



祈福生活服務

CLIFFORD MODERN LIVING

祈福生活服務控股有限公司
CLIFFORD MODERN LIVING HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3686





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Throughout this interim report, the official Chinese names marked with “*” are the English translations and are for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version should prevail.

CORPORATE INFORMATION

Executive Directors

Ms. MAN Lai Hung
(*Chairman and Chief Executive Officer*)
Ms. LIANG Yuhua (*Chief Operating Officer*)
Ms. HO Suk Mee

Non-executive Director

Mr. LIU Xing

Independent Non-executive Directors

Ms. LAW Elizabeth
Mr. HO Cham
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Audit committee

Ms. LAW Elizabeth (*Chairman*)
Mr. LIU Xing
Mr. HO Cham
Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)

Remuneration committee

Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung)
(*Chairman*)
Ms. MAN Lai Hung
Ms. LAW Elizabeth

Nomination committee

Ms. MAN Lai Hung (*Chairman*)
Ms. LAW Elizabeth
Mr. HO Cham

Company secretary

Mr. LAU Chun Pong (*Chief Financial Officer*)

Authorised representatives

Ms. MAN Lai Hung
Mr. LAU Chun Pong

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in the PRC Mainland

8 Shiguang Road
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Guangzhou
Guangdong
PRC Mainland

Principal place of business and headquarters in Hong Kong

7th Floor
Chai Wan Industrial City, Phase II
70 Wing Tai Road
Chai Wan
Hong Kong

Principal share registrar

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Legal Adviser

As to Hong Kong laws
Chiu & Partners

Auditor

Moore Stephens CPA Limited
Certified Public Accountants

Stock Code

3686

Company's website

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Investor Enquiry Hotline

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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 mainland of People's Republic of China (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
Residential communities				
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
Pure commercial properties/projects				
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 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 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
Average daily revenue by type of retail outlet (in RMB thousands) ^(Note)			
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				Percentage of	
	30 June		Variance		total revenue	
	2020	2019			2020	2019
	RMB'000	RMB'000	RMB'000	%	%	%
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 RMB'000	2019 RMB'000
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 RMB'000	2019 RMB'000
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 RMB'000	2019 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

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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 RMB'000	2019 RMB'000
Ancillary Living Services revenue by category		
Catering services	1,795	1,771
Property agency services	7,598	21,980
Employment placement services	4,318	3,577
Laundry services	3,241	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 (six months ended 30 June 2019: RMB42.7 million) and its net profit margin was 20.6% (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. More details are set out in note 11 to the condensed consolidated financial statements of this report.

Financial Assets at Fair Value Through Profit or Loss

As at 30 June 2020, financial assets at fair value through profit or loss represented 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	Fair value as at 31/12/2019 RMB'000	Acquisition during the six months ended 30 June 2020 RMB'000	Changes in fair value (Recognised as gains in profit or loss) RMB'000	Fair value as at 30/06/2020 RMB'000	Size relative to the Group's total assets
1	Agricultural Bank of China	Benifeng Bubugao Open-ended RMB Wealth Management Products* ("高利豐步步高" 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	4,147	-	-	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	-	22,000	74	22,074	3.56%

Investments in Unallocated Silver Bullion

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 decrease in finance leases receivable 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).

Risks of Foreign Exchange Fluctuation

The Group's functional currency is RMB. The Group is not exposed to significant foreign exchange risks and has not implemented any foreign currency hedging policy at the moment. However, the continuous monitoring on the foreign exchange exposure is carried out by the management.

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 of 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.

Gearing Ratio

Gearing ratio is calculated based on the Group's total debts (being cash advances due to the related parties) divided by the Group's total equity as of the end of each period. The Group's gearing ratio was nil as at 30 June 2020 and 31 December 2019.

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**”) in October 2016 which allows the Directors 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. Details of the share options are set out in the paragraph headed “Share Option Schemes” in this report.

Significant Investment Held, Material Acquisition and Disposals of Subsidiaries or Associated Companies

Save as disclosed in paragraph headed “Financial assets at fair value through profit or loss” and “Investments in unallocated silver bullion” in this report, 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 report.

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board of Directors of the Company is committed to achieving high corporate governance standards.

The Board believes that the high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance its corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (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.

Dividend Policy

The Board aims at providing sustainable returns to the Company's shareholders whilst retaining adequate reserves for the Group's future development. Under a dividend policy adopted by the Board on 22 March 2019 (the "**Dividend Policy**"), the declaration, payment and amount of dividends will be subjected to the Board's discretion and the approval of shareholders of the Company. Subject to the factors set out below, the Group targets to distribute the dividend to its shareholders no less than 25% of the Company's audited consolidated profit attributable to the owners of the Company in any financial year.

Dividends may be recommended, declared and paid to the Company's shareholders from time to time. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors:

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

The Board will review the Dividend Policy from time to time.

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.

Board Composition

The Board currently comprises seven Directors, consisting of three executive Directors, a non-executive Director and three independent non-executive Directors.

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 unaudited interim results for the six months ended 30 June 2020 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.

Auditor

PricewaterhouseCoopers (“**PwC**”) has retired as the auditor of the Company with effect from the conclusion of the annual general meeting (“**AGM**”) of the Company held on 26 June 2020 and did not stand for re-appointment as the Company’s auditor since PwC could not reach an agreement with the Company on the audit fee for the financial year ending 31 December 2020. On 14 May 2020, the Board has resolved, having regard to the recommendation from the Audit Committee, to propose the appointment of Moore Stephens CPA Limited as the new auditor of the Company following the retirement of PwC and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. For further details, please refer to the announcement of the Company in respect of proposed change of auditor dated 22 May 2020.

Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors, namely Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) (Chairman) and Ms. LAW Elizabeth and an executive Director, Ms. MAN Lai Hung.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of the individual executive Directors and the senior management, the remuneration policy and structure for all Directors and the senior management; and establishing the transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

For the six months ended 30 June 2020, a meeting of the Remuneration Committee was held on 27 March 2020 to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive, non-executive and independent non-executive Directors and the senior management and other related matters.

Nomination Committee

The Nomination Committee consists of an executive Director, Ms. MAN Lai Hung (Chairman), and two independent non-executive Directors, namely Ms. LAW Elizabeth and Mr. HO Cham.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to the skills, regional and industry experience, educational background, knowledge, expertise, culture, independence, age, gender and other qualities. The Nomination Committee would discuss and agree on the measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

For the six months ended 30 June 2020, a meeting of the Nomination Committee was held on 27 March 2020 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Board diversity policy was also reviewed at the meeting.

Disclosure of Directors' Information Pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules

For the six months ended 30 June 2020, Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) resigned as an executive director of Hong Kong Economic Times Holdings Limited (香港經濟日報集團有限公司) (listed on the Stock Exchange with stock code 00423) with effect from 1 May 2020.

Save as disclosed above, there are no changes in the Directors' biographical details since the date of the 2019 annual report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules.

Share Option Schemes

The Company operates the Pre-IPO Share Option Scheme and the Share Option Scheme 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.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless the shareholders' approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of the share options in excess of this limit is subject to the shareholders' approval in advance in a general meeting.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to the approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to the shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon the payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and may commence from the date of the offer of the share options and end on a date which is not later than 10 years from the date of the offer of the share options or the date on which such options lapse, if earlier.

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme for the six months ended 30 June 2020 were as follows:

Name of category of participant	Balance as at 31 December 2019	Exercise during the period	Lapsed or cancelled during the period	Balance as at 30 June 2020	Date of grant	Exercise period	Exercised price per share (HK\$)	Closing price of the shares on the trading day immediately before the date of grant (HK\$)
Directors								
LIANG Yuhua	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
LIU Xing	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Employees of the Group								
	975,000	-	-	975,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Total	5,975,000	-	-	5,975,000				

(A) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 21,175,000 options to the eligible Directors, senior management and employees of the Group at the time 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 interim report, 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.

Further details of the Pre-IPO Share Option Scheme are set out in note 23(c) to the interim financial information.

(B) Share Option Scheme

Pursuant to the Share Option Scheme, the Directors may invite participants to take up options at a price determined by the Board but in any event shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of the share as stated in the Stock Exchange's daily quotation sheet on the offer date; and (iii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date. The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the Board to the grantee at the time of making an offer. As at the date of this interim report, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

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.

Disclosure of Interests

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Nature of interest/Capacity	Number of shares	Approximate percentage of shareholding in the Company
Ms. MAN Lai Hung ⁽¹⁾	Interest in a controlled corporation ⁽¹⁾	735,840,000	72.48%
Ms. MAN Lai Hung	Beneficial owner	5,000,000	0.49%
Ms. LIANG Yuhua	Beneficial owner	2,500,000 ⁽²⁾	0.25%
Mr. LIU Xing	Beneficial owner	2,500,000 ⁽²⁾	0.25%

Notes:

- (1) Elland Holdings Limited is solely owned by Ms. MAN Lai Hung which in turn owns 735,840,000 shares of the Company. By virtue of the SFO, Ms. MAN Lai Hung is deemed or taken to be interested in all the shares which are beneficially owned by Elland Holdings Limited.
- (2) These represent the maximum number of shares of the Company which may be allotted and issued to such Directors upon the exercise of the pre-IPO share options granted to each of them under the Pre-IPO Share Option Scheme. In respect of these two Directors, these pre-IPO share options may be exercised at any time during the period (i) commencing on the business day immediately after the expiry of the six-month period after the Listing Date and (ii) ending on the date falling in five (5) years and six (6) months of the Listing Date. The exercise price for subscription of each share upon the exercise of the pre-IPO share options is equal to 90% of HK\$0.46.
- (3) All the shares are held in long position.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, so far as the Directors are aware, the following substantial shareholders (other than the Directors and the chief executives of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding in the Company
Elland Holdings Limited	Beneficial owner	735,840,000	72.48%
Mr. PANG Lun Kee Clifford ⁽¹⁾	Interest of spouse	740,840,000	72.97%

Notes:

- (1) Mr. PANG Lun Kee Clifford is the spouse of Ms. MAN Lai Hung. By virtue of the SFO, Mr. PANG Lun Kee Clifford is deemed to be interested in the shares of the Company held by Ms. MAN Lai Hung.
- (2) All the shares are held in long position.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2020, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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).



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Clifford Modern Living Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Clifford Modern Living Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 35 to 100, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Scope of Review

We conducted our review 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. A review of the condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material aspects, in accordance with HKAS 34.

