

**CLIFFORD
MODERN
LIVING**

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



2022

INTERIM REPORT



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Throughout this interim report, the official Chinese names marked with “*” are the English translations and are for reference only.



CORPORATE INFORMATION

Executive Directors

Ms. MAN Lai Hung
(Chairman and Chief Executive Officer)
Ms. HO Suk Mee
Mr. LIU Xing

Non-executive Director

Ms. LIANG Yuhua

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. 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

Environmental, social and governance committee

Ms. MAN Lai Hung *(Chairman)*
Ms. HO Suk Mee
Ms. LAW Elizabeth
Mr. MAK Ping Leung
(alias Mr. MAK Wah Cheung)
Mr. LAU Kwok Chin

Company secretary

Mr. LAU Chun Pong
(Chief Financial Officer)

Authorised representatives

Ms. MAN Lai Hung
Mr. LAU Chun Pong

Registered office

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Guangzhou
Guangdong
PRC Mainland

Principal place of business and headquarters in Hong Kong

7th Floor
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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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal bankers

Standard Chartered Bank (Hong Kong)
Limited
Bank of China (Hong Kong) Limited

Legal adviser

As to Hong Kong laws
Chiu & Partners

Auditor

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Stock code

3686

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Investor enquiry hotline

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Clifford Modern Living Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) is a service provider with a diversified service portfolio comprising six main service segments: (i) property management services, (ii) renovation and fitting-out services, (iii) retail services, (iv) off-campus training services, (v) information technology services and (vi) Ancillary Living Services (as hereinafter defined).

1. Property Management Services

The Group provided property management services to 15 residential communities and 5 pure commercial properties or projects with an aggregate contracted gross floor area (“**GFA**”) of approximately 9,603,000 sq.m. as at 30 June 2022. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties or projects the Group managed in different regions in the mainland of the People’s Republic of China (the “**PRC Mainland**”) as at the dates indicated below:

	As at 30 June 2022		As at 31 December 2021	
	Approximate total contracted GFA ('000 sq.m.)	Number of communities	Approximate total contracted GFA ('000 sq.m.)	Number of communities
Residential communities				
Panyu district	4,405	5	4,405	5
Huadu district	1,208	7	1,263	8
Zhaoqing city	346	1	346	1
Foshan city	857	2	846	2
Sub-total	6,816	15	6,860	16
Pure commercial properties/projects				
Huadu district	2,659	3	2,659	3
Panyu district	128	2	128	2
Sub-total	2,787	5	2,787	5
Total	9,603	20	9,647	21

2. Renovation and Fitting-out Services

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

3. Retail Services

The Group operated 19 retail outlets of different scales covering a total GFA of approximately 13,346 sq.m. as at 30 June 2022. These 19 retail outlets consist of a wet market, 2 supermarkets and 16 convenience stores.

The following table sets out the Group's average daily revenue by type of retail outlets in operation during the six months ended 30 June 2022 and 2021 respectively:

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

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

4. Off-campus Training Services

The Group had four learning centres in Panyu district as at 30 June 2022 (31 December 2021: four learning centres). Training programmes mainly include interest classes and language learning classes.

5. Information Technology Services

Engineering services

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

Telecommunication services

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

6. Ancillary Living Services

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

Catering consultancy services

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

Property agency services

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

Employment placement services

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

Laundry services

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

PROSPECTS AND FUTURE PLANS

Expansion of the property management network through engagements in integrated projects

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

Further expansion of the information technology services

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

Further expansion of the retail network

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

Develop online marketing and build online distribution channels

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

Further explore new investment opportunities

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

FINANCIAL REVIEW

Revenue

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

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

Property management services

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

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

Renovation and Fitting-out Services

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

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

Retail Services

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

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

Off-campus Training Services

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

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

Information Technology Services

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

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

Ancillary Living Services

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

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

Gross Profit and Gross Profit Margin

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

Selling and Marketing Expenses

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

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

Administrative Expenses

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

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

Other Gains/(Losses) and Other Income, Net

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

Finance Costs

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

Income Tax Expense

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

Net Profit for the Period

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

Property, Plant and Equipment

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

Investment Properties

Investment properties amounted to RMB3.7 million and RMB15.9 million as at 31 December 2021 and 30 June 2022 respectively, representing principally right-of-use assets, which are held for long-term rental yields and are not occupied by the Group and are recognised due to operating leases. More details are set out in Note 12 to the condensed consolidated financial statements.

Investments in Unallocated Silver Bullion

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

Inventories

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

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

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

Trade and Other Receivables

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

Trade receivables

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

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

Other receivables

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

Other receivables were increased by 22.2% from RMB17.6 million as at 31 December 2021 to RMB21.8 million as at 30 June 2022.

Trade and Other Payables

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

Trade payables

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

Trade payables were decreased by 34.8% from RMB55.7 million as at 31 December 2021 to RMB36.3 million as at 30 June 2022 as a result of decrease in the procurement of the raw materials for the information technology services segment.

