



# 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



餐飲  
Catering



零售  
Retail



物業管理  
Property Management



校外培訓  
Off-Campus Training

# INTERIM REPORT 2017



物業代理  
Property Agency



職業介紹  
Employment Placement



洗滌  
Laundry

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

# CORPORATE INFORMATION

## Executive Directors

Ms. MAN Lai Hung (*Chairman*)  
Mr. SUN Derek Wei Kong (*Chief Executive Officer*)  
Mr. LEONG Chew Kuan (*Chief Financial Officer*)  
Ms. LIANG Yuhua (*Chief Operating Officer*)

## Non-executive Director

Mr. LIU Xing

## Independent non-executive Directors

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

## Audit committee

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

## Remuneration committee

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

## Nomination committee

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

## Company secretary

Mr. YU Ding Him Anthony, CPA

## Authorised representatives

Mr. SUN Derek Wei Kong  
(appointed with effect from 28 April 2017)  
Mr. YU Ding Him Anthony  
Mr. LEONG Chew Kuan  
(resigned with effect from 28 April 2017)

## Registered office

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

## Headquarters in the PRC Mainland

8 Shiguang Road  
Panyu  
Guangzhou  
Guangdong  
PRC Mainland

## Principal place of business and headquarters in Hong Kong

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

## Principal share registrar

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

## Hong Kong branch share registrar

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
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

## Compliance Adviser

Guotai Junan Capital Limited

## Auditors

PricewaterhouseCoopers  
Certified Public Accountants

## Stock Code

3686

## Company's website

[www.cliffordmodernliving.com](http://www.cliffordmodernliving.com)

## Investor Enquiry Hotline

Tel: (852) 2889 0183

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

We are a service provider with a diversified service portfolio comprise of four main service segments: property management services, retail services, catering services and ancillary living services.

1. Property management services: We provide property management services to 15 residential communities and two pure commercial properties, with an aggregate contracted gross floor area (“**GFA**”) of approximately 6,673,000 sq.m. as of 30 June 2017 (31 December 2016: 13 residential communities and two pure commercial properties, 5,951,000 sq.m.). The two new residential communities are “Clifford Wonderview (祈福繽紛匯)” and “The Green (果嶺天地)” respectively developed by the companies which are under the control of (or 30% or more of issued share capital of which are owned by) the spouse of Ms. MAN Lai Hung, our executive Director, (the “**Private Group**”). Property management services primarily include general property management services and resident support services;
2. Retail services: We primarily operate 17 retail outlets (two supermarkets, one wet market, 13 convenience stores and one imported goods specialty store) of different scales mainly located in “Clifford Estates (祈福新邨)” and other areas in proximity, covering a total GFA of approximately 12,000 sq.m. as of 30 June 2017 (31 December 2016: 17 retail outlets, covering a total of approximately 10,000 sq.m.). As of 30 June 2017, we have upgraded one of our convenience stores to a supermarket;
3. Catering services: We primarily operate 16 catering outlets (five Chinese restaurants, six casual dining restaurants, four East Asian and Western restaurants and one café) serving different types of cuisines and in different dining styles mainly located in Clifford Estates and other areas in proximity, covering a total GFA of approximately 6,000 sq.m. as of 30 June 2017 (31 December 2016: 17 catering outlets, covering a total GFA of approximately 6,000 sq.m.); and
4. Ancillary living services: We primarily provide off-campus training services, property agency services, employment placement services and laundry services (collectively, “**Ancillary Living Services**”).

## Property Management Services

As of 30 June 2017, our total contracted GFA under management had increased to approximately 6,673,000 sq.m. This was mainly due to management of two new residential communities of approximately 683,000 sq.m. located in Panyu district and Foshan City during the six months ended 30 June 2017, known as “Clifford Wonderview (祈福繽紛匯)” and “The Green (果嶺天地)” respectively. The delivery of properties in Huadu district, namely “Clifford Fortress (祈福聚龍堡)” and “Clifford Dragon Tower (祈福天龍苑)” during the six months ended 30 June 2017 also contributed to an increase in GFA of approximately 15,000 sq.m while management of an additional car park of “Clifford Logistic Centre (”祈福物流園”) for pure commercial properties located in Huadu district contributed to an increase in GFA of approximately 27,000 sq.m. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties we managed in different regions in the PRC mainland as of the dates indicated:

