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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 2022

FINANCIAL HIGHLIGHTS

	For the six months ended		Percentage change
	30 June 2022	2021	
	RMB'000	RMB'000	
Revenue	200,425	212,003	-5.5%
Gross profit	94,049	87,022	8.1%
Profit before income tax	77,335	55,467	39.4%
Profit for the period	54,886	40,500	35.5%
Gross profit margin (%)	46.9%	41.0%	14.4%
Net profit margin (%)	27.4%	19.1%	43.5%
Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic and diluted	0.054	0.040	35.0%

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 2022 (the “**Reporting Period**”). 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 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	5	200,425	212,003
Cost of sales		<u>(106,376)</u>	<u>(124,981)</u>
Gross profit		94,049	87,022
Other gains/(losses) and other income, net		17,227	(3,869)
Selling and marketing expenses		(17,874)	(12,273)
Administrative expenses		(12,858)	(13,583)
Provision for expected credit losses on trade and other receivables		(1,904)	(760)
Finance costs		<u>(1,305)</u>	<u>(1,070)</u>
Profit before income tax		77,335	55,467
Income tax expense	6	<u>(22,449)</u>	<u>(14,967)</u>
Profit and total comprehensive income for the period		<u>54,886</u>	<u>40,500</u>
Profit and total comprehensive income for the period attributable to the owners of the Company		<u>54,886</u>	<u>40,500</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>0.054</u>	<u>0.040</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 2022

		As at	
		30 June	31 December
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		12,948	14,309
Investment properties		15,911	3,692
Intangible assets		1,297	1,484
Right-of-use assets		43,342	55,336
Investment in unallocated silver bullion	8	41,012	117,046
Other receivables	9	3,734	4,222
Deferred tax assets		1,229	2,496
		<u>119,473</u>	<u>198,585</u>
Current assets			
Inventories		15,912	18,213
Trade and other receivables	9	93,138	113,274
Contract assets		4,464	16,361
Time deposits		185,689	64,792
Restricted cash		–	559
Cash and cash equivalents		393,155	351,877
		<u>692,358</u>	<u>565,076</u>

		As at	
		30 June 2022	31 December 2021
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Current liabilities			
Trade and other payables	10	103,920	98,727
Contract liabilities		27,399	23,457
Lease liabilities		14,259	11,825
Tax payables		<u>8,765</u>	<u>9,712</u>
		<u>154,343</u>	<u>143,721</u>
Net current assets		<u>538,015</u>	<u>421,355</u>
Total assets less current liabilities		<u>657,488</u>	<u>619,940</u>
Non-current liabilities			
Lease liabilities		52,415	54,066
Deferred tax liabilities		<u>6,730</u>	<u>3,347</u>
		<u>59,145</u>	<u>57,413</u>
Net assets		<u><u>598,343</u></u>	<u><u>562,527</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	11	8,876	8,876
Share premium	11	179,333	179,333
Other reserves		(99,499)	(99,283)
Retained earnings		<u>509,633</u>	<u>473,601</u>
Total equity		<u><u>598,343</u></u>	<u><u>562,527</u></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 2022

1. GENERAL INFORMATION

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

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

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

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

Certain comparative figures have been reclassified to conform with the current period’s presentation.

These condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

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

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

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”), and any public announcement made by the Company during the current interim reporting period.

3. PRINCIPAL ACCOUNTING POLICIES

Except for the adoption of amended HKFRSs as set out below, the accounting policies and methods of computation adopted in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

(a) Amendments to HKFRSs adopted by the Group

In the current interim reporting period, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2021.

5. SEGMENT INFORMATION

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

The executive directors of the Company assess the performance of the operating segments based on a measure of segment revenue and results and segment assets and liabilities. Segment results excluded other gains/(losses) and other income, net, finance costs, central administration costs, income tax expense, and segment assets excluded investment in unallocated silver bullion, time deposits, restricted cash, cash and cash equivalents and deferred tax assets and segment liabilities excluded dividend payable and deferred tax liabilities as these activities are centrally driven by the Group.

