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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 2021

FINANCIAL HIGHLIGHTS

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

The board (the “**Board**”) of directors (the “**Directors**”) 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 2021 together with the comparative figures for the year ended 31 December 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	4	430,836	420,944
Cost of sales		<u>(236,209)</u>	<u>(237,189)</u>
Gross profit		194,627	183,755
Other income and (losses)/gains, net	4	(12,903)	44,816
Selling and marketing expenses		(32,502)	(32,632)
Administrative expenses		(35,645)	(32,274)
Reversal of/(recognition of) impairment loss on trade and other receivables		57	(373)
Finance costs	5	<u>(2,188)</u>	<u>(1,766)</u>
Profit before taxation		111,446	161,526
Income tax expense	6	<u>(30,322)</u>	<u>(32,788)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>81,124</u>	<u>128,738</u>
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):			
– Basic and diluted	7	<u>0.080</u>	<u>0.127</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		14,309	17,236
Investment properties		3,692	7,306
Right-of-use assets		55,336	32,199
Intangible assets		1,484	1,917
Financial assets at fair value through profit or loss		–	4,181
Investment in silver bullion		117,046	138,290
Other receivables	8	4,222	3,298
Deferred tax assets		2,496	2,251
		<u>198,585</u>	<u>206,678</u>
Current assets			
Inventories		18,213	14,858
Trade and other receivables	8	113,274	97,846
Contract assets		16,361	15,835
Term deposits		64,792	13,933
Restricted cash		559	618
Cash and cash equivalents		351,877	344,401
		<u>565,076</u>	<u>487,491</u>
Current liabilities			
Trade and other payables	9	98,727	100,434
Contract liabilities		23,457	30,860
Lease liabilities		11,825	9,213
Tax payables		9,712	11,690
		<u>143,721</u>	<u>152,197</u>
Net current assets		<u>421,355</u>	<u>335,294</u>
Total assets less current liabilities		<u>619,940</u>	<u>541,972</u>

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		54,066	34,919
Deferred tax liabilities		3,347	3,059
		<u>57,413</u>	<u>37,978</u>
Net assets		<u>562,527</u>	<u>503,994</u>
 EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>10</i>	8,876	8,872
Share premium	<i>10</i>	179,333	179,136
Other reserves		(99,283)	(99,514)
Retained earnings		473,601	415,500
		<u>562,527</u>	<u>503,994</u>

NOTES TO THE 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 Holdings Limited, a company incorporated in the British Virgin Islands which is wholly owned by Ms. Man Lai Hung (“**Ms. Man**”).

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

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

2. BASIS OF PREPARATION

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

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

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

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

(a) Amended standards adopted by the Group

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

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

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

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

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

The Group has early applied the Amendment to HKFRS16 "Covid-19-Related Rent Concessions" in prior year and the 2021 Amendment in the current year. The 2021 Amendment extends the availability of the practical expedient set out in paragraph 46A of HKFRS 16 to rent concessions on or before 30 June 2022. The early application of the 2021 Amendment has had no impact to the opening retained profits at 1 January 2021 and the financial position and financial performance for the current year.

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

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

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020	1 January 2022

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

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

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

For the year ended 31 December 2021

	Retail services <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	138,299	82,902	76,532	39,239	17,016	6,504	50,884	19,460	430,836
Timing of revenue recognition									
At a point in time	111,861	13,567	-	-	16,783	-	50,884	19,455	212,550
Over time	26,438	69,335	76,532	39,239	233	6,504	-	5	218,286
	138,299	82,902	76,532	39,239	17,016	6,504	50,884	19,460	430,836
Segment results	21,509	25,447	49,358	13,505	3,741	4,749	13,864	3,259	135,432
Other losses									(12,903)
Finance costs									(2,188)
Unallocated expenses									(8,895)
Income tax expense									(30,322)
Profit for the year									81,124
Segment results include:									
Depreciation and amortisation	(9,235)	(1,024)	(2,626)	(2,934)	(288)	(31)	(1,145)	(1,043)	(18,326)
Gain on disposal of property, plant and equipment, net	(69)	-	-	4	-	-	-	-	(65)
(Net impairment losses)/reversal of impairment loss on trade and other receivables	(264)	-	-	-	-	-	-	321	57
Written off of trade receivables	-	-	-	-	-	-	-	-	-
Scrap of property, plant and equipment	-	-	-	-	-	-	-	-	-

For the year ended 31 December 2020

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

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 31 December 2021 and 2020 are as follows:

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

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

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

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

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

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

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expenses on lease liabilities	<u>2,188</u>	<u>1,766</u>

6. INCOME TAX EXPENSE

PRC Mainland corporate income tax

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

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

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

PRC Mainland withholding income tax

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

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

Hong Kong Profits Tax

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

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

Overseas Corporate Income Tax

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

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

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.

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

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

8. TRADE AND OTHER RECEIVABLES

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

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

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

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

	2021	2020
	RMB'000	RMB'000
Up to 1 year	91,243	75,265
1 to 2 years	613	550
Over 2 years	–	2,834
	<u>91,856</u>	<u>78,649</u>

9. TRADE AND OTHER PAYABLES

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

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	34,496	56,383
1 to 2 years	15,505	4,991
2 to 3 years	5,583	45
Over 3 years	144	728
	<u>55,728</u>	<u>62,147</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>	<i>Translated to RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:					
As at 31 December 2020 and 2021	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>		
Issued and fully paid:					
As at 1 January 2020	1,015,200,000	10,152,000	8,872	179,118	187,990
Employees' share option scheme:					
– Proceeds from shares issued	<u>50,000</u>	<u>500</u>	<u>-</u>	<u>18</u>	<u>18</u>
As at 31 December 2020 and 1 January 2021	1,015,250,000	10,152,500	8,872	179,136	188,008
Employees' share option scheme:					
– Proceeds from shares issued	<u>500,000</u>	<u>5,000</u>	<u>4</u>	<u>197</u>	<u>201</u>
As at 31 December 2021	<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

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

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 2021.