Moore Stephens CPA Limited

Certified Public Accountants

Hung, Wan Fong Joanne

Practising Certificate Number: P05419

Hong Kong, 28 August 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	5	174,693	178,248
Cost of sales	6	(102,620)	(100,567)
Gross profit			
Selling and marketing expenses	6	(13,344)	(12,811)
Administrative expenses	6	(15,596)	(15,265)
Impairment losses on trade and other receivables		(406)	(200)
Other income	7	500	647
Other gains – net	7	4,467	7,326
Operating profit			
Finance income	8	776	678
Finance costs	8	(1,000)	(894)
Finance costs – net			
		(224)	(216)
Profit before taxation			
Income tax expense	9	(11,510)	(14,438)
Profit from continuing operations			
Profit from discontinued operation	25(b)	–	635
Profit and total comprehensive income for the period			
		35,960	43,359

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
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
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	10	0.035	0.042
Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic and diluted	10	0.035	0.043

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

	Notes	As at	
		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Assets and liabilities			
Non-current assets			
Property, plant and equipment	11	20,389	14,350
Investment properties	11	9,199	8,694
Intangible assets	11	1,697	1,737
Right-of-use assets	12(a)	28,652	17,329
Financial assets at fair value through profit or loss	13	4,147	4,147
Investment in silver bullion	14	102,873	–
Trade and other receivables	16	3,896	9,916
Deferred tax assets	21	2,556	2,304
		173,409	58,477
Current assets			
Inventories	15	11,335	8,777
Trade and other receivables	16	73,012	90,914
Contract assets	17	13,596	11,557
Financial assets at fair value through profit or loss	13	22,074	–
Term deposits	18(a)	28,852	30,786
Restricted cash	18(b)	618	616
Cash and cash equivalents	18(c)	297,821	364,909
		447,308	507,559

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

		As at	
		30 June 2020	31 December 2019
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	19	111,640	100,717
Contract liabilities	20	44,760	23,456
Lease liabilities	12(b)	9,820	9,839
Tax payables		9,464	12,206
		175,684	146,218
Net current assets			
		271,624	361,341
Total assets less current liabilities			
		445,033	419,818
Non-current liabilities			
Lease liabilities	12(b)	31,864	19,091
Deferred tax liabilities	21	1,953	2,335
		33,817	21,426
Net assets			
		411,216	398,392

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	As at	
		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Equity			
Share capital	22	8,872	8,872
Share premium	22	179,118	179,118
Other reserves	23	(107,067)	(105,706)
Retained earnings		330,293	316,108
Total equity		411,216	398,392

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

The condensed consolidated financial statement on pages 35 to 100 was approved by the board of directors on and was signed on its behalf by:

Ms. MAN Lai Hung

Chairman & Chief Executive Officer &
Executive Director

Ms. LIANG Yuhua

Chief Operating Officer &
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Notes	Attributable to the owners of the Company				
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2019 (audited)		8,872	179,118	(111,497)	245,658	322,151
Profit and total comprehensive income for the period		-	-	-	43,359	43,359
Transactions with owners of the Company						
Dividends declared by the Company	24	-	-	-	(19,569)	(19,569)
Appropriation of statutory reserves	23(a)	-	-	729	(729)	-
		-	-	729	(20,298)	(19,569)
Balance at 30 June 2019 (unaudited)		8,872	179,118	(110,768)	268,719	345,941
Balance at 1 January 2020 (audited)		8,872	179,118	(105,706)	316,108	398,392
Profit and total comprehensive income for the period		-	-	-	35,960	35,960
Transactions with owners of the Company						
Dividends declared by the Company	24	-	-	-	(23,136)	(23,136)
Deregistration of subsidiaries	23(a)	-	-	(1,361)	1,361	-
		-	-	(1,361)	(21,775)	(23,136)
Balance at 30 June 2020 (unaudited)		8,872	179,118	(107,067)	330,293	411,216

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
Notes		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		82,598	50,006
Income tax paid		(14,886)	(7,702)
Net cash generated from operating activities		67,712	42,304
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(8,837)	(975)
Proceeds from disposal of property, plant and equipment		163	325
Purchases of intangible assets	11	(148)	(217)
Proceeds from disposal of assets classified as held for sale and liabilities directly associated with assets classified as held for sale		-	4,826
Proceeds from disposal of right-of-use assets		-	1,230
Decrease in term deposits		1,934	20,305
Purchase of financial assets at fair value through profit or loss	13(b)	(22,000)	(1,000)
Purchase of silver bullion	14	(102,489)	-
Proceeds from disposal of financial assets at fair value through profit or loss		-	30,509
Interest received		1,203	519
Net cash (used in)/generated from investing activities		(130,174)	55,522

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from financing activities			
Principle and interest elements of lease payment		(5,281)	(5,257)
Net cash used in financing activities		(5,281)	(5,257)
Net (decrease)/increase in cash and cash equivalents		(67,743)	92,569
Cash and cash equivalents at beginning of period	18(c)	364,909	209,362
Exchange gains on cash and cash equivalents		655	590
Cash and cash equivalents at end of period	18(c)	297,821	302,521

The above condensed consolidated statement of cash flows 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**”).

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

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 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 basis except for the investment in 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 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 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 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)).

3. Principal accounting policies (continued)

(a) Investment in silver bullion

As disclosed in Note 14, 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."

3. Principal accounting policies (continued)

(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 position and performance for the current and prior accounting periods and/or on disclosures set out in these condensed consolidated financial statements.