Segment revenue and results

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

For the six months ended 30 June 2022 (unaudited)

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

For the six months ended 30 June 2021 (unaudited)

	Retail services <i>RMB'000</i>	Information technology services <i>RMB'000</i>	Property management services <i>RMB'000</i>	Off- campus training services <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Renovation and fitting- out services <i>RMB'000</i>	Catering services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Gross segment revenue	70,768	31,936	41,241	22,413	12,795	507	25,048	9,607	214,315
Inter-segment revenue	<u>(123)</u>	<u>(443)</u>	<u>(826)</u>	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>(731)</u>	<u>(145)</u>	<u>(2,312)</u>
Revenue	<u>70,645</u>	<u>31,493</u>	<u>40,415</u>	<u>22,369</u>	<u>12,795</u>	<u>507</u>	<u>24,317</u>	<u>9,462</u>	<u>212,003</u>
Timing of revenue recognition									
At a point in time	60,988	4,009	-	-	12,670	-	22,336	4,525	104,528
Over time	<u>9,657</u>	<u>27,484</u>	<u>40,415</u>	<u>22,369</u>	<u>125</u>	<u>507</u>	<u>1,981</u>	<u>4,937</u>	<u>107,475</u>
	<u>70,645</u>	<u>31,493</u>	<u>40,415</u>	<u>22,369</u>	<u>12,795</u>	<u>507</u>	<u>24,317</u>	<u>9,462</u>	<u>212,003</u>
Segment results	<u>10,362</u>	<u>6,575</u>	<u>26,790</u>	<u>9,230</u>	<u>2,197</u>	<u>(231)</u>	<u>7,352</u>	<u>1,744</u>	<u>64,019</u>
Other losses and other income, net									(3,869)
Finance costs									(1,070)
Unallocated expenses									(3,613)
Income tax expense									<u>(14,967)</u>
Profit for the period									<u>40,500</u>
Segment results include:									
Depreciation and amortisation	(4,443)	(585)	(1,101)	(1,468)	(137)	(33)	(578)	(502)	(8,847)
Written-off of property, plant and equipment	(184)	-	-	(54)	-	-	-	-	(238)
Provision for expected credit losses on trade and other receivables	<u>-</u>	<u>-</u>	<u>(105)</u>	<u>-</u>	<u>-</u>	<u>(580)</u>	<u>(71)</u>	<u>(4)</u>	<u>(760)</u>

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 30 June 2022 and 31 December 2021 are as follows:

Segment assets

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Retail services	61,206	64,494
Information technology services	73,735	109,847
Property management services	9,289	3,459
Off-campus training services	18,134	19,692
Property agency services	4,065	634
Renovation and fitting-out services	47	14
Catering services	16,503	20,332
Others	7,767	8,419
	<hr/>	<hr/>
Total segment assets	190,746	226,891
Investment in unallocated silver bullion	41,012	117,046
Time deposits	185,689	64,792
Restricted cash	–	559
Cash and cash equivalents	393,155	351,877
Deferred tax assets	1,229	2,496
	<hr/>	<hr/>
Total assets	811,831	763,661

Segment liabilities

	As at	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Retail services	69,996	79,651
Information technology services	22,828	39,197
Property management services	23,691	15,421
Off-campus training services	33,460	27,895
Property agency services	5,472	1,308
Renovation and fitting-out services	6,184	6,180
Catering services	20,769	21,845
Others	5,288	6,290
Total segment liabilities	187,688	197,787
Dividend payable	19,070	–
Deferred tax liabilities	6,730	3,347
Total liabilities	213,488	201,134

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

As at 30 June 2022, more than 90% (31 December 2021: more than 90%) of the Group's non-current assets other than financial assets, investment in unallocated silver bullion and deferred tax assets, are situated in the PRC Mainland.

During the six months ended 30 June 2022, more than 90% (the six months ended 30 June 2021: more than 90%) of the Group's revenue were derived from activities carried out and from customers located in the PRC Mainland and no geographical segment analysis is prepared.