	As at 30 June 2017		As at 31 December 2016	
	Approximate total contracted GFA ('000 sq.m.)	Number of communities	Approximate total contracted GFA ('000 sq.m.)	Number of communities
<b>Residential communities</b>				
Panyu district	4,403	5	3,797	4
Huadu district*	864	7	848	7
Zhaoqing city	346	1	346	1
Foshan city	866	2	794	1
<b>Subtotal</b>	<b>6,479</b>	<b>15</b>	5,785	13
<b>Pure commercial properties</b>				
Huadu district	193	2	166	2
<b>Total</b>	<b>6,673</b>	<b>17</b>	5,951	15

\* For Clifford Fortress (祈福聚龍堡), we entered into the relevant property management service contract in 2013. We started providing our general property management services which we charged our management fees on a commission basis since May 2017.

On 16 May 2017, we entered into an equity transfer agreement with Guangzhou Huanyu Meishi Canyin Limited\* (廣州市寰宇美食餐飲有限公司) for acquisition of 24.5% equity interest in Guangzhou Panyu Clifford Property Management Limited\* (廣州市番禺祈福物業管理有限公司), which was an indirect non-wholly owned subsidiary of the Company before such acquisition, with consideration of RMB21.8 million. Following the completion, Guangzhou Panyu Clifford Property Management Limited (廣州市番禺祈福物業管理有限公司) has become an indirect wholly-owned subsidiary of the Group.

### **Scope of Services in Our Property Management Service Segment**

Our property management services can be grouped into two main types: (i) general property management services; and (ii) resident support services. The following sets out the scope of each service type we render under our property management service segment:

#### **(i) General property management services**

We focus on providing general property management services such as security, cleaning, gardening, repair and maintenance to residential communities and pure commercial properties. For residential communities managed on a commission basis, the general property management services are delivered by on-site staff which the labour costs are borne by the property owners. For pure commercial properties managed on a lump sum basis and pre-delivery property management services of residential communities on a lump-sum basis, the general property management services are delivered by on-site staff which labour costs are borne by us.

#### **(ii) Resident support services**

Our resident support services primarily include: (i) household helper services; (ii) renovation and fitting-out services; and (iii) household repair and maintenance services. We provide these services through our employees and third-party contractors.

## Retail Services

As of 30 June 2017, our retail network consisted of 17 retail outlets (two supermarkets, one wet market, 13 convenience stores and one imported goods specialty store) under the names of “Clifford Supermarket (祈福超市)”, “Ni Wo Ta Convenience Store (你我他便利店)” and “Dailey’s Mart”, respectively, mainly located in three of the residential communities we manage and the surrounding areas in the Guangdong Province.

In January 2017, we have relocated and upgraded one of our convenience stores to a supermarket in Panyu district. The size of such convenience store was upgraded from approximately 100 sq.m. to approximately 1,600 sq.m., and the variety of commodities was also increased from focusing on dry cargo and daily supplies to an integrated store, which also include sales of fresh food.

## Our Retail Outlets

The following table sets out certain key performance indicators of our current retail outlets in operation during the six months ended 30 June 2017:

	For the six months ended	
	30 June	
	2017	2016
<b>Average daily revenue by type of retail outlet</b>		
<b>(in RMB thousands) <i>(Note)</i></b>		
Supermarket	<b>172.41</b>	141.73
Wet market	<b>26.38</b>	31.29
Convenience store	<b>89.73</b>	96.35
Imported goods specialty store	<b>2.91</b>	2.34

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

## **Revenue Models for Our Retail Services**

Our revenue is mainly derived from direct sales of goods, concessionaire fees and rental income from stall tenants at our retail outlets.

### **Direct sales of goods**

Under direct sales arrangements, we source merchandises directly from suppliers and then sell the merchandises to our customers at our retail outlets (except the wet market). Most of our merchandises of our retail outlets are under direct sales arrangements.

During the six months ended 30 June 2017, we have only entered into contracts with local entities and therefore we do not have any overseas direct supplier.