3. Principal accounting policies (continued)

(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 report, the Group has not early adopted any of the following new and revised HKFRSs, which have been issued but are not yet effective, in these 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 original 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 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 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.

5. Segment information (continued)

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)

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5. Segment information (continued) Segment revenue and results (continued)

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
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	50,973	33,152	27,582	22,287	21,980	11,219	11,055	178,248
Timing of revenue recognition								
At a point in time	43,424	-	3,294	-	-	-	656	47,374
Over time	7,549	33,152	24,288	22,287	21,980	11,219	10,399	130,874
	50,973	33,152	27,582	22,287	21,980	11,219	11,055	178,248
Segment results	8,548	7,312	18,275	8,486	4,443	4,342	2,696	54,102
Other income								647
Other gains – net								7,326
Finance costs – net								(216)
Unallocated expenses								(4,697)
Income tax expense								(14,438)
Profit from continuing operations for the period								42,724
Segment results include:								
Depreciation and amortisation	(3,351)	(834)	(391)	(1,399)	(146)	-	(526)	(6,647)
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	(1)	(1)
Provision for impairment losses on trade and other receivables	(12)	-	-	-	-	-	(188)	(200)

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

5. Segment Information (continued)

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

5. Segment Information (continued)

Segment liabilities

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(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.

5. Segment Information (continued)

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 situated 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: more than 6%) 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. Expense by nature – continuing operations

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Employee benefit expenses (including emoluments of directors)	33,300	40,573
– Wages and salaries	28,967	34,599
– Social insurance expenses (Note)	1,597	3,655
– Housing benefits	1,116	565
– Other employee benefits	1,620	1,754
Cost of goods sold for retail business	41,626	25,779
Construction cost for information technology services	21,506	18,649
Agency cost for property agency services	4,525	11,763
Service charges for employment placement services	2,475	2,505
Cost of raw materials and consumables	2,094	1,373
Sub-contracting costs for renovation and fitting-out services	4,187	8,275
Depreciation and amortisation	8,899	6,647
– property, plant and equipment, investment properties and intangible assets (Note 11)	5,324	3,819
– right-of-use assets (Note 12)	3,575	2,828
Utilities – electricity, water and gas, etc.	3,871	2,753
Short-term lease expenses and management fees	442	2,744
Office expenses	2,294	1,907
Auditor's remuneration	471	750
Professional fee	1,678	1,540
Tax and other levies	1,546	1,480
Others	2,646	1,905
	131,560	128,643



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6. Expense by nature – continuing operations (continued)

Note: Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated based on certain percentages of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

Pursuant to an announcement issued by the Ministry of Human Resources and Social Security of the PRC, in light of COVID-19 outbreak, certain Group entities are exempted from making employer contributions to pension, unemployment, and work-related injury insurance schemes between February to May 2020.

7. Other income, other gains – net – continuing operations

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income:		
Interest income on cash and cash equivalents	405	551
Interest income from amounts placed in Residents' Accounts (Note 16(b))	95	96
	500	647
Other gains, net:		
Loss on termination of lease of premises	(420)	–
Gain on disposal of right-of-use assets	–	5,916
Loss on disposal of property, plant and equipment	(6)	(1)
Gains on foreign exchanges – net	3,529	590
Fair value gains on financial assets at fair value through profit or loss ("FVTPL") (Note 13(b))	74	275
Fair value gain on investment in silver bullion (Note 14)	384	–
Government grant	181	61
Written off of trade receivables	(134)	–
Compensation from tenants	444	–
Others	415	485
	4,467	7,326

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8. Finance costs – net

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income on term deposits and wealth management products	776	678
Finance costs:		
– Interest paid/payable for lease liabilities (Note 12(c))	(1,000)	(894)
Finance costs – net	(224)	(216)

9. Income tax expense

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

9. Income tax expense (continued)

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%).

9. Income tax expense (continued)

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.

10. 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 (RMB)	35,960,000	42,724,000
Weighted average number of ordinary shares in issue	1,015,200,000	1,015,200,000

10. Earnings per share (continued)

(a) Basic (continued)

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



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10. Earnings per share (continued)

(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.

As stated in Note 23(c), the 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:

10. Earnings per share (continued)
(b) Diluted (continued)

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

10. Earnings per share (continued)

(b) Diluted (continued)

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

11. Property, plant and equipment, investment properties and intangible assets

	Property, plant and equipment RMB'000	Investment properties RMB'000 (Note)	Intangible assets RMB'000
As at 31 December 2019			
Cost	33,067	12,058	2,417
Accumulated depreciation and amortisation	(18,717)	(3,364)	(680)
Net book amount (audited)	14,350	8,694	1,737
Six months ended 30 June 2020			
Opening net book amount	14,350	8,694	1,737
Additions	8,837	3,012	148
Disposals	(169)	-	-
Depreciation and amortisation charge (Note 6)	(2,629)	(2,507)	(188)
Closing net book amount (unaudited)	20,389	9,199	1,697
As at 30 June 2020			
Cost	40,329	15,070	2,565
Accumulated depreciation and amortisation	(19,940)	(5,871)	(868)
Net book amount (unaudited)	20,389	9,199	1,697

Note: As at 30 June 2020, the Group leases certain office premises under operating leases with certain related parties (Note 26(b)) and independent third parties. Certain of the Group's right-of-use assets which are used in the sub-leasing business, meet the definition of investment properties.