Other payables

Other payables primarily comprise amounts due to third parties amounted to RMB26.7 million and RMB31.2 million as at 31 December 2021 and 30 June 2022 respectively, which mainly included the deposits received from the stall tenants in the retail business.

Interim Dividend

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

Risks of Foreign Exchange Fluctuation

The Group's functional currency is RMB, except for bank deposits denominated in Hong Kong dollars. 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 2022, the Group's material sources of liquidity were cash and cash equivalents of RMB393.2 million (31 December 2021: RMB351.9 million).

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

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 2022 and 31 December 2021.

Pledge of Assets

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

Contingent Liabilities

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

Employees and Remuneration Policies

As at 30 June 2022, excluding the labour costs borne by the properties that were managed on commission basis, the Group had 622 employees (31 December 2021: 664 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

In addition, the Company adopted a pre-initial public offering share option scheme (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 of the Company to grant share options to employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group. Details of the Schemes 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 the paragraph headed "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 2022.

Significant Events after the Reporting Period

There was no material subsequent event affecting the Group after 30 June 2022 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Under code provision C.2.1 as set out in Part 2 of the CG Code, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

However, the Board considers that Ms. MAN Lai Hung has in-depth knowledge and experience in the Group’s businesses in the PRC Mainland and therefore it is the best interests of the Group for her to take up the dual roles of the Chairman and Chief Executive Officer. The Board believes that the dual roles of Ms. MAN Lai Hung can provide the Company with strong and consistent leadership that facilitates effective and efficient planning and implementation of business decisions and strategies, and should be overall beneficial to the management and development of the Group’s business. The structure is supported by the Company’s well established corporate governance structure and internal control policies.

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 2022.

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 Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The unaudited interim financial information for the six months ended 30 June 2022 has been reviewed with no disagreement by the Audit Committee of the Company.

In addition, the independent auditor of the Company, Moore Stephens CPA Limited, has reviewed the unaudited consolidated results for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on this report.

Remuneration Committee

The remuneration committee of the Company (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.

During the six months ended 30 June 2022, a meeting of the Remuneration Committee was held on 25 March 2022 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 of the Company (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.

During the six months ended 30 June 2022, a meeting of the Nomination Committee was held on 25 March 2022 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 re-election at the annual general meeting. The Board diversity policy was also reviewed at the meeting.

Environmental, Social and Governance Committee

The environmental, social and governance committee of the Company (the “**ESG Committee**”) was established in June 2022. The ESG Committee consists of two executive Directors, namely Ms. MAN Lai Hung (Chairman) and Ms. HO Suk Mee, two independent non-executive Directors, namely Ms. LAW Elizabeth and Mr. HO Cham, and one of the Group’s senior staff, Mr. LAU Kwok Chin.

The principal duties of the ESG Committee include, among other things: (i) formulating and reviewing the Group’s environmental, social and governance (“**ESG**”) liabilities, vision, strategies, framework, principles and policies; (ii) monitoring the channels and means of communication with the Group’s stakeholders; (iii) reviewing key ESG trends and related risks and opportunities, and assessing the adequacy and effectiveness of the Group’s ESG framework and business model; (iv) overseeing the Group’s sustainability performance; (v) overseeing the funding of the initiatives on corporate social responsibilities; and (vi) reviewing the annual sustainability report of the Company and recommending to the Board for approval.

The ESG Committee may seek necessary information from employees within its terms of reference. It is authorised by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience and expertise to attend the meetings if required.

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

The change in information of Directors of the Company since the date of publication of the Company’s annual report for the financial year ended 31 December 2021 (“**2021 Annual Report**”) is set out below:

Ms. LAW Elizabeth has been appointed as a member of the Advisory Committee of the Accounting and Financial Reporting Council with effect from 1 August 2022.

Save as disclosed above, there are no other changes in the Directors' biographical details since the date of publication of the 2021 Annual Report, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

Share Option Schemes

The Company adopted 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, 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, and 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. All of the share options granted under the Pre-IPO Share Option Scheme were expired on 9 May 2022. Under the Pre-IPO Share Option Scheme, no further options can be granted thereunder, and as such, there were no outstanding share options under the Pre-IPO Share Option Scheme as at 30 June 2022.

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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2022 were as follows:

Name of category of participant	Balance as at 31 December 2021	Exercise during the period	Lapsed or cancelled during the period	Balance as at 30 June 2022	Date of grant	Exercise period	Exercise 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	425,000	-	(425,000)	-	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Total	5,425,000	-	(5,425,000)	-				

(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 Company's shares issued in connection with the listing (HK\$0.414). No options were exercised, and 5,425,000 options were lapsed during the six months ended 30 June 2022. As at the date of this interim report, the Company had no outstanding share options under the Pre-IPO Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme are set out in Note 23(c) to the condensed consolidated financial statements.

(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 Company's share; (ii) the closing price of the Company's 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 Company's 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 2022.

