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祈福生活服務
CLIFFORD MODERN LIVING

CLIFFORD MODERN LIVING HOLDINGS LIMITED

祈福生活服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3686)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	For the six months ended		Percentage change
	30 June 2020 RMB'000	2019 RMB'000	
Continuing operations			
Revenue	174,693	178,248	-2.0%
Gross profit	72,073	77,681	-7.2%
Operating profit	47,694	57,378	-16.9%
Profit before taxation	47,470	57,162	-17.0%
Profit from continuing operations	35,960	42,724	-15.8%
Profit from discontinued operation ⁽¹⁾	–	635	n/a
Profit for the period	35,960	43,359	-17.1%
Gross profit margin (%)	41%	44%	-6.8%
Net profit margin (%)	21%	24%	-12.5%
Earnings per share for profit from continuing operations attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic earnings per share	0.035	0.042	-16.7%
– Diluted earnings per share	0.035	0.042	-16.7%
Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic earnings per share	0.035	0.043	-18.6%
– Diluted earnings per share	0.035	0.043	-18.6%

Note:

(1) The Group ceased operation of all its catering outlets and franchising businesses under four catering companies in December 2018, leaving one company continue its catering consultancy service. The four catering companies were presented in the current period and re-presented in prior period as a discontinued operation in the interim condensed consolidated financial information as explained in Note 13(a).

The board of directors (individually, a “**Director**”, or collectively, the “**Board**”) of Clifford Modern Living Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020. The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	5	174,693	178,248
Cost of sales		(102,620)	(100,567)
Gross profit		72,073	77,681
Selling and marketing expenses		(13,344)	(12,811)
Administrative expenses		(15,596)	(15,265)
Impairment losses on trade and other receivables		(406)	(200)
Other income		500	647
Other gains – net		4,467	7,326
Operating profit		47,694	57,378
Finance income		776	678
Finance costs		(1,000)	(894)
Finance costs – net		(224)	(216)
Profit before taxation		47,470	57,162
Income tax expense	6	(11,510)	(14,438)
Profit from continuing operations		35,960	42,724
Profit from discontinued operation	13(b)	–	635
Profit and total comprehensive income for the period		35,960	43,359
Total comprehensive income for the period attributable to owners of the Company arises from:			
– Continuing operations		35,960	42,724
– Discontinued operation		–	635
		35,960	43,359

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Earnings per share for profit from continuing operations attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic and diluted	7	<u>0.035</u>	<u>0.042</u>
Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic and diluted	7	<u>0.035</u>	<u>0.043</u>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Assets and liabilities			
Non-current assets			
Property, plant and equipment		20,389	14,350
Investment properties		9,199	8,694
Intangible assets		1,697	1,737
Right-of-use assets		28,652	17,329
Financial assets at fair value through profit or loss		4,147	4,147
Investment in silver bullion	8	102,873	–
Trade and other receivables	9	3,896	9,916
Deferred tax assets		2,556	2,304
		<u>173,409</u>	<u>58,477</u>
Current assets			
Inventories		11,335	8,777
Trade and other receivables	9	73,012	90,914
Contract assets		13,596	11,557
Financial assets at fair value through profit or loss		22,074	–
Term deposits		28,852	30,786
Restricted cash		618	616
Cash and cash equivalents		297,821	364,909
		<u>447,308</u>	<u>507,559</u>
Current liabilities			
Trade and other payables	10	111,640	100,717
Contract liabilities		44,760	23,456
Lease liabilities		9,820	9,839
Tax payables		9,464	12,206
		<u>175,684</u>	<u>146,218</u>
Net current assets		<u>271,624</u>	<u>361,341</u>
Total assets less current liabilities		<u>445,033</u>	<u>419,818</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Non-current liabilities			
Lease liabilities		31,864	19,091
Deferred tax liabilities		1,953	2,335
		<u>33,817</u>	<u>21,426</u>
Net assets		<u>411,216</u>	<u>398,392</u>
Equity			
Share capital	11	8,872	8,872
Share premium	11	179,118	179,118
Other reserves		(107,067)	(105,706)
Retained earnings		330,293	316,108
Total equity		<u>411,216</u>	<u>398,392</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

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

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

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

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, which is the same as the functional currencies of the Group.

The condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

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

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

The condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”), and any public announcement made by the Company during the current interim reporting period.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the accounting policy for the investment in silver bullion (Note 3(a)) and the adoption of revised HKFRSs effective for the financial period beginning on 1 January 2020 (Note 3(b)).

(a) Investment in silver bullion

As disclosed in Note 8, the investment in silver bullion was made by the Group through the bank during the current interim reporting period. Given that the underlying asset of the investment contract is a kind of commodity, the settlement of investment contract is either physical delivery of silver bullion or cash settled at the London silver spot price at the Group's sole discretion, and such transaction is not within the normal course of business of the Group but for long term capital appreciation. The management of the Company considered it is appropriate to develop the following accounting policy for the recognition and measurement of the investment in silver bullion and apply it consistently:

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

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

(b) New and revised HKFRSs adopted by the Group

In the current interim reporting period, the Group has adopted, for the first time, the following revised HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 3 Amendments	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 Amendments	Interest Rate Benchmark Reform
HKAS 1 and HKAS 8 Amendments	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS 16 Amendments	COVID-19 Related Rent Concessions

The adoption of these revised HKFRSs in the current period has had no material effect on the Group's financial positions and performance for the current and prior accounting periods and/or on disclosures set out in the condensed consolidated financial statements.