12. Right-of-use asset and lease liabilities

(a) Right-of-use assets

	Office premises RMB'000
As at 31 December 2019	
Cost	22,441
Accumulated depreciation	(5,112)
Net book amount (audited)	17,329
Six months ended 30 June 2020	
Opening net book amount	17,329
Addition	15,965
Derecognised upon termination of lease	(1,067)
Depreciation charge (Note 6)	(3,575)
Closing net book amount (unaudited)	28,652
As at 30 June 2020	
Cost	36,757
Accumulated depreciation	(8,105)
Net book amount (unaudited)	28,652

12. Right-of-use asset and lease liabilities (continued)

(b) Lease liabilities

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Unaudited)
Analysed into:		
Current portion	9,820	9,839
Non-current portion	31,864	19,091
	41,684	28,930

(c) The amounts recognised in condensed consolidated statement of comprehensive income are as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Interest on lease liabilities (Note 8)	1,000	894
Depreciation charged on right-of-use assets (Note 6)	3,575	2,828
Expense relating to short-term lease (Note 6)	442	2,744

The total cash outflow for leases for the six months ended 30 June 2020 was approximately RMB5,723,000 (the six months ended 30 June 2019: RMB8,001,000).

12. Right-of-use asset and lease liabilities (continued)

- (d) The Group entered certain lease in respect of properties from related parties to the Group. The amount of rental payable by the Group under the lease are approximately RMB755,000 (31 December 2019: RMB755,000) per month with the lease term ranging from 2 to 10 years (31 December 2019: 1 to 10 years).

As at 30 June 2020, included in the Group's current and non-current lease liabilities, approximately RMB6,288,000 and RMB17,142,000 (31 December 2019: RMB7,414,000 and RMB18,089,000) respectively were the amounts due to related parties. The short-term lease expenses, interest expenses on lease liabilities and payment of lease liabilities during the six months ended 30 June 2020 and 2019 are disclosed in Note 26(b).

- (e) The Group leases various properties. Rental contracts are typically made for fixed periods of 1 to 10 years (31 December 2019: 1 to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

13. Fair value measurement of financial instruments

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

13. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The level in the fair value hierarchy within which the financial assets is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Financial assets at FVTPL		
– Financial products with variable returns (Note)	26,221	4,147
Analysed into:		
Non-current	4,147	4,147
Current	22,074	–
	26,221	4,147

Note:

These are the financial products purchased from commercial banks in the PRC Mainland. These financial products with the original maturity period of 3 months to 10 years (31 December 2019: 10 years) carry the variable return rate, resulting from possible changes in market interest rates. Such investment is subject to financial risk exposure in terms of interest rate risk.

In respect of one the financial product with fair value of approximately RMB4,147,000 (31 December 2019: RMB4,147,000), the Group can unconditionally cancel or terminate the investment in the financial product at any time, at the original principal amount and the accrued interests up to the date of cancellation/termination.

The fair value of the financial products as at the end of the reporting period was estimated by the management of the Company by using discounted cash flow method which based on the present value of the contractual stream of future cash flows (which is estimated with reference to the expected return rates) discounted at the discount rate (which is determined with reference to the yield of the PRC Mainland government bonds for respective maturity periods) and credit spread determined with reference to the premium compensated from the market comparable with the same credit rating as the commercial banks.

13. Fair value measurement of financial instruments (continued)

(b) Fair value measurements using significant unobservable inputs (Level 3)

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Level 3 RMB'000
At 1 January 2019 (audited)	40,448
Acquisitions	1,000
Fair value gains recognised in profit or loss (Note 7)	275
Disposals	(30,509)
At 30 June 2019 (unaudited)	11,214
At 1 January 2020 (audited)	4,147
Acquisitions	22,000
Fair value gains recognised in profit or loss (Note 7)	74
At 30 June 2020 (unaudited)	26,221

13. Fair value measurement of financial instruments (continued)

(c) Valuation inputs and relationships to fair value

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2020 on a recurring basis:

Financial assets at FVTPL	Fair value at 30 June 2020 RMB'000	Valuation technique	Unobservable inputs*	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Financial products (the expiry dates ranging from 5 Aug 2020 to 20 September 2026 (31 December 2019: 20 September 2026))	26,221	Discounted cash flow	Expected Interest rate per annum	2.40%-3.00%	A change expected interest rate per annum 100 basic points results in a change in fair value by approximately RMB349,000 (31 December 2019: RMB40,000)

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(d) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the condensed consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

14. 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.

15. Inventories

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Merchandise goods	10,662	7,295
Raw materials and consumables	673	1,480
Others	–	2
	11,335	8,777

16. Trade and other receivables

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables (Note (a)):		
– Related parties (Note 26(d))	22,646	25,531
– Third parties	26,472	48,128
Total trade receivables	49,118	73,659
Less: allowance for impairment of trade receivables	(1,883)	(1,477)
	47,235	72,182
Amounts placed in Residents' Accounts (Note (b))	3,524	6,246
Other receivables:		
– Related parties (Note 26(d))	2,260	4,859
– Third parties (Note (c))	15,075	14,035
Total other receivables	17,335	18,894

16. Trade and other receivables (continued)

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Less: allowance for impairment of other receivables	(68)	(68)
	17,267	18,826
Prepayments: – Third parties	8,882	3,576
Total trade and other receivables	76,908	100,830
Analysed into:		
Non-current	3,896	9,916
Current	73,012	90,914
	76,908	100,830

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16. Trade and other receivables (continued)

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 2020, 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 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Less than 1 year	44,621	69,799
1 to 2 year(s)	2,883	2,055
Over 2 years	1,614	1,805
	49,118	73,659
Less: allowance for impairment of trade receivables	(1,883)	(1,477)
	47,235	72,182

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.