Disclosure of Interests

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

As at 30 June 2022, 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 ⁽²⁾	Approximate percentage of shareholding in the Company
Ms. MAN Lai Hung ⁽¹⁾	Interest in a controlled corporation ⁽¹⁾	735,840,000	72.44%
Ms. MAN Lai Hung	Beneficial owner	5,000,000	0.49%
Mr. HO Cham	Interest of spouse	400,000	0.04%

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) All the shares are held in long position.

Save as disclosed above, as at 30 June 2022, 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 2022, so far as the Directors are aware, the following substantial shareholders of the Company (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 ⁽²⁾	Approximate percentage of shareholding in the Company
Elland Holdings Limited	Beneficial owner	735,840,000	72.44%
Mr. PANG Lun Kee Clifford ⁽¹⁾	Interest of spouse	740,840,000	72.94%

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

Save as disclosed above, as at 30 June 2022, 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 2022 (for the six months ended 30 June 2021: 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 96, which comprise the condensed consolidated statement of financial position as of 30 June 2022, 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 other 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.

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, 31 August 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	6	200,425	212,003
Cost of sales		(106,376)	(124,981)
Gross profit		94,049	87,022
Other gains/(losses) and other income, net	7	17,227	(3,869)
Selling and marketing expenses		(17,874)	(12,273)
Administrative expenses		(12,858)	(13,583)
Provision for expected credit losses on trade and other receivables	9	(1,904)	(760)
Finance costs	8	(1,305)	(1,070)
Profit before income tax	9	77,335	55,467
Income tax expense	10	(22,449)	(14,967)
Profit and total comprehensive income for the period		54,886	40,500
Profit and total comprehensive income for the period attributable to the owners of the Company:		54,886	40,500
Earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic and diluted	11	0.054	0.040

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	12,948	14,309
Investment properties	12	15,911	3,692
Intangible assets	12	1,297	1,484
Right-of-use assets	13(a)	43,342	55,336
Investment in unallocated silver bullion	14	41,012	117,046
Other receivables	15	3,734	4,222
Deferred tax assets	21(a)	1,229	2,496
		119,473	198,585
Current assets			
Inventories	16	15,912	18,213
Trade and other receivables	15	93,138	113,274
Contract assets	17	4,464	16,361
Time deposits	18(a)	185,689	64,792
Restricted cash	18(b)	–	559
Cash and cash equivalents	18(c)	393,155	351,877
		692,358	565,076

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at	
	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current liabilities			
Trade and other payables	19	103,920	98,727
Contract liabilities	20	27,399	23,457
Lease liabilities	13(b)	14,259	11,825
Tax payables		8,765	9,712
		154,343	143,721
Net current assets		538,015	421,355
Total assets less current liabilities		657,488	619,940
Non-current liabilities			
Lease liabilities	13(b)	52,415	54,066
Deferred tax liabilities	21(b)	6,730	3,347
		59,145	57,413
Net assets		598,343	562,527

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at	
		30 June	31 December
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
EQUITY			
Equity attributable to the owners of the Company			
Share capital	22	8,876	8,876
Share premium	22	179,333	179,333
Other reserves	23	(99,499)	(99,283)
Retained earnings		509,633	473,601
Total equity		598,343	562,527

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

The condensed consolidated financial statements on pages 35 to 96 were approved by the Board on 31 August 2022 and are signed on its behalf by:

Ms. MAN Lai Hung

*Chairman & Chief Executive Officer &
Executive Director*

Ms. HO Suk Mee

Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Notes	Attributable to the owners of the Company				Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
Balance at 1 January 2021 (audited)		8,872	179,136	(99,514)	415,500	503,994
Profit and total comprehensive income for the period		-	-	-	40,500	40,500
Transactions with owners of the Company						
Dividends declared by the Company	24	-	-	-	(22,684)	(22,684)
Appropriation to statutory reserves	23(a)	-	-	179	(179)	-
Employee's share option scheme						
- Proceeds from share issued	22, 23(c)	4	211	(42)	-	173
		4	211	137	(22,863)	(22,511)
Balance at 30 June 2021 (unaudited)		8,876	179,347	(99,377)	433,137	521,983
Balance at 1 January 2022 (audited)		8,876	179,333	(99,283)	473,601	562,527
Profit and total comprehensive income for the period		-	-	-	54,886	54,886
Transactions with owners of the Company						
Dividends declared by the Company	24	-	-	-	(19,070)	(19,070)
Appropriation to statutory reserves	23(a)	-	-	240	(240)	-
Employee's share option scheme						
- Lapse of share options	22, 23(c)	-	-	(456)	456	-
		-	-	(216)	36,032	35,816
Balance at 30 June 2022 (unaudited)		8,876	179,333	(99,499)	509,633	598,343

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 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		102,786	63,806
Income tax paid		(18,746)	(17,217)
Net cash generated from operating activities		84,040	46,589
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(640)	(685)
Purchases of intangible assets	12	(17)	(2)
Proceeds from sales of unallocated silver bullion	14	79,051	–
Proceeds from disposal of property, plant and equipment		1	–
(Increase)/decrease in time deposits		(116,004)	10,014
Interest received		3,278	1,442
Net cash generated (used in)/from investing activities		(34,331)	10,769

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from financing activities			
Repayment of lease liabilities – principal		(7,126)	(5,694)
Repayment of lease liabilities – interest	13(c)	(1,305)	(1,070)
Proceeds from exercise of share options	23(c)	–	173
Net cash used in financing activities		(8,431)	(6,591)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period		41,278	50,767
Exchange losses on cash and cash equivalents		351,877	344,401
		–	(238)
Cash and cash equivalents at end of period	18(c)	393,155	394,930

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 2022

1. General information

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

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

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

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

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

These condensed consolidated financial statements have not been audited.