(c) **New and revised HKFRSs not yet effective for the financial period beginning on 1 January 2020 and not early adopted by the Group**

Up to the date of issuance of this announcement, the Group has not early adopted any of the following new and revised HKFRSs, which have been issued but are not yet effective, in the condensed consolidated financial statements:

		Effective for annual years beginning on or after
HKFRS 10 and HKAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined *
HKFRS 17	Insurance contracts	1 January 2021
HKAS 16 Amendments	Property, plant and equipment – Proceeds before Intended Use	1 January 2022
HKAS 37 Amendments	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Revised) Amendments	Reference to the Conceptual Framework	1 January 2022
HKFRSs Amendments	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKAS 1 Amendments	Classification of liabilities as current or non-current	1 January 2023

* The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2019. 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 impact of these new and revised HKFRSs. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2019.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, who are the chief operating decision makers of the Group, was specifically focused on the segments of retail services, information technology services, property management services, off-campus training services, property agency services, renovation and fitting-out services and other services for the purpose of resource allocation and performance assessment. These divisions are the basis on which the Group reports its segment information under HKFRS 8 "Operation 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, other gains – net, finance costs – net, central administration costs, income tax expense, and segment assets excluded deferred tax assets, financial assets at fair value through profit or loss, investment in silver bullion, term deposits, restricted cash and cash and cash equivalents, and segment liabilities excluded dividend payable and deferred tax liabilities as these activities are centrally driven by the Group.

Segment revenue and results

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

For the six months ended 30 June 2020 (unaudited)

	Retail services RMB'000	Information technology services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Property agency services RMB'000	Renovation and fitting-out services RMB'000	Others RMB'000	Total RMB'000
Gross segment revenue	74,571	31,994	37,713	6,546	7,598	7,347	9,354	175,123
Inter-segment revenue	(82)	–	(348)	–	–	–	–	(430)
Revenue	74,489	31,994	37,365	6,546	7,598	7,347	9,354	174,693
Timing of revenue recognition								
At a point in time	66,853	–	–	–	1,902	–	1,027	69,782
Over time	7,636	31,994	37,365	6,546	5,696	7,347	8,327	104,911
	74,489	31,994	37,365	6,546	7,598	7,347	9,354	174,693
Segment results	15,522	5,208	21,427	(1,176)	1,180	2,967	2,601	47,729
Other income								500
Other gains – net								4,467
Finance costs – net								(224)
Unallocated expenses								(5,002)
Income tax expense								(11,510)
Profit from continuing operations for the period								35,960
Segment results include:								
Depreciation and amortisation	(4,880)	(677)	(817)	(1,774)	(135)	(25)	(591)	(8,899)
Loss on disposal of property, plant and equipment	(6)	–	–	–	–	–	–	(6)
(Provision for)/Reversal of impairment losses on trade and other receivables	(13)	(150)	(287)	–	–	(219)	263	(406)
Written off of trade receivables	–	–	–	–	–	–	(134)	(134)

For the six months ended 30 June 2019 (unaudited)

	Retail services RMB'000	Information technology services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Property agency services RMB'000	Renovation and fitting- out services RMB'000	Others RMB'000	Total RMB'000 (Restated)
Gross segment revenue	50,982	33,152	28,010	22,287	21,980	11,219	11,055	178,685
Inter-segment revenue	(9)	–	(428)	–	–	–	–	(437)
Revenue	<u>50,973</u>	<u>33,152</u>	<u>27,582</u>	<u>22,287</u>	<u>21,980</u>	<u>11,219</u>	<u>11,055</u>	<u>178,248</u>
Timing of revenue recognition								
At a point in time	43,424	–	3,294	–	–	–	656	47,374
Over time	<u>7,549</u>	<u>33,152</u>	<u>24,288</u>	<u>22,287</u>	<u>21,980</u>	<u>11,219</u>	<u>10,399</u>	<u>130,874</u>
	<u>50,973</u>	<u>33,152</u>	<u>27,582</u>	<u>22,287</u>	<u>21,980</u>	<u>11,219</u>	<u>11,055</u>	<u>178,248</u>
Segment results	<u>8,548</u>	<u>7,312</u>	<u>18,275</u>	<u>8,486</u>	<u>4,443</u>	<u>4,342</u>	<u>2,696</u>	<u>54,102</u>
Other income								647
Other gains – net								7,326
Finance costs – net								(216)
Unallocated expenses								(4,697)
Income tax expense								<u>(14,438)</u>
Profit from continuing operations for the period								<u>42,724</u>
Segment results include:								
Depreciation and amortisation	(3,351)	(834)	(391)	(1,399)	(146)	–	(526)	(6,647)
Provision for impairment losses on trade and other receivables	<u>(12)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(188)</u>	<u>(200)</u>

* Certain comparative figures have been reclassified to conform to the current period's presentation.