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 10% (the six months ended 30 June 2021: 11%) of the Group's revenue on the segments of retail services, information technology services, property management services, property agency services and off-campus training services (the six months ended 30 June 2021: retail services, information technology services, property management services and off-campus training services) for the six months ended 30 June 2022.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Mainland corporate income tax	15,999	15,104
– PRC Mainland withholding income tax	1,800	–
	<u>17,799</u>	<u>15,104</u>
Total current tax		
Deferred tax:		
– PRC Mainland corporate income tax	1,150	(137)
– PRC Mainland withholding income tax	3,500	–
	<u>4,650</u>	<u>(137)</u>
Total deferred tax		
Income tax expense	22,449	14,967

PRC Mainland Corporate Income Tax

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

The general corporate income tax rate applicable to the Group entities located in the PRC Mainland (“**PRC Mainland entities**”) is 25% according to the Corporate Income Tax Law of the PRC Mainland effective on 1 January 2008. During the year ended 31 December 2017, a subsidiary of the Company obtained the Certificate of “High and New Technology Enterprise” (the “**Certificate**”) with valid period from 2017 to 2019 which was extended to 2022 in December 2020. According to the Corporate Income Tax Law of the PRC Mainland, corporations which obtain the Certificate are entitled to enjoy a preferential corporate income rate of 15%.

During the six months ended 30 June 2022 and 30 June 2021, some of the subsidiaries of the Group are qualified as the qualifying small enterprises according to the relevant tax law and regulation. 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, under the tax reduction measures introduced by the State Council, from 1 January 2018 to 31 December 2020 which was extended to 31 December 2022 in April 2021.

PRC Mainland Withholding Income Tax

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

During the six months ended 30 June 2022, a provision of deferred tax for the distribution of earnings of the certain profitable PRC Mainland subsidiaries to other overseas group entities has been made at withholding income tax rate of 5% (the six months ended 30 June 2021: 5%).

Hong Kong Profits Tax

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

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% (the six months ended 30 June 2021: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profit Tax has been provided as the Group had no assessable profits for the six months ended 30 June 2022 and 30 June 2021.

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	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to the owners of the Company (RMB)	<u>54,886,000</u>	<u>40,500,000</u>
Weighted average number of ordinary shares in issue	<u>1,015,750,000</u>	<u>1,015,297,075</u>
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.054</u>	<u>0.040</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares arising from the employees' share options. For the employees' share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to the owners of the Company (<i>RMB</i>)	<u>54,886,000</u>	<u>40,500,000</u>
Weighted average number of ordinary shares in issue	1,015,750,000	1,015,297,075
Adjustment for:		
– Employees' share options	<u>667,273</u>	<u>1,641,557</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,016,417,273</u>	<u>1,016,938,632</u>
Diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>0.054</u>	<u>0.040</u>

8. INVESTMENT IN UNALLOCATED SILVER BULLION

During the year ended 31 December 2020, the Group invested in a total of 800,000 ounces of unallocated silver bullion through a licensed bank at a total consideration of approximately RMB102,489,000. Such investment is held for long-term capital appreciation, and the management of the Company has decided to use the fair value model, with the changes in fair value to be recognised in the profit or loss in the period of changes.

As at 30 June 2022, the Group held in a total of 300,000 (31 December 2021: 800,000) ounces of 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 unallocated silver bullion with gross proceeds (excluding transaction cost) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000, respectively. Upon completion of the disposal, the remaining unallocated silver bullion held by the Group was 300,000 ounces. For details, please refer to the Company's announcements dated 22 February 2022 and 7 March 2022.

During the six months ended 30 June 2022, the fair value gain in respect of the aforementioned disposal and re-measurement at 30 June 2022 on unallocated silver bullion of approximately RMB3,017,000 (the six months ended 30 June 2021: fair value loss of approximately RMB5,166,000) is recognised in other gains/(losses) and other income, net.

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

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

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables (<i>Note (a)</i>):		
– Related parties	44,938	46,176
– Third parties	<u>28,168</u>	<u>47,277</u>
Total trade receivables	73,106	93,453
Less: allowance for expected credit losses of trade receivables	<u>(3,451)</u>	<u>(1,597)</u>
	<u>69,655</u>	<u>91,856</u>
Other receivables:		
– Related parties	3,366	2,684
– Third parties (<i>Note (b)</i>)	<u>18,781</u>	<u>15,194</u>
Total other receivables	<u>22,147</u>	<u>17,878</u>
Other receivables	<u>(314)</u>	<u>(264)</u>
	<u>21,833</u>	<u>17,614</u>
Prepayments:		
– Third parties	<u>5,384</u>	<u>6,849</u>
Total trade and other receivables	<u><u>96,872</u></u>	<u><u>117,496</u></u>
Analysed into:		
Non-current	3,734	4,222
Current	<u>93,138</u>	<u>113,274</u>
	<u><u>96,872</u></u>	<u><u>117,496</u></u>

Notes:

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

During the six months ended 30 June 2022, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (the six months ended 30 June 2021: one month to one year); the trading of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services are mainly carried out on a cash basis (the six months ended 30 June 2021: cash basis).