2. Basis of preparation

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

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

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

3. Principal accounting policies

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

(a) Amendments to HKFRSs adopted by the Group

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

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

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

4. Critical accounting estimates and judgements

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

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

5. Segment information

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. Segment information (continued)

Segment revenue and results

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

For the six months ended 30 June 2022 (unaudited)

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

5. Segment information (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2021 (unaudited)

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

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For the six months ended 30 June 2022

5. Segment Information (continued)

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

Segment assets

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

5. Segment Information (continued)

Segment liabilities

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

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

5. Segment Information (continued)

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

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

Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司), a company under significant influence of the spouse of Ms. Man, contributes more than 10% (the six months ended 30 June 2021: 11%) of the Group's revenue on the segments of retail services, information technology services, property management services, property agency services, off-campus training services, catering services and others (the six months ended 30 June 2021: retail services, information technology services, property management services, property agency services and off-campus training services) for the six months ended 30 June 2022.

6. Revenue

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers within the scope of HKFRS 15, analysed by types of goods or services:</i>		
Sales of goods	50,162	64,001
Engineering work income	16,212	20,665
Property management service income	30,153	30,854
Off-campus training service income	15,879	20,378
Property agency service income	19,869	12,671
Renovation work income	97	507
Resident support services income	5,239	5,429
Catering service income	26,742	24,317
Household cleaning income	3,960	2,176
Laundry service income	2,388	4,525
Concessionaire services income	8,501	5,305
Employment placement income	5,438	4,923
Engineering maintenance income	5,115	4,790
Telecommunication service income	1,453	2,725
Procurement service fee income	797	214
After-rental service income	107	111
Others	906	646
<i>Revenue from other sources</i>		
Sub-leasing income	7,407	7,766
	200,425	212,003

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. Other gains/(losses) and other income, net

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest income on cash and cash equivalents		1,867	910
Interest income on time deposits and wealth management products		1,213	625
Interest income on long term receivables		198	150
Gain on derecognition of right-of-use assets and investment properties upon entering into finance lease as lessor		480	–
Loss on disposal of property, plant and equipment		(6)	–
Gains/(losses) on foreign exchanges, net		9,307	(1,585)
Gain on modification of leases		–	543
Fair value gains on financial assets at fair value through profit or loss		–	60
Fair value gain/(loss) on investment in unallocated silver bullion	14	3,017	(5,166)
Government grants (Note)		589	233
Written-off of property, plant and equipment		–	(238)
Compensation from tenants		11	6
Others		551	593
		17,227	(3,869)

Note: Government grants represented the subsidies received from the local government in support of the business operation. There was no unfulfilled condition in relation to the subsidies.

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For the six months ended 30 June 2022

8. Finance costs

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities (Note 13(c))	1,305	1,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. Profit before income tax

Profit before income tax is arrived at after charging:

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Auditor's remuneration			
– Non-audit services		430	434
Depreciation and amortisation on			
– property, plant and equipment	12	1,994	1,915
– investment properties	12	2,694	3,309
– intangible assets	12	204	215
– right-of-use assets	13	4,868	3,408
Employee benefits expenses (including directors' remunerations) (Note a)			
– Salaries, allowance and benefits in kind		30,881	37,228
– Retirement benefit scheme contributions (Note b)		4,848	3,247
Direct operating expenses arising from investment properties that generated rental income		903	518
Cost of raw materials in relation to catering services		13,611	11,938
Cost of raw materials and consumables		1,221	1,420
Cost of inventories recognised as expenses		36,624	43,836
Minimum lease payments under short-term operating term operating lease	13(c)	1,270	897
Expected credit losses on trade and other receivables		1,904	760

9. Profit before income tax (continued)

Notes:

- (a) Total employee benefits expenses of approximately RMB19,503,000 (the six months ended 30 June 2021: RMB22,531,000), RMB8,713,000 (the six months ended 30 June 2021: RMB7,152,000) and RMB7,513,000 (the six months ended 30 June 2021: RMB10,792,000) have been charged to cost of sales, selling and marketing expenses and administrative expenses, respectively for the six months ended 30 June 2022.
- (b) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. Income tax expense

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

10. 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 periods, based on the existing legislation, interpretations and practices in respect thereof.