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 30 June 2020 and 31 December 2019 are as follows:

Segment assets

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Retail services	57,151	36,215
Information technology services	57,432	69,376
Property management services	12,080	12,555
Off-campus training services	17,352	18,431
Property agency services	2,043	1,808
Renovation and fitting-out services	5,360	14,005
Others	10,358	10,884
Total segment assets	161,776	163,274
Financial assets at fair value through profit or loss	26,221	4,147
Investment in silver bullion	102,873	–
Term deposits	28,852	30,786
Restricted cash	618	616
Cash and cash equivalents	297,821	364,909
Deferred tax assets	2,556	2,304
Total assets	620,717	566,036

Segment liabilities

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Retail services	64,064	55,476
Information technology services	47,497	41,733
Property management services	16,789	7,446
Off-campus training services	27,947	31,945
Property agency services	3,516	5,004
Renovation and fitting-out services	16,776	17,955
Others	7,823	5,750
Total segment liabilities	184,412	165,309
Dividend payable	23,136	–
Deferred tax liabilities	1,953	2,335
Total liabilities	209,501	167,644

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

As at 30 June 2020, more than 90% (31 December 2019: more than 90%) of the Group's non-current assets other than financial assets, investment in silver bullion and deferred tax assets, are suited in the PRC Mainland.

During the six months ended 30 June 2020, more than 90% (the six months ended 30 June 2019: more than 90%) of the Group's revenue were derived from activities carried out and from customers located in the PRC Mainland and no geographical segment analysis is prepared.

Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司), a company under significant influence of the spouse of Ms. Man, contributes more than 13% (the six months ended 30 June 2019: 7%) of the Group's revenue on the segments of retail services, information technology services, property management services and off-campus training services (the six months ended 30 June 2019: retail services, information technology services, property management services and off-campus training services) for the six months ended 30 June 2020.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC Mainland corporate income tax	10,806	13,128
– Hong Kong profits tax	–	43
– PRC Mainland withholding income tax	1,338	–
	<hr/>	<hr/>
Total current income tax	12,144	13,171
	<hr/>	<hr/>
Deferred income tax:		
– PRC Mainland corporate income tax	(274)	895
– PRC Mainland withholding income tax	(360)	550
	<hr/>	<hr/>
Total deferred income tax	(634)	1,445
	<hr/>	<hr/>
Income tax expense	11,510	14,616
	<hr/>	<hr/>
Income tax expense is attributable to:		
– Profit from continuing operations	11,510	14,438
– Profit from discontinued operation	–	178
	<hr/>	<hr/>
	11,510	14,616
	<hr/>	<hr/>

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 period, 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 People’s Republic of China effective on 1 January 2008. During the year ended 31 December 2017, a subsidiary of the Company obtained the Certificate of “High and New Technology Enterprise” with valid period from 2017 to 2019. According to the Corporate Income Tax Law of the People’s Republic of China, corporations which obtain the Certificate of “High and New Technology Enterprise” are entitled to enjoy a preferential corporate income rate of 15%. The corporate income rate has been resumed to 25% since 1 January 2020.

Under the tax reduction measures introduced by the State Council, from 1 January 2018 to 31 December 2020, the qualifying small enterprises whose assessable profit falls under RMB1,000,000 will be qualified for a reduced 5% effective tax rate, and those assessable profit falls under RMB3,000,000 but above RMB1,000,000 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 was applied when the immediate holding companies of the PRC Mainland subsidiaries are incorporated or operated in Hong Kong and fulfil the requirement to the tax treaty arrangement between the PRC Mainland and Hong Kong.

During the six months ended 30 June 2020, a provision of deferred tax for the earnings of the PRC Mainland subsidiaries planned to be distributed to the other overseas group entities has been made at withholding income tax rate of 5% (the six months ended 30 June 2019: 5%).

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been provided as the Group had no assessable profits for the six months ended 30 June 2020 (the six months ended 30 June 2019: Nil).

Overseas Corporate Income Tax

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

7. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit from continuing operations attributable to the owners of the Company (<i>RMB</i>)	35,960,000	42,724,000
Weighted average number of ordinary shares in issue	<u>1,015,200,000</u>	<u>1,015,200,000</u>
Basic earnings per share for profit from continuing operations attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.035</u>	<u>0.042</u>
Profit attributable to the owners of the Company (<i>RMB</i>)		
– From continuing operations	35,960,000	42,724,000
– From discontinued operation	<u>–</u>	<u>635,000</u>
Weighted average number of ordinary shares in issue	35,960,000	43,359,000
	<u>1,015,200,000</u>	<u>1,015,200,000</u>
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.035</u>	<u>0.043</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.