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

FINANCIAL HIGHLIGHTS

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

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

PROPOSED FINAL DIVIDEND

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

BUSINESS HIGHLIGHTS

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

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

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

Regulations on our off-campus training services

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

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

Expansion in catering services

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

Investments in unallocated silver bullion

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

OUTLOOK FOR 2022

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

ACKNOWLEDGEMENTS

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

MAN Lai Hung

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

1. Property Management Services

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

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

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

2. Renovation and Fitting-out Services

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

3. Retail Services

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

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

	For the year ended	
	31 December	
	2021	2020
	(RMB'000)	(RMB'000)
<i>Average daily revenue by type of retail outlet</i> ^(Note)		
Supermarket	232.4	261.2
Wet market	34.9	33.0
Convenience store	<u>116.9</u>	<u>122.2</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 2021 (as at 31 December 2020: four learning centres). Training programmes mainly include interest classes and language learning classes.

5. Information Technology Services

Engineering services

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

Telecommunication services

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

6. Ancillary Living Services

Catering services

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

Property agency services

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

Employment placement services

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

Laundry services

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

PROSPECTS AND FUTURE PLANS

Property Management

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

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

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

Further expand the property management network through engagements in integrated projects

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

Accelerate our business growth through acquisitions of property management companies

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

Retail

Further expand our retail network

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

Information technology

Further develop our information technology services

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

Develop online marketing and build online distribution channels

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

Further explore new investment opportunities

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

FINANCIAL REVIEW

Revenue

	For the year ended				Percentage of	
	31 December		Variance		total revenue	
	2021	2020			2021	2020
	RMB'000	RMB'000	RMB'000	%	%	%
Property management services	76,532	76,732	(200)	-0.3	17.8	18.3
Renovation and fitting-out services	6,504	17,819	(11,315)	-63.5	1.5	4.2
Retail services	138,299	149,888	(11,589)	-7.7	32.1	35.6
Off-campus training services	39,239	31,205	8,034	23.2	9.1	7.4
Information technology services	82,902	95,617	(12,715)	-13.3	19.2	22.7
Ancillary Living Services	87,360	49,683	37,677	75.8	20.3	11.8
Total	<u>430,836</u>	<u>420,944</u>	<u>9,892</u>	<u>2.3</u>	<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 2021, the total revenue was approximately RMB430.8 million, representing an increase of approximately RMB9.9 million or approximately 2.3% as compared to that of approximately RMB420.9 million in the previous year.

Property management services

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

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

Renovation and fitting-out services

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

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

Retail services

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

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

Off-campus training services

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

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

Information technology services

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

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

Ancillary Living Services

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

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

Gross profit and gross profit margin

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

Other income and (losses)/gains, net

Other income and losses, net value amounted to approximately RMB12.9 million for the year ended 31 December 2021 as compared to the other income and gains, net value amounted to RMB44.8 million for the year ended 31 December 2020. The losses was mainly due to the fair value loss on investment in silver bullion of approximately RMB21.2 million recorded during the year ended 31 December 2021 (year ended 31 December 2020: fair value gain of RMB 35.8 million).

Selling and marketing expenses

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

Administrative expenses

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

Finance costs

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

Income tax expenses

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

Profit for the year

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

Property, plant and equipment

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

Investment properties

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

Investments in silver bullion

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

Inventories

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

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

Trade and other receivables and prepayments

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

Trade receivables

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

Other receivables

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

Amounts placed in Residents' Accounts

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

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

Prepayments

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

Trade and other payables

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

Trade payables

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

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

Other payables

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

Accrued payroll

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

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

Gearing Ratio

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

In addition, the Company adopted a share option scheme in October 2016 which allows the Directors to grant share options to employees of the Group in order to retain elite personnel within the Group and to provide incentives for their contribution to the Group. Details of the share options are set out in the paragraph headed “Share Option Schemes” in the Report of the Directors section in the annual report of the Company for the year ended 31 December 2021, which will be dispatched to the Shareholders of the Company (“Shareholder(s)”) in due course.

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

Save for those disclosed in paragraph headed “Investments in unallocated silver bullion” and “Disposal of 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 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Disposal of investments in unallocated silver bullion

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

DIVIDENDS DISTRIBUTION

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

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be Friday, 24 June 2022) be closed from Monday, 20 June 2022 to Friday, 24 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 June 2022.

In addition, subject to the approval of the proposed final dividend by the Shareholders at the AGM, the register of members of the Company will be closed from Monday, 4 July 2022 to Tuesday, 5 July 2022 (both dates inclusive) for the purpose of determining the identity of shareholders who qualify for the proposed final dividend. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 June 2022.

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 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 2021.

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 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 2021, save for the following deviation, the Company has complied with all the code provisions as set out in 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 2021.

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

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 2021, 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 2021, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 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 assurance 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 2021 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

MAN Lai Hung

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 March 2022

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.