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

During the six months ended 30 June 2022 and 30 June 2021, some of the subsidiaries of the Group are qualified as the qualifying small enterprises according to the relevant tax law and regulation. When their assessable profit falls under RMB1,000,000, they will be qualified for a reduced 5% effective tax rate, whereas those assessable profit falls under RMB3,000,000 but above RMB1,000,000, they will be qualified for a reduced 10% effective tax rate, under the tax reduction measures introduced by the State Council, from 1 January 2018 to 31 December 2020 which was extended to 31 December 2022 in April 2021.

10. Income tax expense (continued)

PRC Mainland Withholding Income Tax

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

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

Hong Kong Profits Tax

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

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

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

10. Income tax expense (continued)

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.

11. Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to the owners of the Company (RMB)	54,886,000	40,500,000
Weighted average number of ordinary shares in issue	1,015,750,000	1,015,297,075
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	0.054	0.040

11. 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.

11. Earnings per share (continued)

(b) Diluted (continued)

As stated in Note 23(c), the Employees' Share Option Scheme was adopted on 8 November 2016 and became effective on the same day, and had been all lapsed in May 2022. Diluted earnings per share for the six months ended 30 June 2022 was calculated as below:

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

12. 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 1 January 2022			
Cost	40,707	16,175	3,145
Accumulated depreciation and amortisation	(26,398)	(12,483)	(1,661)
Net book amount (audited)	14,309	3,692	1,484
Six months ended 30 June 2022			
Opening net book amount	14,309	3,692	1,484
Additions	640	14,786	17
Disposal	(7)	-	-
Depreciation and amortisation charge (Note 9)	(1,994)	(2,694)	(204)
Exchange adjustment	-	127	-
Closing net book amount (unaudited)	12,948	15,911	1,297
As at 30 June 2022			
Cost	41,261	22,867	3,162
Accumulated depreciation and amortisation	(28,313)	(6,956)	(1,865)
Net book amount (unaudited)	12,948	15,911	1,297

Note: As at 30 June 2022 and 31 December 2021, the Group leases certain office premises under operating leases with certain related parties (Note 25(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.

13. Right-of-use asset and lease liabilities

(a) Right-of-use assets

	Premises RMB'000
As at 1 January 2022	
Cost	69,147
Accumulated depreciation	(13,811)
Net book amount (audited)	55,336
Six months ended 30 June 2022	
Opening net book amount	55,336
Addition	7,787
Transferred to investment properties (Note 12)	(14,786)
Derecognised due to entering into finance lease as lessor	(127)
Depreciation charge (Note 9)	(4,868)
Closing net book amount (unaudited)	43,342
As at 30 June 2022	
Cost	61,241
Accumulated depreciation	(17,899)
Net book amount (unaudited)	43,342

13. Right-of-use asset and lease liabilities (continued)**(b) Lease liabilities**

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Analysed into:		
Current portion	14,259	11,825
Non-current portion	52,415	54,066
	66,674	65,891

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

		Six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	8	1,305	1,070
Depreciation charged on right-of-use assets	9	4,868	3,408
Expense relating to short-term lease	9	1,270	897

The total cash outflow for leases for the six months ended 30 June 2022 was approximately RMB9,701,000 (the six months ended 30 June 2021: RMB7,661,000).

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

- (d) The Group entered certain leases in respect of properties from related parties to the Group. The amount of lease payments by the Group under the leases are approximately RMB1,151,000 (31 December 2021: RMB1,104,000) per month with the lease terms ranging from 2 to 10 years (31 December 2021: 2 to 10 years).

As at 30 June 2022, included in the Group's current and non-current lease liabilities, approximately RMB10,416,000 and RMB28,468,000 (31 December 2021: RMB9,015,000 and RMB30,593,000) 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 2022 and 2021 are disclosed in Note 25(b).

- (e) The Group leases various properties which the lease agreements are typically made for fixed periods ranging from 1 to 16 years (31 December 2021: 1 to 16 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.

14. Investment in unallocated silver bullion

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

As at 30 June 2022, the Group held in a total of 300,000 (31 December 2021: 800,000) ounces of unallocated silver bullion. On 22 February 2022, 3 March 2022 and 7 March 2022, the Group disposed of 200,000 ounces, 100,000 ounces and 200,000 ounces of unallocated silver bullion with gross proceeds (excluding transaction cost) of approximately RMB30,371,000, RMB15,838,000 and RMB32,842,000, respectively. Upon completion of the disposal, the remaining unallocated silver bullion held by the Group was 300,000 ounces. For details, please refer to the Company's announcements dated 22 February 2022, 7 March 2022 and 9 March 2022 respectively.

During the six months ended 30 June 2022, the fair value gain in respect of the aforementioned disposal and re-measurement at 30 June 2022 on unallocated silver bullion of approximately RMB3,017,000 (the six months ended 30 June 2021: fair value loss of approximately RMB5,166,000) is recognised in other gains/(losses) and other income, net (Note 7).