### **Concessionaire fees**

Under concessionaire sales arrangements, we arrange for specific concessionaires to occupy a certain allocated space in our supermarket, for the establishment of their own sales counter for their own branded merchandise. As of 30 June 2017, we had approximately 17 concessionaires (31 December 2016: 18 concessionaires).



### **Rental income from stall tenants**

We lease stall space in our wet markets and receive rental income and management fees from stall tenants who are usually fresh food retailers. We generally enter into standard form of agreements with our stall tenants for a term of one year. As of 30 June 2017, we had approximately 145 stall tenants (31 December 2016: 105 stall tenants). Such increase was due to relocation and upgrade of one of our convenience stores in Panyu district in January 2017.

### **Catering Services**

As of 30 June 2017, we operated 16 catering outlets in different categories (five Chinese restaurants, six casual dining restaurants, four East Asian and Western restaurants and one café) in Guangdong Province (31 December 2016: 17 catering outlets). In April 2017, we closed down one café due to unsatisfactory customer traffic and decrease in sales.

We target to offer our customers good tasting and healthy food at value-oriented price with hospitable yet efficient services, with a positioning of price-for-value dining choices with variety to cater the needs of the residents and customers from surrounding area.

### **Our Catering Outlets**

We endeavour to offer an outstanding dining experience, including food, service and dining atmosphere, at our catering outlets which are positioned to provide different dining style to suit different needs of the customers.

Operating data of our catering outlet operations during the six months ended 30 June 2017 sets forth as follows:

	<b>For the six months ended</b>	
	<b>2017</b>	2016
<b>Average number of customer per day per catering outlet<sup>(1)</sup></b>		
Chinese restaurants	<b>288</b>	401
Casual dining restaurants	<b>375</b>	357
East Asian and Western restaurants	<b>204</b>	262
Cafés	<b>109</b>	101
<b>Average spending per customer per meal (RMB)<sup>(2)</sup></b>		
Chinese restaurants	<b>48</b>	41
Casual dining restaurants	<b>28</b>	26
East Asian and Western restaurants	<b>67</b>	52
Cafés	<b>35</b>	24
<b>Average seat turnover rate (X)<sup>(3)</sup></b>		
Chinese restaurants	<b>1.30</b>	1.81
Casual dining restaurants	<b>4.20</b>	3.08
East Asian and Western restaurants	<b>1.58</b>	2.03
Cafés	<b>0.80</b>	2.12
<b>Average daily catering outlet sales by category (RMB)<sup>(4)</sup></b>		
Chinese restaurants	<b>83,289</b>	98,883
Casual dining restaurants	<b>72,639</b>	74,044
East Asian and Western restaurants	<b>54,844</b>	54,900
Cafés	<b>7,561</b>	7,300
<b>Number of catering outlets</b>	<b>16</b>	18

Notes:

- (1) Calculated by dividing total customer traffic (assuming 180 days in six months) by number of restaurants during the period. For outlets newly opened in the six months ended 2016 and 2017, the number of days since commencement of business is taken into account for the calculation.
- (2) Calculated by dividing average daily revenue (assuming 180 days in six months) by the average number of customer per day per catering outlet for the period. For outlets newly opened in the six months ended 2016 and 2017, the number of days since commencement of business is taken into account for the calculation.
- (3) Calculated by dividing the average number of customer per day per catering outlet for the six months ended by the total number of seats at the catering outlet.
- (4) Calculated by dividing total revenue by the total number of days during the period (assuming 180 days in six months).

### **Ancillary Living Services**

During the six months ended 30 June 2017, we provided off-campus training services, property agency services, employment placement services, and laundry services.

### **Off-campus Training Services**

As of 30 June 2017, we had two learning centres within Clifford Estates (31 December 2016: two learning centres). Our training programmes mainly include: (i) elementary, middle and high school tutoring courses; and (ii) language learning classes; while our interest classes are divided into four main categories, namely: (i) dance; (ii) martial arts; (iii) sports; and (iv) music.

We have upgraded one of our training centres in August 2017 and plan to establish another education training center by the end of the second half of 2017. For details, please refer to "Prospects and Future Plans" in this interim report.

