decreased from RMB26.0 million for the year ended 31 December 2022 to RMB23.2 million for the year ended 31 December 2023, representing a decrease of 10.8%. 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 RMB2.3 million and approximately RMB2.7 million for the years ended 31 December 2023 and 2022 respectively, representing the interest expenses on lease liabilities.

Income tax expenses

The weighted average applicable tax rate was 32.3% and 28.7% for the years ended 31 December 2023 and 2022 respectively. The increase in weighted average applicable tax rate for the year ended 31 December 2023 was mainly due to the withholding tax in the PRC Mainland during the year.

Profit for the year

For the year ended 31 December 2023, as a result of the cumulative effect of the above factors, the Group's net profit for the year was RMB85.8 million and its net profit margin was 24.9%.

Property, plant and equipment

Property, plant and equipment mainly consisted of the machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2023 and 2022, the net book values of property, plant and equipment of the Group were RMB8.0 million and RMB9.6 million respectively.

Investment properties

Investment properties amounted to RMB13.2 million as at 31 December 2023, which comprised 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 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 2023, the remaining unallocated silver bullion held by the Group was 300,000 ounces with an estimated fair value of approximately RMB50.5 million. The Group recorded a gain in fair value of approximately RMB0.4 million during the year ended 31 December 2023 (for the year ended 31 December 2022: gain in fair value of approximately RMB12.1 million). 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

As at 31 December 2023, inventories mainly consisted of merchandise goods for retail services and raw materials for information technology services. Inventories decreased from approximately RMB17.3 million as at 31 December 2022 to approximately RMB10.3 million as at 31 December 2023.

Inventory turnover days was 28 days and 31 days during the years ended 31 December 2023 and 2022 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 57.5% from approximately RMB51.1 million as at 31 December 2022 to approximately RMB21.7 million as at 31 December 2023. The decrease was mainly due to the Group's enhancement of its credit control over its trade debtors.

Other receivables

Other receivables mainly comprised rental deposits and deposits paid to suppliers. Other receivables decreased by 8.2% from RMB20.0 million as at 31 December 2022 to RMB18.4 million as at 31 December 2023.

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 2023, amounts placed in the Residents' Accounts of RMB0.8 million represented the balances of the property management commission fee and resident support services fee to which the property management companies are entitled (31 December 2022: RMB0.8 million).

Prepayments

Prepayments are mainly related to prepayments made to sub-contractors. Prepayments decreased by 68.2% from RMB5.0 million as at 31 December 2022 to RMB1.6 million as at 31 December 2023.

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 33.2% from RMB47.2 million as at 31 December 2022 to RMB31.5 million as at 31 December 2023. 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 RMB30.8 million and RMB25.3 million as at 31 December 2023 and 2022 respectively.

Accrued payroll

Accrued payroll remained stable at RMB8.2 million as at 31 December 2023 as compared to RMB7.9 million as at 31 December 2022.

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 2023, the Group mainly financed its cash requirements through cash generated from operating activities.

As at 31 December 2023, the Group's material sources of liquidity were cash and cash equivalents of RMB591.1 million (as at 31 December 2022: RMB567.2 million), with main currencies being Renminbi ("**RMB**") and Hong Kong dollars ("**HKD**"). During the year ended 31 December 2023, the Group did not obtain any loans or borrowings (as at 31 December 2022: 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 2023 and 31 December 2022.

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023 (31 December 2022: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, excluding labour costs borne by the property owners of the residential communities that we managed on commission basis, the Group had 580 employees (31 December 2022: 630 employees). Remuneration is determined with reference to the performance, skills, qualifications and experience of the employee concerned and the prevailing industry practice.

Apart from salary payments, 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 a discretionary bonus programme.

In addition, the Company adopted 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 within the Group and to provide incentives for their contribution to the Group.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group had no significant investments held, material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this announcement, the Group did not have any concrete future plans for material investments or capital assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after 31 December 2023 and up to the date of this announcement.