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

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

15. Trade and other receivables

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables (Note (a)):		
– Related parties (Note 25(d))	44,938	46,176
– Third parties	28,168	47,277
Total trade receivables	73,106	93,453
Less: allowance for expected credit losses of trade receivables	(3,451)	(1,597)
	69,655	91,856
Other receivables:		
– Related parties (Note 25(d))	3,366	2,684
– Third parties (Note (b))	18,781	16,371
Total other receivables	22,147	19,055
Less: allowance for expected credit losses of other receivables	(314)	(264)
	21,833	18,791

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For the six months ended 30 June 2022

15. Trade and other receivables (continued)

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Prepayments:		
– Third parties	5,384	6,849
Total trade and other receivables	96,872	117,496
Analysed into:		
Non-current	3,734	4,222
Current	93,138	113,274
	96,872	117,496

15. 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 2022, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year (the six months ended 30 June 2021: one month to one year); the trading of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services are mainly carried out on a cash basis (the six months ended 30 June 2021: cash basis).

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

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

15. Trade and other receivables (continued)

Notes: (continued)

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

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

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

16. Inventories

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Merchandise goods	11,805	11,394
Raw materials and consumables	4,107	6,683
Others	–	136
	15,912	18,213

17. Contract assets

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amounts due from customers for contract works		
– Related parties (Note 25(d))	3,526	7,074
– Third parties	938	9,287
	4,464	16,361

18. Cash and bank balances**(a) Time deposits**

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Matured over 3 months	185,689	64,792

As at 30 June 2022, the time deposits in banks carried interest at prevailing deposit rates which range from 0.30% to 2.15% (31 December 2021: 1.50% to 1.90%) per annum. The fair value of the Group's time deposits approximates their carrying amounts. All time deposits are denominated in RMB.

(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.

18. Cash and bank balances (continued)

(c) Cash and cash equivalents

	As at	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash at banks and on hand	393,155	351,877

As at 30 June 2022, there is no short-term bank deposit made for varying periods of not more than three months (31 December 2021: Nil).

18. Cash and bank balances (continued)

(c) Cash and cash equivalents (continued)

	As at	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and cash equivalents denominated in:		
– RMB	357,098	340,306
– Hong Kong Dollar (“HK\$”)	36,047	11,562
– United States Dollar	10	9
	393,155	351,877

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
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables (Note):		
– Related parties (Note 25(d))	538	3,039
– Third parties	35,770	52,689
	36,308	55,728
Other payables:		
– Related parties (Note 25(d))	5,048	4,972
– Third parties	31,160	26,738
	36,208	31,710
Accrued payroll	7,763	8,457
Dividend payable (Note 24)	19,070	–
Other tax payables	4,571	2,832
	103,920	98,727

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19. Trade and other payables (continued)

Note: As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

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

20. Contract liabilities

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Receipt in advance in off-campus training services	15,420	10,993
Receipt in advance in relation to construction contracts	4,835	6,008
Cash vouchers in relation to retail services	403	121
Receipt in advance in relation to property management services	1,413	2,119
Catering services	4,657	4,212
Others	671	4
	27,399	23,457
Contract liabilities		
– Related parties (Note 25(d))	2,124	4,423
– Third parties	25,275	19,034
	27,399	23,457

21. Deferred tax

The movement in deferred tax assets and liabilities during the period are as follows:

(a) Deferred tax assets

	Temporary difference relating to leases and rental expenses RMB'000
As at 1 January 2022 (Audited)	2,496
Credited to the condensed consolidated statement of comprehensive income	202
Charged to the condensed consolidated statement of comprehensive income	(1,469)
As at 30 June 2022 (Unaudited)	1,229
As at 1 January 2021 (Audited)	2,251
Credited to the condensed consolidated statement of comprehensive income	216
Charged to the condensed consolidated statement of comprehensive income	(181)
As at 30 June 2021 (Unaudited)	2,286

21. Deferred tax (continued)

(b) Deferred tax liabilities

	Finance lease receivables RMB'000	Withholding taxes RMB'000	Total RMB'000
As at 1 January 2022 (Audited)	1,197	2,150	3,347
Credited to the condensed consolidated statement of comprehensive income	(224)	(1,800)	(2,024)
Charged to the condensed consolidated statement of comprehensive income	107	5,300	5,407
As at 30 June 2022 (Unaudited)	1,080	5,650	6,730
As at 1 January 2021 (Audited)	909	2,150	3,059
Credited to the condensed consolidated statement of comprehensive income	(102)	-	(102)
As at 30 June 2021 (Unaudited)	807	2,150	2,957

21. Deferred tax (continued)

(b) Deferred tax liabilities (continued)

As at 30 June 2022, the Group has tax losses arising in Hong Kong of approximately RMB863,000 (31 December 2021: RMB1,010,000) that are available for offsetting against future taxable profits. Such unused tax losses are subjected to approval of the Hong Kong Inland Revenue Department. No deferred tax assets have been recognised due to unpredictability of further profit streams. Tax losses may be carried forward indefinitely.