Employees' share option scheme was adopted on 8 November 2016 and became effective on the same day. Diluted earnings per share for the six months ended 30 June 2020 was calculated as below:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit from continuing operations attributable to the owners of the Company (<i>RMB</i>)	35,960,000	42,724,000
Weighted average number of ordinary shares in issue	<u>1,015,200,000</u>	<u>1,015,200,000</u>
Adjustment for:		
– Employees' share options	<u>1,547,399</u>	<u>1,819,072</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,016,747,399</u>	<u>1,017,019,072</u>
Diluted earnings per share for profit from continuing operations attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.035</u>	<u>0.042</u>
	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (<i>RMB</i>)		
– From continuing operations	35,960,000	42,724,000
– From discontinued operation	–	635,000
	<u>35,960,000</u>	<u>43,359,000</u>
Weighted average number of ordinary shares in issue	<u>1,015,200,000</u>	<u>1,015,200,000</u>
Adjustment for:		
– Employees' share options	<u>1,547,399</u>	<u>1,819,072</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,016,747,399</u>	<u>1,017,019,072</u>
Diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.035</u>	<u>0.043</u>

8. INVESTMENT IN SILVER BULLION

During the six months ended 30 June 2020, the Group invested in a total of 800,000 ounces of unallocated silver bullion through Standard Chartered Bank (Hong Kong) Limited at a total consideration of approximately RMB102,489,000 (the six months ended 30 June 2019 (unaudited): Nil). Such investment is held for long-term capital appreciation, and the management of the Company has decided to use the fair value model, with the changes in fair value to be recognised in the profit or loss in the period of changes.

The fair value of the investment in silver bullion is measured with reference to their quoted price in the London Silver Market at the end of each reporting period. As at 30 June 2020, the fair value of the investment in silver bullion amounted to approximately RMB102,873,000. Such investment is subject to financial risk exposure in terms of commodity price risk.

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

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables (<i>Note</i>):		
– Related parties	22,645	25,531
– Third parties	26,472	48,128
	<u>49,117</u>	<u>73,659</u>
Total trade receivables	49,117	73,659
Less: allowance for impairment of trade receivables	(1,882)	(1,477)
	<u>47,235</u>	<u>72,182</u>
Amounts placed in residents' accounts	3,524	6,246
Other receivables:		
– Related parties	2,260	4,859
– Third parties	15,075	14,035
	<u>17,335</u>	<u>18,894</u>
Total other receivables	17,335	18,894
Less: allowance for impairment of other receivables	(68)	(68)
	<u>17,267</u>	<u>18,826</u>
Prepayments:		
– Third parties	8,882	3,576
	<u>76,908</u>	<u>100,830</u>
Total trade and other receivables	<u>76,908</u>	<u>100,830</u>
Analysed into:		
Non-current	3,896	9,916
Current	73,012	90,914
	<u>76,908</u>	<u>100,830</u>

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

During the six months ended 30 June 2020 and 2019, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (31 December 2019: one month to one year); the trading of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services are mainly carried out on a cash basis (31 December 2019: cash basis).

As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade receivables based on invoice date, were as follows:

	As at	
	30 June 2020	31 December 2019
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Less than 1 year	44,620	69,799
1 to 2 year(s)	2,883	2,055
Over 2 years	1,614	1,805
	<u>49,117</u>	<u>73,659</u>
Less: allowance for impairment of trade receivables	(1,882)	(1,477)
	<u>47,235</u>	<u>72,182</u>

In determining the recoverability of such receivables, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience and the collection rate of the customers in estimating the future cash flows from the receivables.

10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables (<i>Note</i>):		
– Related parties	7	7
– Third parties	47,998	50,313
	<u>48,005</u>	<u>50,320</u>
Other payables:		
– Related parties	7,089	9,523
– Third parties	24,204	22,626
	<u>31,293</u>	<u>32,149</u>
Accrued payroll	7,721	14,223
Dividend payable (<i>Note 12</i>)	23,136	–
Other tax payables	1,485	4,025
	<u>111,640</u>	<u>100,717</u>

Note: As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Less than 1 year	43,973	44,399
1 to 2 year(s)	3,721	5,549
2 to 3 years	51	147
Over 3 years	260	225
	<u>48,005</u>	<u>50,320</u>

The balances of trade payables over 1 year mainly represented the amounts due to third party contractors for renovation and maintenance services and information technology services.

11. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital <i>Translated to</i> RMB'000	Share premium RMB'000	Total RMB'000
	HK\$			
Authorised:				
At 30 June 2019 and 2020	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>	
Issued and fully paid:				
Six months ended 30 June 2020				
As at 1 January 2020 and 30 June 2020	<u>1,015,200,000</u>	<u>10,152,000</u>	<u>8,872</u>	<u>179,118</u>
Six months ended 30 June 2019				
As at 1 January 2019 and 30 June 2019	<u>1,015,200,000</u>	<u>10,152,000</u>	<u>8,872</u>	<u>179,118</u>

12. DIVIDEND

Pursuant to the approval at the annual general meeting of shareholders of the Company on 26 June 2020, a final dividend of HK2.50 cents per share for the year ended 31 December 2019 was approved and to be distributed out of the Company's retained earnings. The final dividend amounting to approximately HK\$25,380,000 (equivalent to approximately to RMB23,136,000) based on the total number of issued shares of the Company of 1,015,200,000 shares was recognised as a liability in the condensed consolidated statement of financial position as at 30 June 2020 (Note 10).