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables, net of expected credit losses based on invoice date, were as follows:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Less than 1 year	64,496	91,243
1 to 2 year(s)	4,893	613
Over 2 years	266	–
	69,655	91,856

- (b) Included in the other receivables balance are the finance lease receivables with aggregate carrying amount of approximately RMB6,335,000 (31 December 2021: RMB6,979,000). Certain leased properties under subleases were classified as finance leases as the terms of the sub-lease transfer substantially all the risks and rewards incidental to ownership of head lease to the lessee. Amounts due from lessees under finance leases are recognised as finance lease receivables which included in the non-current and current other receivables amounting to approximately RMB3,734,000 and RMB2,601,000 (31 December 2021: RMB4,222,000 and RMB2,757,000), respectively and have remaining lease terms ranging from 2 to 5 years (31 December 2021: 2 to 5 years) as at 30 June 2022.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2022, a provision of approximately RMB3,765,000 (31 December 2021: RMB1,861,000) was made against the gross amounts of trade and other receivables.

10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade payables (<i>Note</i>):		
– Related parties	538	3,039
– Third parties	<u>35,770</u>	<u>52,689</u>
	<u>36,308</u>	<u>55,728</u>
Other payables:		
– Related parties	5,048	4,972
– Third parties	<u>31,160</u>	<u>26,738</u>
	<u>36,208</u>	<u>31,710</u>
Accrued payroll	7,763	8,457
Dividend payable (<i>Note 12</i>)	19,070	–
Other tax payables	<u>4,571</u>	<u>2,832</u>
	<u>103,920</u>	<u>98,727</u>

Note: As at 30 June 2022 and 31 December 2021, 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 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Less than 1 year	30,733	34,496
1 to 2 year(s)	1,737	15,505
2 to 3 years	3,467	5,583
Over 3 years	<u>371</u>	<u>144</u>
	<u>36,308</u>	<u>55,728</u>

11. SHARE CAPITAL AND SHARE PREMIUM

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

	Number of ordinary shares	Share capital		Share premium	Total
		<i>HK\$</i>	<i>Translated to RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:					
At 31 December 2021 and 30 June 2022	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,440</u>		
Issued and fully paid:					
As at 1 January 2021	1,015,250,000	10,152,500	8,872	179,136	188,008
Employees' Share Option Scheme	<u>500,000</u>	<u>5,000</u>	<u>4</u>	<u>197</u>	<u>201</u>
As at 31 December 2021 and 30 June 2022	<u>1,015,750,000</u>	<u>10,157,500</u>	<u>8,876</u>	<u>179,333</u>	<u>188,209</u>

12. DIVIDEND

Pursuant to the approval at the annual general meeting of shareholders of the Company on 24 June 2022, a final dividend of HK2.20 cents per ordinary share for the year ended 31 December 2021 (31 December 2020: HK2.70 cents) was approved and to be distributed out of the Company's retained earnings. The final dividend amounting to approximately HK\$22,347,000 (equivalent to approximately to RMB19,070,000) (30 June 2021: HK\$27,412,000 (equivalent to approximately to RMB22,684,000)) based on the total number of issued shares of the Company of 1,015,750,000 ordinary shares as at 30 June 2022 (31 December 2021: 1,015,750,000 ordinary shares) was recognised as a liability in the condensed consolidated statement of financial position as at 30 June 2022 (Note 10).