As at 30 June 2022, the Group has not recognised the provision of PRC Mainland withholding income tax of approximately RMB8,165,000 (31 December 2021: RMB10,334,000) in relation to the undistributed profits of certain PRC Mainland group entities totalling approximately RMB163,308,000 (31 December 2021: RMB206,693,000) 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 Translated to		Share premium RMB'000	Total RMB'000
		HK\$	RMB'000		
Authorised:					
At 31 December 2021 and 30 June 2022	10,000,000,000	100,000,000		87,440	
Issued and fully paid:					
As at 1 January 2021	1,015,250,000	10,152,500		8,872	179,136
Employees' Share Option Scheme (Note 23(c))	500,000	5,000		4	197
As at 31 December 2021 and 30 June 2022	1,015,750,000	10,157,500		8,876	179,333

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For the six months ended 30 June 2022

23. Other reserves

	Statutory reserve RMB'000 (Note (a))	Capital reserve RMB'000 (Note (b))	Share-based compensation reserve RMB'000 (Note (c))	Reserves for transactions with non- controlling interests RMB'000	Total RMB'000
As at 1 January 2022 (audited)	35,691	(121,099)	456	(14,331)	(99,283)
Appropriation of statutory reserves	240	-	-	-	240
Employees' Share Option Scheme (Note (c))	-	-	(456)	-	(456)
As at 30 June 2022 (unaudited)	35,931	(121,099)	-	(14,331)	(99,499)
As at 1 January 2021 (audited)	35,432	(121,099)	484	(14,331)	(99,514)
Appropriation of statutory reserves	259	-	-	-	259
Employees' Share Option Scheme (Note (c))	-	-	(28)	-	(28)
As at 31 December 2021 (audited)	35,691	(121,099)	456	(14,331)	(99,283)

23. Other reserves (continued)

(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 income tax 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.

(b) Capital reserve

The amounts consisted of RMB111,305,000 which 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 and 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) Share based compensation reserve

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.

23. Other reserves (continued)

(c) Share based compensation reserve (continued)

During the six months ended 30 June 2022, no share option was exercised (the six months ended 30 June 2021: two employees have exercised 500,000 options in aggregate at the exercise price of HK\$0.414 per share), and there were no remaining share options (31 December 2021: 5,425,000 with exercise price of HK\$0.414 for each).

The expiry date of the share options outstanding is 8 May 2022. As at 30 June 2022, all the share options have been lapsed.

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 24 June 2022, a final dividend of HK2.20 cents per ordinary share for the year ended 31 December 2021 (31 December 2020: HK2.70 cents) was approved and to be distributed out of the Company's retained earnings. The final dividend amounting to approximately HK\$22,347,000 (equivalent to approximately to RMB19,070,000) (30 June 2021: HK\$27,412,000 (equivalent to approximately to RMB22,684,000)) based on the total number of issued shares of the Company of 1,015,750,000 ordinary shares as at 30 June 2022 (31 December 2021: 1,015,750,000 ordinary shares) was recognised as a liability in the condensed consolidated statement of financial position as at 30 June 2022 (Note 19).

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

25. Related party transactions

(a) Name and relationship with related parties:

Name	Relationship
Ms. Man Lai Hung	Ultimate shareholder of the Company
Mr. Pang Lun Kee	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 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
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
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

25. Related party transactions (continued)**(a) Name and relationship with related parties: (continued)**

Name	Relationship
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
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 Qifu Dental Clinic Co., Ltd.* 廣州市祈福口腔門診部有限公司	Company under control of the spouse of Ms. Man
Guangzhou Qifu Health Consulting Co., Ltd.* 廣州市祈福健康諮詢有限公司	Company under control of the spouse of Ms. Man
Guangzhou Qifu Biotechnology Co., Ltd.* 廣州市祈福生物科技有限公司	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 Clifford Medical Equipment Limited* 廣州市祈福醫療器械有限公司	Company under control of Ms. Man

25. Related party transactions (continued)

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

Name	Relationship
Guangzhou Qifu Medical Company Limited* 廣州市祈福醫藥有限公司	Company under control of Ms. Man
Clifford Aged Home Company Limited* 廣州市祈福護老公寓有限公司	Company under control of Ms. Man
Guangzhou Qifuxin Pharmacy Company Limited* 廣州市祈福新大藥房有限公司	Company under control 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 Ms. Man
Guangzhou Panyu CZ Clifford Lakeside Kindergarten* 廣州市番禺區鐘村街祈福倚湖灣幼兒園	Company under control of Ms. Man
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 Nanhai Clifford English Experimental Kindergarten* 佛山市南海區祈福英語實驗幼兒園	Company under control of the spouse of Ms. Man
Guangzhou Guanhuang Properties Company Limited* 廣州市冠環物業有限公司	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