16. Trade and other receivables (continued)

Notes: (continued)

- (b) Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened bank accounts on behalf of the residents (“**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 approximately RMB3,524,000 (31 December 2019: RMB6,246,000) represented the balances of the property management commission fee and resident support service fee entitled by the property management companies. As at 30 June 2020, amounts placed in Resident’s Accounts carry interest at prevailing rates from 0.30% to 2.10% per annum (31 December 2019: 0.30% to 2.10% per annum). The fair value of these balances approximates their carrying amounts.
- (c) Included in the other receivables balance are the finance lease receivables with aggregate carrying amount of approximately RMB3,895,000 (31 December 2019: RMB6,704,000). Certain leased properties under subleases were accounted for as finance leases and carried interest at 4.75% (31 December 2019: 4.75%) per annum as at 30 June 2020. The head leases generally run for an initial period of 2 to 5 years (31 December 2019: 3 to 5 years) while the period of finance leases is ranging from 2 to 5 years (31 December 2019: 2 to 5 years).

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 2020, a provision of RMB1,950,000 (31 December 2019: RMB1,545,000) was made against the gross amounts of trade and other receivables.

17. Contract assets

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amounts due from customers for contract works		
– Related parties (Note 26(d))	3,172	5,264
– Third parties	10,424	6,293
	13,596	11,557

18. Cash and bank balances

(a) Term deposits

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
With maturity date over 3 months from initial recognition	28,852	30,786

As at 30 June 2020, the term deposits with expiry dates ranging from 17 December 2020 to 23 June 2021 (31 December 2019: from 18 March 2020 to 26 December 2020) carry interest at prevailing deposit rates which range from 1.75% to 2.10% per annum (31 December 2019: 1.75% to 2.10% per annum). The fair value of the Group's term deposits approximate their carrying amounts. The term deposits are denominated in RMB.

18. Cash and bank balances (continued)

(b) Restricted cash

Restricted cash represents cash deposits in the banks as security for issuance of cash cards and carrying out training services according to the relevant regulations in the PRC Mainland.

(c) Cash and cash equivalents

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash at banks and on hand	274,698	274,301
Short-term bank deposits	23,123	90,608
	297,821	364,909

18. Cash and bank balances (continued)

(c) Cash and cash equivalents (continued)

As at 30 June 2020, short-term bank deposits carried interest at prevailing deposit rates which range from 0.50% to 1.50% per annum (31 December 2019: 0.50% to 1.50% per annum).

	As at	
	30 June 2020	31 December 2019
	RMB'000 (Unaudited)	RMB'000 (Audited)
Cash and cash equivalents denominated in:		
– RMB	257,462	327,814
– Hong Kong Dollar (“HK\$”)	40,352	37,088
– United States Dollar (“US\$”)	7	7
	297,821	364,909

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC Mainland are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC Mainland government.

19. Trade and other payables

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables (Note (a)):		
– Related parties (Note 26(d))	7	7
– Third parties	47,998	50,313
	48,005	50,320
Other payables (Note (b)):		
– Related parties (Note 26(d))	7,089	9,523
– Third parties	24,204	22,626
	31,293	32,149
Accrued payroll	7,721	14,223
Dividend payable (Note 24)	23,136	–
Other tax payables	1,485	4,025
	111,640	100,717

19. Trade and other payables (continued)

- (a) 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	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(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
	48,005	50,320

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.

- (b) Other payables mainly represented the property management deposits received from property owners and rental deposits which amounted to approximately RMB4,942,000 (31 December 2019: Nil) and RMB4,632,000 (31 December 2019: RMB4,238,000) respectively.

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20. Contract liabilities

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Advances from customers		
– Related parties (Note 26(d))	569	2,657
– Third parties	20,223	17,416
Amounts due to customers for contract works		
– Related parties (Note 26(d))	16,999	936
– Third parties	6,969	2,447
	44,760	23,456

21. Deferred tax

The movement in deferred tax assets during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Temporary difference relating to expenses not temporarily deductible	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Deferred tax assets		
As at 1 January (audited)	2,304	1,743
Credited to profit or loss (Note 9)	252	419
As at 30 June (unaudited)	2,556	2,162

21. Deferred tax (continued)

The movement in deferred tax liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Temporary difference relating to undistributed profit of subsidiaries	
	2020	2019
	RMB'000	RMB'000
Deferred tax liabilities		
As at 1 January (audited)	(2,335)	(3,000)
Credited/(charged) to profit or loss (Note 9)	382	(1,864)
As at 30 June (unaudited)	(1,953)	(4,864)

As at 30 June 2020, the Group did not recognise deferred tax assets of approximately RMB455,000 (31 December 2019: RMB939,000) in respect of tax losses of approximately RMB1,819,000 (31 December 2019: RMB4,849,000). Tax losses of group entities operated in the PRC Mainland could be carried forward for a maximum of five years.

As at 30 June 2020, the Group has not recognised the provision of PRC Mainland withholding income tax of approximately RMB7,259,000 (31 December 2019: RMB5,203,000) in relation to the undistributed profits of certain PRC Mainland group entities totaling approximately RMB145,177,000 (31 December 2019: RMB104,061,000) as the Group does not have a plan to distribute these profits out of the PRC Mainland in the foreseeable future.