No interim dividend for the six months ended 30 June 2020 (the six months ended 30 June 2019: Nil) has been proposed by the board of directors of the Company.

13. ASSETS CLASSIFIED AS HELD FOR SALE

(a) Discontinued operations

In December 2018, the Group terminated operation of all its catering outlets under Guangzhou Clifford Farm Restaurant Catering Limited* 廣州市祈福農家菜館餐飲有限公司, Guangzhou Clifford Big Brother Congee & Noodles Limited* 廣州市祈福一哥雲吞麵有限公司, Guangzhou Clifford Herbal Cuisine Catering Limited* 廣州市祈福藥膳坊餐飲有限公司, Guangzhou Mascot Catering Limited* 廣州市福品餐飲有限公司 (together, the "Catering Companies"). According to the agreement dated 1 January 2019, major assets and liabilities of the outlets of the Catering Companies were sold to a third party. As at 30 June 2020, all outlets of the Catering Companies were deregistered.

Financial information of the Catering Companies is presented as a discontinued operation in the annual consolidated financial statements for the year ended 31 December 2019 and in the condensed consolidated financial statements for the six months ended 30 June 2019.

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

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operation for the six months ended 30 June 2019.

	Six months ended 30 June 2019 <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers	–
Cost of sales	–
Gross profit	–
Selling and marketing expenses	–
Administrative expenses	(16)
Other income	–
Other gains – net	–
Gain on sale of assets classified as held for sale and liabilities directly associated with assets classified as held for sale	829
Profit before taxation	813
Income tax expense	(178)
Profit from discontinued operation	635
Net cash outflow from operating activities	(16)
Net cash inflow from investing activities	4,780
Net increase in cash generated by the discontinued operation	4,764

(c) Details of the sale of assets and liabilities of the catering companies

	Six months ended 30 June 2019 <i>RMB'000</i> (Unaudited)
Consideration received	4,826
Carrying amount of net assets sold	(4,013)
Gain on sale before taxation	813
Income tax expense	(178)
Gain on sale after taxation	635

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

1 Property Management Services

The Group provided property management services to 15 residential communities and six pure commercial properties or projects with an aggregate contracted gross floor area (“GFA”) of approximately 9,660,000 sq.m. as at 30 June 2020. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties or projects the Group managed in different regions in the PRC Mainland as at the dates indicated:

	As at 30 June 2020		As at 31 December 2019	
	Approximate total contracted GFA (’000 sq.m.)	Number of communities	Approximate total contracted GFA (’000 sq.m.)	Number of communities
<i>Residential communities</i>				
Panyu district	4,398	5	4,398	5
Huadu district	1,208	7	1,037	7
Zhaoqing city	346	1	346	1
Foshan city	867	2	867	2
Sub-total	6,819	15	6,648	15
<i>Pure commercial properties/ projects</i>				
Huadu district	202	3	259	3
Maoming city	–	–	129	1
Panyu district	2,639	3	2,628	3
Sub-total	2,841	6	3,016	7
Total	9,660	21	9,664	22

2 Renovation and Fitting-out Services

The Group provides renovation and fitting-out services principally for residents, tenants or owners or their principal contractors in their residential units, offices, shops and other properties. To utilize our workforce more efficiently, we delegate 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 17 retail outlets of different scales covering a total GFA of approximately 12,400 sq.m. as at 30 June 2020. These 17 retail outlets consist of a wet market, 2 supermarkets and 14 convenience stores.

The following table sets out the Group's average daily revenue by type of the retail outlets in operation during the six months ended 30 June 2019 and 2020 respectively:

	For the six months ended 30 June	
	2020	2019
<i>Average daily revenue by type of retail outlet (in RMB thousands) (Note)</i>		
Supermarket	261.21	168.74
Wet market	30.27	32.37
Convenience store	122.34	82.07

Note: Calculated by dividing revenue for six months by 180 days.

4 Off-campus Training Services

The Group had four learning centres in Panyu district as at 30 June 2020 (31 December 2019: three learning centres). Training programmes mainly include tutoring courses 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 some major telecommunication service providers under which the Group acts as agent for their products and services.

6 Ancillary Living Services

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

Catering consultancy services

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

Property agency services

The property agency industry is tied up with the property market. Although more stringent regulations have been introduced by the PRC Mainland government, the Group believes that the 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 the safety and quality of services by providing continuous training to its staff.