No interim dividend for the six months ended 30 June 2022 (the six months ended 30 June 2021: Nil) has been proposed by the Board of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Clifford Modern Living Holdings Limited (the “**Company**”) and its subsidiaries (collectively 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 5 pure commercial properties or projects with an aggregate contracted gross floor area (“**GFA**”) of approximately 9,603,000 sq.m. as at 30 June 2022. 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 mainland of the People’s Republic of China (the “**PRC Mainland**”) as at the dates indicated below:

	As at 30 June 2022		As at 31 December 2021	
	Approximate total contracted GFA (’000 sq.m.)	Number of communities	Approximate total contracted GFA (’000 sq.m.)	Number of communities
<i>Residential communities</i>				
Panyu district	4,405	5	4,405	5
Huadu district	1,208	7	1,263	8
Zhaoqing city	346	1	346	1
Foshan city	857	2	846	2
Sub-total	6,816	15	6,860	16
<i>Pure commercial properties/projects</i>				
Huadu district	2,659	3	2,659	3
Panyu district	128	2	128	2
Sub-total	2,787	5	2,787	5
Total	9,603	20	9,647	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. To utilise 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 19 retail outlets of different scales covering a total GFA of approximately 13,346 sq.m. as at 30 June 2022. These 19 retail outlets consist of a wet market, 2 supermarkets and 16 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 2022 and 2021 respectively:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<i>Average daily revenue by type of retail outlet</i> ^(Note)		
Supermarket	212.64	237.19
Wet market	33.20	34.29
Convenience store	<u>114.53</u>	<u>120.99</u>

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 2022 (31 December 2021: 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 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 as well as providing catering services to schools.

Property agency services

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

Employment placement services

The Group constantly monitors the performance and 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.

PROSPECTS AND FUTURE PLANS

Expansion of the property management network through engagements in integrated projects

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

Further expansion of the information technology services

As more and more emphasis is being placed on the development of smart cities and communities in the PRC Mainland, the Group anticipates an enormous growth potential of the information technology market. The Group plans to further increase its investment in the information technology services segment, with the goal to increase its market share and boost the growth of the Group's overall business.

Further expansion of the retail network

In the second half of 2022, to accommodate with the development of the residential communities, the Group plans to open another convenience store in the nearby area. Through acting as the property manager of these communities, the Group has a better understanding of the needs of the residents as well as the customer traffic data within the areas.

Develop online marketing and build online distribution channels

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

Further explore new investment opportunities

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

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June		Variance		Percentage of total revenue	
	2022	2021			2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%	%
Property management services	40,438	40,415	23	0.1	20.2	19.1
Renovation and fitting-out services	97	507	(410)	-80.9	0.0	0.2
Retail services	64,867	70,645	(5,778)	-8.2	32.4	33.3
Off-campus training services	17,688	22,369	(4,681)	-20.9	8.8	10.6
Information technology services	22,441	31,493	(9,052)	-28.7	11.2	14.8
Ancillary Living Services	54,894	46,574	8,320	17.9	27.4	22.0
Total	<u>200,425</u>	<u>212,003</u>	<u>(11,578)</u>	<u>-5.5</u>	<u>100.0</u>	<u>100.0</u>

Revenue decreased from RMB212.0 million for the six months ended 30 June 2021 to RMB200.4 million for the six months ended 30 June 2022, representing a decrease of RMB11.6 million or 5.5%. Decrease in revenue was mainly caused by the decrease in revenue from renovation and fitting-out services, retail services, off-campus training services and information technology services, and was partially offset by the increase in revenue from property management services and Ancillary Living Services.

Property management services

	For the six months ended 30 June		Variance	
	2022	2021		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
General property management services	23,884	26,149	(2,265)	-8.7
Resident support services	16,554	14,266	2,288	16.0
Total	40,438	40,415	23	0.1

Revenue from the property management services was increased by 0.1% to RMB40.4 million for the six months ended 30 June 2022 from RMB40.4 million for the six months ended 30 June 2021. Revenue from the general property management services decreased from RMB26.1 million for the six months ended 30 June 2021 to RMB23.9 million for the six months ended 30 June 2022. The increase in revenue of the resident support services from RMB14.3 million for the six months ended 30 June 2021 to RMB16.6 million for the six months ended 30 June 2022 was due to the increase in demand for our household helper services.

Renovation and Fitting-out Services

	For the six months ended 30 June		Variance	
	2022	2021		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Total	97	507	(410)	-80.9

Revenue from the renovation and fitting-out services was decreased by 80.9%, from RMB0.5 million for the six months ended 30 June 2021 to RMB0.1 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in demand for the renovation and fitting-out services.