25. Related party transactions (continued)**(a) Name and relationship with related parties: (continued)**

Name	Relationship
Guangzhou Guangli Property Company Limited* 廣州市廣利物業有限公司	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 Business Centre 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
Guangzhou Qifu Fuhua Business Hotel Co., Ltd.* 廣州市祈福福華商務酒店有限公司	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 Qifu Education Management Company Limited* 廣州市祈福教育管理有限公司	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 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 the spouse of Ms. Man
Guangzhou Qifu Colorful World Property Co., Ltd.* 廣州市祈福繽紛世界物業有限公司	Company under control of the spouse of Ms. Man

25. Related party transactions (continued)

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

Name	Relationship
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
Guangzhou Clifford Julongbao Property Company Limited* 廣州市祈福聚龍堡置業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Mountain Lake Hotel Limited* 廣州市花都祈福山中湖酒店有限公司	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
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
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 Estates Kindergarten* 廣州市番禺區祈福新邨幼兒園	Company under significant influence of the spouse of Ms. Man
Guangzhou Panyu Clifford Elite Kindergarten* 廣州市番禺區祈福精英幼兒園	Company under significant influence 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

25. Related party transactions (continued)

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

Name	Relationship
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
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 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 Huadu Clifford Commercial Plaza Operation and Investment Company Limited* 廣州花都祈福商業廣場運營投資有限公司	Company under control of the spouse of Ms. Man
Guangzhou Anhua Property Co., Ltd.* 廣州市安華物業有限公司	Company under control of the spouse of Ms. Man
Lushan Dingye Development Co., Ltd.* 廬山鼎業發展有限公司	Company under control of the spouse of Ms. Man
Guangzhou Qile Real Estate Co., Ltd.* 廣州市祈樂置業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huashan Qifu Restaurant Co., Ltd.* 廣州市花山祈福酒店有限公司	Company under control 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.

25. Related party transactions (continued)

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of goods to:		
Companies under control of Ms. Man	2	12
Companies under control of the spouse of Ms. Man	131	768
Companies under significant influence of the spouse of Ms. Man	104	38
A company under joint control of the spouse of Ms. Man and independent third parties	11	58
	248	876
Provision of services to:		
Companies under control of Ms. Man	37	387
Companies under control of the spouse of Ms. Man	19,510	15,223
Companies under significant influence of the spouse of Ms. Man	20,419	25,937
A company under joint control of the spouse of Ms. Man and independent third parties	4	1,246
	39,970	42,793

25. Related party transactions (continued)**(b) The following transactions were carried out with related parties: (continued)**

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term lease expenses and management fee:		
Companies under control of the spouse of Ms. Man	325	268
Companies under significant influence of the spouse of Ms. Man	495	96
	820	364
Interest expenses for lease liabilities:		
Companies under control of the spouse of Ms. Man	345	437
Companies under significant influence of the spouse of Ms. Man	292	363
	637	800
Payment of lease liabilities:		
Companies under control of the spouse of Ms. Man	2,493	2,980
Companies under significant influence of the spouse of Ms. Man	3,006	2,205
	5,449	5,185

25. Related party transactions (continued)

(c) Key management compensation

Compensation for key management other than those for directors of the Company is set out below:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,029	1,606
Post-employment benefits	118	89
Salaries and other employee benefits	2,147	1,695

(d) Balances with related parties

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Receivables from related parties		
Trade receivables (Note 15) (Note (i))		
Companies under control of Ms. Man	14	4,491
Companies under control of the spouse of Ms. Man	8,342	14,516
Companies under significant influence of the spouse of Ms. Man	36,582	27,169
	44,938	46,176

25. Related party transactions (continued)

(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other receivables (Note 15) (Note (ii))		
Companies under control of Ms. Man	–	25
Companies under control of the spouse of Ms. Man	1,171	1,022
Companies under significant influence of the spouse of Ms. Man	2,195	1,637
	3,366	2,684
Contract assets (Note 17)		
Companies under control of Ms. Man	216	465
Companies under control of the spouse of Ms. Man	491	900
Companies under significant influence of the spouse of Ms. Man	2,819	5,709
	3,526	7,074
Total receivables from related parties	51,830	55,934

25. Related party transactions (continued)

(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Payables to related parties		
Trade payables (Note 19) (Note (i))		
Companies under control of Ms. Man	68	2,257
Companies under control of the spouse of Ms. Man	152	22
Companies under significant influence of the spouse of Ms. Man	318	760
	538	3,039
Other payables (Note 19) (Note (ii))		
Companies under control of Ms. Man	95	95
Companies under control of the spouse of Ms. Man	3,601	3,606
Companies under significant influence of the spouse of Ms. Man	1,352	1,271
	5,048	4,972

25. Related party transactions (continued)

(d) Balances with related parties (continued)

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract liabilities (Note 20)		
Companies under control of Ms. Man	–	53
Companies under control of the spouse of Ms. Man	930	665
Companies under significant influence of the spouse of Ms. Man	1,194	3,600
A company under joint control of the spouse of Ms. Man and independent third parties	–	105
	2,124	4,423
Total payables to related parties	7,710	12,434

- (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 (31 December 2021: 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.