22. 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 RMB'000	Total RMB'000
		HK\$	Translated to RMB'000		
Authorised:					
At 30 June 2019 and 2020	10,000,000,000	100,000,000	87,440		
Issued and fully paid:					
As at 1 January 2020 and 30 June 2020	1,015,200,000	10,152,000	8,872	179,118	187,990
As at 1 January 2019 and 30 June 2019	1,015,200,000	10,152,000	8,872	179,118	187,990

23. Other reserves

	Statutory reserve	Capital reserve	Share-based compensation reserve	Reserves for transactions with non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note (a))	(Note (b))	(Note (c))		
As at 1 January 2019 (audited)	23,431	(121,099)	502	(14,331)	(111,497)
Appropriation of statutory reserves	729	-	-	-	729
As at 30 June 2019 (unaudited)	24,160	(121,099)	502	(14,331)	(110,768)
As at 1 January 2020 (audited)	29,222	(121,099)	502	(14,331)	(105,706)
Deregistration of subsidiaries	(1,361)	-	-	-	(1,361)
As at 30 June 2020 (unaudited)	27,861	(121,099)	502	(14,331)	(107,067)

(a) Statutory reserve

In accordance with relevant rules and regulations in the PRC Mainland, except for sino-foreign equity joint venture enterprises, all PRC Mainland companies are required to transfer 10% of their profit after taxation calculated under PRC Mainland accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

23. Other reserves (continued)

(b) Capital reserve

The amounts of RMB111,305,000 represented the difference between the carrying value of the listing business and the par value of shares issued by the Company to the then shareholders of the Group in exchange of the listing business during the reorganisation for the listing. The remaining balance of RMB9,794,000 represented paid-in capital of the acquired subsidiary in a business combination under common control in 2017.

(c) Employees' share option scheme

On 21 October 2016, the Company granted share options to certain directors, senior management and employees of the Group (the "**Recipients**") under a share option scheme (the "**Employees' Share Option Scheme**"), under which the option holders are entitled to acquire an aggregate of 21,175,000 shares of the Company at 10% discount to the offer price of HK\$0.46 per share upon the listing date on 8 November 2016 ("**Listing Date**").

The employees' share options shall be exercisable at any time during the period (i) commencing on the business day immediately after the expiry of the six-month period after the Listing Date and (ii) ending on the date falling in five years and six months of the Listing Date.

During the six months ended 30 June 2020, no share option was exercised, and the number of share options outstanding remains 5,975,000 (the six months ended 30 June 2019: 5,975,000) with exercise price of HK\$0.414 for each.

The expiry date of the share options outstanding is 8 May 2022.

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

24. 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 (the six months ended 30 June 2019: a final dividend of HK2.20 cents per share for the year ended 31 December 2018) 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) (the six months ended 30 June 2019: HK\$22,334,000 (equivalent to approximately to RMB19,569,000)) based on the total number of issued shares of the Company of 1,015,200,000 shares (the six months ended 30 June 2019: 1,015,200,000 shares) was recognised as a liability in the condensed consolidated statement of financial position as at 30 June 2020 (Note 19).

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.

25. 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.

25. Assets classified as held for sale (continued)

(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 RMB'000 (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

25. Assets classified as held for sale (continued)

(c) Details of the sale of assets and liabilities of the Catering Companies

	Six months ended 30 June 2019 RMB'000 (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

26. Related party transactions

(a) Name and relationship with related parties:

Name	Relationship
Ms. Man Lai Hung	Ultimate shareholder of the Company
Guangzhou Fortune Software Limited* 廣州市科進計算機技術有限公司	Company under control of the spouse of Ms. Man
Guangdong Clifford Hospital Company Limited* 廣東祈福醫院有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Property Development Company Limited* 廣州市花都祈福房地產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Estates Property Development Company Limited* 廣州市花都祈福花園房產有限公司	Company under control of the spouse of Ms. Man

26. Related party transactions (continued)

(a) Name and relationship with related parties: (continued)

Name	Relationship
Guangzhou Crown Property Company Limited* 廣州市冠都物業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Property Company Limited* 廣州市花都祈福置業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Golden Lake Hotel Limited* 佛山市南海祈福仙湖酒店有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Xin Hua Clifford Property Development Company Limited* 廣州市花都新華祈福房地產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental School* 廣州市番禺區祈福英語實驗學校	Company under control of the spouse of Ms. Man
Zhaoqing Clifford Coast Property Development Company Limited* 肇慶祈福海岸房地產有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Property Development Limited* 佛山市南海祈福置業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Lakeside Property Company Limited* 廣州市倚湖物業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Household Industrial Company Limited* 佛山市南海祈福家居實業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Property Development Company Limited* 佛山市南海祈福房地產有限公司	Company under control of the spouse of Ms. Man

26. Related party transactions (continued)

(a) Name and relationship with related parties: (continued)