DIVIDENDS DISTRIBUTION

The Board recommended the payment of the 2023 Final Dividend of HK4.30 cents (2022: final dividend HK2.50 cents) per ordinary share in respect of the year ended 31 December 2023, amounting to a total dividend payment of approximately HK\$43.7 million (equivalent to approximately RMB39.3 million), subject to the approval by the shareholders of the Company (“**Shareholders**”) at the annual general meeting (the “**AGM**”) to be held on Friday, 21 June 2024. The 2023 Final Dividend will be paid in cash on Tuesday, 13 August 2024 to Shareholders whose names appear on the register of members of the Company on Friday, 5 July 2024.

The 2023 Final Dividend will be payable in cash to each Shareholder in HKD unless an election is made to receive the same in RMB.

Shareholders will be given the option to elect to receive all or part of the 2023 Final Dividend in RMB at the exchange rate of HKD1.0:RMB0.9074, being the average benchmark exchange rate of HKD to RMB as published by the People's Bank of China during the five business days immediately before 27 March 2024. If Shareholders elect to receive the 2023 Final Dividend in RMB, such dividend will be paid to Shareholders at RMB0.039 per share. Unless a permanent election on dividend currency had been made by Shareholders, Shareholders should complete the dividend currency election form which is expected to be despatched to Shareholders in July 2024 as soon as practicable after the record date of 5 July 2024 to determine Shareholders' entitlement to the 2023 Final Dividend, and lodge it to branch share registrar (the "**Hong Kong Branch Share Registrar**") of the Company, 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 Wednesday, 3 July 2024.

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on or around 13 August 2024 at the Shareholders' own risk.

If no duly completed dividend currency election form in respect of that Shareholder is received by the Hong Kong Branch Share Registrar by 4:30 p.m. on Monday, 29 July 2024, such Shareholder will automatically receive the 2023 Final Dividend in HKD. All dividend payments in HKD will be made in the usual ways on 13 August 2024.

If Shareholders wish to receive the 2023 Final Dividend in HKD in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The AGM of the Company is currently scheduled to be held on Friday, 21 June 2024. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders (as appropriate) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be held on Friday, 21 June 2024) be closed from Monday, 17 June 2024 to Friday, 21 June 2024, 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 Hong Kong Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 June 2024.

In addition, subject to the approval of the proposed 2023 Final Dividend by the Shareholders at the AGM, the register of members of the Company will be closed from Thursday, 4 July 2024 to Friday, 5 July 2024 (both dates inclusive) for the purpose of determining the identity of Shareholders who qualify for the proposed 2023 Final Dividend. In order to qualify for the proposed 2023 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 Hong Kong Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 July 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, 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 2023.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 (previously, 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 2023, 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 C1 to the Listing Rules, the roles of the chairman of the Board and chief executive officer of the Company 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 of the Board 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 practices 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 C3 (previously, 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 2023.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) with terms 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 with the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Company established an 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 2023, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MOORE CPA LIMITED (FORMERLY KNOWN AS “MOORE STEPHENS CPA LIMITED”)

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Moore CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Moore 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 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 2023 containing all the information required by the Listing Rules will be made available on the same websites in due course.

(2) INSIDE INFORMATION – REVISED DIVIDEND POLICY

The below is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that it has approved and adopted a revised dividend policy (the “**Revised Dividend Policy**”), which will take effect from 27 March 2024 and will apply to the proposed 2023 Final Dividend.

According to the Revised Dividend Policy, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate. The declaration, payment and amount of dividends will be subject to the Board’s discretion and (if required) the approval of Shareholders. Subject to the factors set out below, the final dividends to be declared and paid by the Company to its shareholders shall be no less than 50% of the Company’s audited consolidated profit attributable to the owners of the Company in any financial year.

The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends:

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

The payment of dividends by the Company is also subject to all applicable laws and regulations and the articles of association of the Company.

The Board will review the Revised Dividend Policy from time to time and there can be no assurance that any dividend will be paid in any particular amount for any given period.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 March 2024

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.