INVESTMENTS 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 six months ended 30 June 2020 with the total consideration of approximately RMB102.5 million. Taking into consideration the slowdown in economic growth in PRC Mainland, the investments in unallocated silver bullion are considered to be part of the Group's treasury management to diversify its asset structure. For further details, please refer to the announcements of the Company dated 26 February 2020 and 28 February 2020 respectively.

PROSPECTS AND FUTURE PLANS

Expansion of 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 Guangdong Province. The services we will be providing include property management services, property agency services and marketing consultancy services.

Further expansion of 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 growth potential of the information technology market. We plan to further increase our investment in information technology services segment, with the goal to increase our market share and boost the growth of our overall business. It is expected that more projects will be secured in the second half of the year.

Recovery of our off-campus training services segment from the outbreak of coronavirus disease (the "COVID-19 Outbreak")

The demands for our off-campus training services had begun to resume gradually since April 2020, we are optimistic about the condition in the second half of 2020 and we expect that our revenue generated from our off-campus training services will resume gradually.

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

Facing the challenges of possible slowdown of the economic growth of the PRC Mainland, 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 six months ended 30 June		Variance		Percentage of total revenue	
	2020 RMB'000	2019 RMB'000	RMB'000	%	2020 %	2019 %
Property management services	37,365	27,582	9,783	35.5%	21.4%	15.5%
Renovation and fitting-out services	7,347	11,219	(3,872)	-34.5%	4.2%	6.3%
Retail services	74,489	50,973	23,516	46.1%	42.7%	28.6%
Off-campus training services	6,546	22,287	(15,741)	-70.6%	3.7%	12.5%
Information technology services	31,994	33,152	(1,158)	-3.5%	18.3%	18.6%
Ancillary Living Services	16,952	33,035	(16,083)	-48.7%	9.7%	18.5%
Total	174,693	178,248	(3,555)	-2.0%	100.0%	100.0%

Revenue decreased from RMB178.2 million for the six months ended 30 June 2019 to RMB174.7 million for the six months ended 30 June 2020, representing a decrease of RMB3.6 million or 2.0%. Decline in revenue was mainly caused by the decline in revenue from renovation and fitting-out services, off-campus training services, information technology services and Ancillary Living Services and was offset by the increase in revenue from property management services and retail services.

Property management services

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
General property management services	24,132	20,997
Resident support services	13,233	6,585
Total	37,365	27,582

Revenue from the property management services was increased by 35.5% to RMB37.4 million for the six months ended 30 June 2020 from RMB27.6 million for the six months ended 30 June 2019. The increase in revenue of the general property management services from RMB21.0 million for the six months ended 30 June 2019 to RMB24.1 million for the six months ended 30 June 2020 was primarily due to the changes in our charging method for one of our commercial projects from commission basis to lump sum basis. The increase in revenue of the resident support services from RMB6.6 million for the six months ended 30 June 2019 to RMB13.2 million for the six months ended 30 June 2020 was due to the increase in demand for our household helper services.

Renovation and Fitting-out Services

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	7,347	11,219

Revenue from the renovation and fitting-out services was decreased by 34.5%, from RMB11.2 million for the six months ended 30 June 2019 to RMB7.3 million for the six months ended 30 June 2020. Such decrease was mainly due to the delayed resumption of normal business operations caused by the COVID-19 Outbreak after the Chinese New Year holidays.

Retail Services

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue by type of retail outlet		
Supermarkets	47,018	30,374
Wet market	5,449	5,827
Convenience stores	22,022	14,772
Total	74,489	50,973

Revenue from the retail services was increased by 46.1% to RMB74.5 million for the six months ended 30 June 2020 from RMB51.0 million for the six months ended 30 June 2019. The increase was caused by i) increase in demand for our retail services during the COVID-19 Outbreak, and ii) opening of two convenience stores and one supermarket in the first quarter of 2020.

Off-campus Training Services

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Off-campus training revenue by category		
Training programmes	1,464	3,946
Interest classes	5,082	18,341
Total	6,546	22,287

Revenue from the off-campus training services was decreased by 70.6% to RMB6.5 million for the six months ended 30 June 2020 from RMB22.3 million for the six months ended 30 June 2019. Such decrease was primarily due to the delayed resumption of normal business operations caused by the COVID-19 Outbreak after the Chinese New Year holidays. However, the demands for the off-campus training services has begun to resume gradually since the second quarter of 2020.

Information Technology Services

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Information technology services revenue by category		
Engineering	29,936	31,486
Telecommunication	2,058	1,666
Total	31,994	33,152

Revenue from the information technology services was decreased by 3.5% from RMB33.2 million for the six months ended 30 June 2019 to RMB32.0 million for the six months ended 30 June 2020. Such decrease was mainly due to the decrease in number of projects which led to the decrease in revenue from the engineering services from RMB31.5 million for the six months ended 30 June 2019 to RMB29.9 million for the six months ended 30 June 2020. Engineering services comprises information technology hardware integration and network installation.