Name	Relationship
Guangzhou Clifford Postnatal Care Company Limited* 廣州市祈福母嬰護理服務有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Limited* 廣州市祈福物業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford Property Company Limited* 廣州市番禺祈福房產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Service Apartment Company Limited* 廣州市祈福繽紛世界國際公寓有限公司	Company under control of Ms. Man
Guangzhou Panyu CZ Clifford Lakeside Kindergarten* 廣州市番禺區鍾村街祈福倚湖灣幼兒園	Company under control of Ms. Man
Guangzhou Clifford Business Center Management Company Limited* 廣州市祈福商務中心經營管理有限公司	Company under control of the spouse of Ms. Man
China Venture Limited	Company under control of the spouse of Ms. Man
Guangzhou Zhan Sheng Commercial Property Management Company Limited* 廣州市展盛商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Commercial Property Management Company Limited* 廣州市祈福繽紛世界商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Company Limited* 廣州市祈福繽紛樂園有限公司	Company under control of the spouse of Ms. Man

26. Related party transactions (continued)

(a) Name and relationship with related parties: (continued)

Name	Relationship
Guangzhou Clifford Wonderland Hotel Limited* 廣州市祈福繽紛世界酒店有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Management Company Limited* 廣州市祈福地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Property Management Limited* 廣州祈福物業管理有限公司	Company under control of the spouse of Ms. Man
Maliton Services Limited	Company under control of the spouse of Ms. Man
Tango Trading Limited	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental Primary School* 廣州市番禺區祈福英語實驗小學	Company under joint control of the spouse of Ms. Man and independent third parties
Guangzhou Panyu Clifford Estates Resort Club Company Limited* 廣州市番禺祈福新邨渡假俱樂部有限公司	Company under significant influence of the spouse of Ms. Man
Clifford Estates (Panyu) Limited* 廣州市番禺祈福新邨房地產有限公司	Company under significant influence of the spouse of Ms. Man
Guangzhou Clifford Estates School* 廣州市番禺區祈福新邨學校	Company under significant influence of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental Kindergarten* 廣州市番禺區祈福英語實驗幼兒園	Company under significant influence of the spouse of Ms. Man

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

26. Related party transactions (continued)

(b) The following transactions were carried out with related parties:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Sales of goods to:		
Companies under control of Ms. Man	–	110
Companies under control of the spouse of Ms. Man	139	364
Companies under significant influence of the spouse of Ms. Man	12	109
A company under joint control of the spouse of Ms. Man and independent third parties	130	54
	281	637
Provision of services to:		
Companies under control of Ms. Man	298	50
Companies under control of the spouse of Ms. Man	14,962	20,948
Companies under significant influence of the spouse of Ms. Man	22,549	13,054
A company under joint control of the spouse of Ms. Man and independent third parties	154	415
	37,963	34,467

26. Related party transactions (continued)

(b) The following transactions were carried out with related parties: (continued)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term lease expenses and management fee		
Companies under control of the spouse of Ms. Man	196	201
Companies under significant influence of the spouse of Ms. Man	556	755
	752	956
Interest expenses for lease liabilities		
Companies under control of the spouse of Ms. Man	108	251
Companies under significant influence of the spouse of Ms. Man	491	561
	599	812
Payment of lease liabilities		
Companies under control of the spouse of Ms. Man	1,665	2,665
Companies under significant influence of the spouse of Ms. Man	2,045	1,857
	3,710	4,522

26. Related party transactions (continued)

(c) Key management compensation

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Short-term employee benefits	2,089	2,166
Post-employment benefits	59	71
Salaries and other employee benefits	2,148	2,237

(d) Balances with related parties

	As at	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Receivables from related parties		
– Trade receivables (Note 16) (Note (i))		
Companies under control of Ms. Man	6	6
Companies under control of the spouse of Ms. Man	16,292	18,623
Companies under significant influence of the spouse of Ms. Man	5,893	6,399
A company under joint control of the spouse of Ms. Man and independent third parties	455	503
	22,646	25,531

26. Related party transactions (continued)
(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
– Other receivables (Note 16) (Note (ii))		
Companies under control of Ms. Man	–	45
Companies under control of the spouse of Ms. Man	992	3,569
Companies under significant influence of the spouse of Ms. Man	1,268	1,245
	2,260	4,859

26. Related party transactions (continued)
(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
– Contract assets (Note 17)		
Companies under control of the spouse of Ms. Man	2,680	1,740
Companies under significant influence of the spouse of Ms. Man	492	3,519
A company under joint control of the spouse of Ms. Man and independent third parties	–	5
	3,172	5,264
Total receivables from related parties	28,078	35,654

26. Related party transactions (continued)

(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Payables to related parties		
– Trade payables (Note 19) (Note (i)) Companies under significant influence of the spouse of Ms. Man	7	7
– Other payables (Note 19) (Note (ii)) Companies under control of the spouse of Ms. Man	2,783	3,628
Companies under significant influence of the spouse of Ms. Man	4,306	5,869
A company under joint control of the spouse of Ms. Man and independent third parties	–	26
	7,089	9,523

26. Related party transactions (continued)
(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
– Contract liabilities (Note 20)		
Companies under control of the spouse of Ms. Man	15,718	2,253
Companies under significant influence of the spouse of Ms. Man	1,824	1,321
A company under joint control of the spouse of Ms. Man and independent third parties	26	19
	17,568	3,593
Total payables to related parties	24,664	13,123

- (i) Trade receivables and payables with related parties are unsecured and interest-free. These balances are with credit period varying from one to three months.
- (ii) Other receivables and payables with related parties are unsecured and interest-free. Except for the balances paid as rental deposits, which are repayable upon maturity of rental period according to the respective contracts, the remaining balances are repayable on demand.