Retail Services

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Revenue by type of retail outlet				
Supermarkets	38,276	42,694	(4,418)	-10.3
Wet market	5,976	6,172	(196)	-3.2
Convenience stores	20,615	21,779	(1,164)	-5.3
Total	64,867	70,645	(5,778)	-8.2

Revenue from the retail services was decreased by 8.2% to RMB64.9 million for the six months ended 30 June 2022 from RMB70.6 million for the six months ended 30 June 2021. The decrease was due to the weakening demand for physical retail services brought about by the Coronavirus Disease 2019 pandemic.

Off-campus Training Services

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Off-campus training services				
revenue by category				
Training programmes	–	3,452	3,452	-100.0
Interest classes	17,688	18,917	(1,229)	-6.5
Total	17,688	22,369	(4,681)	-20.9

Revenue from off-campus training services was decreased by 20.9% to RMB17.7 million for the six months ended 30 June 2022 from RMB22.4 million for the six months ended 30 June 2021. Revenue from off-campus training services decreased due to the fact that the Group has stopped offering academic classes to mitigate the impact of the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China 《中華人民共和國民辦教育促進法實施條例》, which came into effect on 1 September 2021.

Information Technology Services

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Information technology services revenue by category				
Engineering	18,084	28,741	(10,657)	-37.1
Telecommunication	<u>4,357</u>	<u>2,752</u>	<u>1,605</u>	<u>58.3</u>
Total	<u>22,441</u>	<u>31,493</u>	<u>(9,052)</u>	<u>-28.7</u>

Revenue from the information technology services was decreased by 28.7% from RMB31.5 million for the six months ended 30 June 2021 to RMB22.4 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in number of projects which led to the decrease in revenue from the engineering services from RMB28.7 million for the six months ended 30 June 2021 to RMB18.1 million for the six months ended 30 June 2022. Engineering services comprises information technology hardware integration and network installation.

Ancillary Living Services

	For the six months		Variance	
	ended 30 June		RMB'000	%
	2022	2021		
	RMB'000	RMB'000		
Ancillary Living Services revenue by category				
Catering services	26,742	24,317	2,425	10.0
Property agency services	19,977	12,795	7,182	56.1
Employment placement services	5,787	4,937	850	17.2
Laundry services	<u>2,388</u>	<u>4,525</u>	<u>(2,137)</u>	<u>-47.2</u>
Total	<u>54,894</u>	<u>46,574</u>	<u>8,320</u>	<u>17.9</u>

Revenue from Ancillary Living Services was increased by 17.9% from RMB46.6 million for the six months ended 30 June 2021 to RMB54.9 million for the six months ended 30 June 2022. Such increase was primarily due to the increase in commission income received from sales of new residential units during the Reporting Period.

Gross Profit and Gross Profit Margin

Gross profit increased from approximately RMB87.0 million for the six months ended 30 June 2021 to approximately RMB94.0 million for the six months ended 30 June 2022, representing an increase of approximately RMB7.0 million or 8.0%. Meanwhile, the Group's gross profit margin increased from approximately 41.0% for the six months ended 30 June 2021 to approximately 46.9% for the six months ended 30 June 2022. The increase in gross profit margin was mainly due to the improved gross profit margin in retail services and off-campus training services during the six months ended 30 June 2022.

Selling and Marketing Expenses

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

Selling and marketing expenses increased from RMB12.3 million for the six months ended 30 June 2021 to RMB17.9 million for the six months ended 30 June 2022, representing an increase of 45.5%, which was mainly due to the increase in sales and marketing staff expenses and depreciation on right-of-use assets.

Administrative Expenses

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

Administrative expenses decreased from RMB13.6 million for the six months ended 30 June 2021 to RMB12.9 million for the six months ended 30 June 2022, representing a decrease of 5.3%. The decrease was mainly due to the decrease in administrative staff costs and depreciation expenses.

Other Gains/(Losses) and Other Income, Net

Other gains and other income, net amounted to RMB17.2 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: other losses and other income, net of RMB3.9 million). The gains was primarily due to (1) fair value gain on investment in unallocated silver bullion of RMB3.0 million recorded during the six months ended 30 June 2022 (for the six months ended 30 June 2021: fair value loss of RMB5.2 million) and (2) the gain on foreign exchanges, net of RMB9.3 million recorded during the six months ended 30 June 2022 (for the six months ended 30 June 2021: loss on foreign exchanges, net of RMB1.6 million).

Finance Costs

Finance costs amounted to RMB1.3 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB1.1 million), which represented the interest expense on lease liabilities.