Ancillary Living Services

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Ancillary Living Services revenue by category		
Catering services	1,795	1,771
Property agency services	7,598	21,980
Employment placement services	4,317	3,577
Laundry services	3,242	5,707
Total	16,952	33,035

Revenue from the Ancillary Living Services was decreased by 48.7% from RMB33.0 million for the six months ended 30 June 2019 to RMB17.0 million for the six months ended 30 June 2020. Such decrease was primarily due to i) the delayed resumption of normal business operations of our employment placement services and laundry services caused by the COVID-19 Outbreak after the Chinese New Year holidays; and ii) the decrease in commission we received from sales of new units during the period.

Cost of Sales

Cost of sales comprises mainly the cost of goods sold for retail services, the employee benefit expenses for each of our business segments and the project cost for renovation and fitting-out services and information technology services. For the six months ended 30 June 2020, cost of sales increased by approximately RMB2.0 million from approximately RMB100.6 million for the six months ended 30 June 2019 to approximately RMB102.6 million. The increase in cost of sales was primarily due to i) the changes in our charging method for one of our commercial projects from commission basis to lump sum basis; and ii) the fact that more goods were being sold for our retail services segment.

Gross Profit and Gross Profit Margin

Gross profit decreased from approximately RMB77.7 million for the six months ended 30 June 2019 to approximately RMB72.1 million for the six months ended 30 June 2020, representing a decrease of approximately RMB5.6 million or 7.2%. Meanwhile, the Group's gross profit margin from continuing operations decreased from approximately 43.6% for the six months ended 30 June 2019 to approximately 41.3% for the six months ended 30 June 2020. The decrease in gross profit and gross profit margin was primarily due to i) the changes in our charging method for one of our commercial projects from commission basis to lump sum basis; and ii) the increase in revenue from our retail services, which used to generate lower gross profit margin as compared to other service segments and thus lowering our overall gross profit margin.

Selling and Marketing Expenses

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

Selling and marketing expenses increased from RMB12.8 million for the six months ended 30 June 2019 to RMB13.3 million for the six months ended 30 June 2020, representing an increase of 4.2%, which was primarily due to the increase in the number of retail outlets during the six months ended 30 June 2020.

Administrative Expenses

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

Administrative expenses remained stable at RMB15.6 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB15.3 million).

Other Income

Other income remained stable and amounted to RMB0.5 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB0.6 million), mainly representing interest income on cash and cash equivalents.

Other Gains – Net

The Group incurred other gains of RMB7.3 million for the six months ended 30 June 2019 and RMB4.5 million for the six months ended 30 June 2020. The change was primarily caused by finance leases of right-of-use assets and the fluctuation in exchange rate of Renminbi against Hong Kong dollars.

Finance Income

Finance income increased from RMB0.7 million for the six months ended 30 June 2019 to RMB0.8 million for the six months ended 30 June 2020. Finance income was derived from the term deposits and subscription of wealth management products from banks.

Finance Costs

Finance costs amounted to RMB1.0 million for the six months ended 30 June 2020, which represents the interest expense on lease liabilities.

Income Tax Expenses

The effective tax rate was 22.8% for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 23.0%).

Net Profit for the Period

For the six months ended 30 June 2020, as a result of the foregoing, the Group's net profit from continuing operations was RMB36.0 million (for the six months ended 30 June 2019: RMB42.7 million) and its net profit margin was 20.6% (for the six months ended 30 June 2019: 24.0%).

Property, Plant and Equipment

Property, plant and equipment mainly consist of the machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2019 and 30 June 2020, the net book values of the property, plant and equipment of the Group were RMB14.4 million and RMB20.4 million respectively.

Investment Properties

Investment properties amounted to RMB9.2 million as at 30 June 2020 represent 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.

Financial assets at fair value through profit or loss

As at 30 June 2020, financial assets at fair value through profit or loss represented:

- (i) unlisted financial products purchased from commercial banks with high market credit rating, liquidity and stable return as below:

No.	Bank	Product name	Product type	Principle business of the underlying assets	Investment cost RMB'000	Change in fair value (Recognised as gains in P/L) RMB'000	Gain/loss on disposal RMB'000	Dividend received RMB'000	Fair value as at 30/06/2020 RMB'000	Size relative to the Group's total assets
1	Agricultural Bank of China	Benlifeng Bubugao Open-ended RMB Wealth Management Products* (“本利豐步步高”開放式人民幣理財產品)	Unlisted financial products purchased from commercial banks	Underlying assets include national bonds, corporate bonds, central bank bills, repurchase, higher credit rating debt (including but not limited to, corporate bonds, short-term financing bonds), exchange bonds, privately raised company bonds, money market funds, bond funds, other low-risk funds or assets, targeted asset management plans, trust plans and other investment products that meet regulatory requirements.	4,000	147	-	-	4,147	0.67%
2	Bank of China	Bank of China Capital-protected RMB Open-ended Wealth Management Products* (中銀保本理財—人民幣按期開放理財產品)	Unlisted financial products purchased from commercial banks	Underlying assets include national bonds, corporate bonds, NCD, bank deposits, bond repurchase, high-quality corporate bonds (including short-term corporate bonds of securities companies), short-term financing bonds, ultra-short-term financing bonds, medium-term notes, privately raised company bonds, and other low-risk and high-liquidity financial assets within the scope permitted by laws and regulations.	22,000	74	-	-	22,074	3.56%

- (ii) 800,000 ounces of unallocated silver bullion with total consideration of approximately RMB102.5 million was purchased by the Group through Standard Chartered Bank (Hong Kong) Limited, a licensed bank in Hong Kong. The Group recorded a change in fair value gain of approximately RMB0.4 million and the fair value as at 30 June 2020 amounted to RMB102.9 million.

Inventories

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

Inventories increased from approximately RMB8.8 million as at 31 December 2019 to approximately RMB11.3 million as at 30 June 2020, which was primarily due to adjustment of stock level according to the trading volume.

During the six months ended 30 June 2020, the Group did not recognise any provision or write-down for our inventories.

Trade and Other Receivables

Trade and other receivables mainly consist of the trade receivables, the 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 the Group's receivables from the outstanding property management fee, information technology services and renovation and fitting-out services.

Trade receivables were decreased by 34.6% from RMB72.2 million as at 31 December 2019 to RMB47.2 million as at 30 June 2020, which was primarily due to the settlement of final payment in some of the Group's renovation and fitting-out services projects.

Other receivables

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

Other receivables were decreased by 8.3% from RMB18.8 million as at 31 December 2019 to RMB17.3 million as at 30 June 2020 due to finance leases of right-of-use assets.

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 the property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2020, amounts included in Residents’ Accounts of RMB3.5 million represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2019: RMB6.2 million).

Trade and Other Payables

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

Trade payables

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

Trade payables were decreased by 4.6% from RMB50.3 million as at 31 December 2019 to RMB48.0 million as at 30 June 2020 as a result of decrease in the procurement of the raw materials for the information technology services segment.

Other payables

Other payables primarily comprise amounts due to the third parties amounting to RMB22.6 million and RMB24.2 million as at 31 December 2019 and 30 June 2020 respectively, which mainly included the deposits received from the stall tenants in the retail business. The increase was mainly due to the increase in the rental rate and the related deposit.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2020, the Group's material sources of liquidity were cash and cash equivalents of RMB297.8 million (31 December 2019: RMB364.9 million). The decrease was due to the investment in unallocated silver bullion of approximately RMB102.5 million during the six months ended 30 June 2020.

During the six months ended 30 June 2020, the Group has not obtained any loans or borrowings.

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 June 2020 (31 December 2019: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, excluding the labour costs borne by the properties that were managed on commission basis, the Group had approximately 594 employees (31 December 2019: approximately 642 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

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

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

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 21,750,000 options to the eligible Directors, senior management and employees of the Group to subscribe for the ordinary shares of the Company subject to the terms stipulated under the Pre-IPO Share Option Scheme. The exercise price is 90% of the final offer price of the shares issued in connection with the listing (HK\$0.414). No options were exercised and no options were lapsed or cancelled during the six months ended 30 June 2020. As at the date of this announcement, the Company had 5,975,000 share options under the Pre-IPO Share Option Scheme, representing approximately 0.6% of the issued share capital of the Company as at that date.

As at the date of this announcement, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

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

Save as disclosed in paragraphs headed “Financial assets at fair value through profit or loss” and “Investments in unallocated silver bullion” in this announcement, the Group had no significant investment held, material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The fair value of the investment in silver bullion has been increased by approximately 46.9% as at the date of this announcement.

Save as disclosed above, the Group does not have any material subsequent event after 30 June 2020 and up to the date of this announcement.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Board is of the view that throughout the six months ended 30 June 2020, save for the following deviation, the Company has complied with all the code provisions as set out in the CG Code.

Both the positions of the Chairman and Chief Executive Officer of the Company are held by Ms. MAN Lai Hung.

Under code provision A.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 separated 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 the best interests of the Group for her to take up the dual roles of the Chairman and Chief Executive Officer. The Board believes that the combined roles of Ms. MAN Lai Hung can provide the Company with strong and consistent leadership that facilitates effective and efficient planning and implementation of business decisions and strategies, and should be overall beneficial to the management and development of the Group's business. The structure is supported by the Company's well established corporate governance structure and internal control policies.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) and one non-executive Director, namely Mr. LIU Xing (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). The unaudited interim financial information for the six months ended 30 June 2020 has been reviewed with no disagreement by the Audit Committee of the Company.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the six months ended 30 June 2020 as set out in this announcement of the Group have been agreed by the Group’s auditor, Moore Stephens CPA Limited, to the amounts set out in the Group’s condensed consolidated financial statements for the six months ended 30 June 2020. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cliffordmodernliving.com). The 2020 interim report of the Company for the six months ended 30 June 2020 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

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

Hong Kong, 28 August 2020

As at the date of this announcement, the Board of the Company comprises Ms. MAN Lai Hung, Ms. HO Suk Mee and Ms. LIANG Yuhua as executive Directors; Mr. LIU Xing 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.