Income Tax Expense

The effective tax rate was 30.2% for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 24.9%).

Net Profit for the Period

For the six months ended 30 June 2022, as a result of the foregoing, the Group's net profit was RMB54.9 million (for the six months ended 30 June 2021: RMB40.5 million) and its net profit margin was 27.4% (for the six months ended 30 June 2021: 19.1%).

Property, Plant and Equipment

Property, plant and equipment mainly consist of machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2021 and 30 June 2022, the net book values of the property, plant and equipment of the Group were RMB14.3 million and RMB12.9 million respectively.

Investment Properties

Investment properties amounted to RMB3.7 million and RMB15.9 million as at 31 December 2021 and 30 June 2022 respectively, representing principally right-of-use assets, which are held for long-term rental yields and are not occupied by the Group and are recognised due to operating leases.

Investments in Unallocated Silver Bullion

The Group, utilising its internal resources, purchased a total of 800,000 ounces of unallocated silver bullion through a licensed bank, during the year ended 31 December 2020 with the total consideration of approximately RMB102.5 million. On 22 February 2022, 3 March 2022 and 7 March 2022, the Group disposed of 200,000 ounces, 100,000 ounces and 200,000 ounces of unallocated silver bullion with gross proceeds (excluding transaction cost) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000 respectively. As at 30 June 2022, the remaining unallocated silver bullion held by the Group was 300,000 ounces with estimated fair value of approximately RMB41.0 million with reference to the market prices of unallocated silver bullion quoted by Standard Chartered Bank (Hong Kong) Limited on 30 June 2022. The Group recorded a gain in fair value of approximately RMB3.0 million during the Reporting Period. For further details, please refer to the announcements of the Company dated 26 February 2020, 28 February 2020, 22 February 2022, 7 March 2022 and 9 March 2022 respectively.

Inventories

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

Inventories decreased from approximately RMB18.2 million as at 31 December 2021 to approximately RMB15.9 million as at 30 June 2022, which was primarily due to the decrease in raw materials for information technology services, which was in line with the decrease in revenue.

During the six months ended 30 June 2022, the Group did not recognise any provision or write-down for our inventories.

Trade and Other Receivables

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

Trade receivables

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

Trade receivables were decreased by 24.2% from RMB91.9 million as at 31 December 2021 to RMB69.7 million as at 30 June 2022.

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 increased by 24.0% from RMB17.6 million as at 31 December 2021 to RMB21.8 million as at 30 June 2022.

Trade and Other Payables

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

Trade payables

Trade payables primarily comprise fees due to the suppliers for the procurement of raw materials for the Group's renovation and fitting-out services segment and the information technology services segment, 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 34.8% from RMB55.7 million as at 31 December 2021 to RMB36.3 million as at 30 June 2022 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 third parties amounted to RMB26.7 million and RMB31.2 million as at 31 December 2021 and 30 June 2022 respectively, which mainly included the deposits received from the stall tenants in the retail business.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2022, the Group's material sources of liquidity were cash and cash equivalents of RMB393.2 million (31 December 2021: RMB351.9 million).

During the six months ended 30 June 2022, the Group has not obtained any loans or borrowings.

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 June 2022 (31 December 2021: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, excluding the labour costs borne by the properties that were managed on commission basis, the Group had 622 employees (31 December 2021: 664 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 adopted a pre-initial public offering share option scheme and a share option scheme in October 2016 which allows the directors of the Company to grant share options to employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group.

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

Save as disclosed in paragraph headed “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 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event affecting the Group after 30 June 2022 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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Board is of the view that throughout the six months ended 30 June 2022, save for the following deviation, the Company has complied with all the code provisions as set out in Part 2 of the CG Code.

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

Under code provision C.2.1 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 dual roles of Ms. MAN Lai Hung can provide the Company with strong and consistent leadership that facilitates effective and efficient planning and implementation of business decisions and strategies, and should be 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 2022.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The unaudited interim financial information for the six months ended 30 June 2022 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 unaudited consolidated results for the six months ended 30 June 2022 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 (“**HKICPA**”).

The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on 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 2022 interim report of the Company for the six months ended 30 June 2022 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, Chief Executive Officer and Executive Director

Hong Kong, 31 August 2022

As at the date of this announcement, the Board 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.

* *for identification purpose only*