### **Property Agency Services**

As of 30 June 2017, we had one headquarter and three branch offices located in different districts in Guangdong Province (31 December 2016: one headquarter and five branch offices). In January 2017, we closed down two branch offices in Panyu district and Huadu district due to change of local community development plan causing unsatisfactory customer traffic in the neighbourhood and decrease in sales.

### **Employment Placement Services**

As of 30 June 2017, we had one branch office in Clifford Estates (31 December 2016: one branch office). Our employment placement services primarily include: (i) employment agency services for household helpers, postnatal care helpers and patient care helpers; and (ii) labour dispatch services.

### **Laundry Services**

As of 30 June 2017, we operated four laundry shops and one laundry facility located in Clifford Estates (31 December 2016: four laundry shops and one laundry facility). We target (i) the corporate customers in proximity such as hospitals, hotels and schools; and (ii) individual customers who are mainly the residents of Clifford Estates, with an aim to provide reliable, convenient and quality laundry and dry cleaning services.

### **Revision of Annual Cap for Continuing Connected Transactions**

On 28 April 2017, we entered into a supplemental master composite services agreement and supplemental master tenancy agreement. For details, please refer to the Company's announcement dated 28 April 2017 and the Company's circular dated 7 June 2017. Both supplemental agreements were unanimously passed as ordinary resolutions of the Company in the extraordinary general meeting held on 23 June 2017. Apart from our business expansion in the PRC mainland, we have successfully established our Hong Kong office and sub-leased a portion of our office premises to independent third parties.

### **Prospects and Future Plans**

We plan to strengthen our position in the property management industry and further expand our service network. We intend to achieve our objectives by implementing the following strategies:

## **Property Management**

### **Further increase the total GFA and the number of residential units we manage to enhance the reach of our service and increase our revenue**

We plan to further expand our business and increase our market share in the industry by expanding the total GFA and the number of residential communities we manage. We believe that by enlarging the total contracted GFA and the number of residential communities we manage, we will be able to increase both of our revenue from our general property management services and resident support services.

### **Accelerate our business growth through acquisitions of property management companies**

We intend to accelerate the growth of our property management services by acquiring suitable property management companies. We have been seeking for potential property companies principally with a focus of business operations in Guangdong Province, covering contracted GFA of over 50,000 sq.m., price of properties being in the mid-to-high-range at its location and that the residential communities or pure commercial properties under their management would be able to implement our business model in achieving our business strategy of standardisation and centralisation.

## **Retail and Catering**

### **Further expand our retail network and catering network**

In August 2017, we have closed down five Chinese restaurants. In return, we plan to open three outlets by the end of the second half of 2017. This is to streamline our operating locations towards customer flows.

Also, we have further expanded our catering services by entering into franchising and catering partnership businesses in Panyu district with four and ten restaurants respectively. Our franchising business includes our well-known branding, namely "The Owls (貓頭鷹餐廳)", "Big Brother (老大哥)", "Yamabuki (山吹日本料理)" and "Bababibi Dessert (巴巴閉閉甜品屋)". We estimate that there will be additional franchisees and catering partners joining us by the end of the second half of 2017.

### **Further Expand our Ancillary Services**

For our off-campus training services, we have upgraded one of our training centers in Panyu district to approximately 3,000 sq.m. in August 2017 (December 2016: 2,000 sq.m.) and we plan to set-up another training center by the end of the second half of 2017 to further expand our business.

For our property agency services, we have further expanded by opening a new shop in “Clifford Wonderview (祈福繽紛匯)” in July 2017.

Last but not least for our laundry services, we have established a laundry facility in July 2017 with approximately 1,500 sq.m. in Panyu district. We also plan to establish a laundry shop in “Clifford Wonderview (祈福繽紛匯)” by the end of the second half of 2017 to meet the increasing demand of our customers.

### **Develop Online Marketing and Build Online Distribution Channels**

We observe the trend that online sales and services have become more popular in the PRC mainland. We intend to invest in online marketing, such as advertising on third-parties’ websites for promoting various of our services and our Group’s profile. We also intend to collaborate with other websites or online sales platforms for promoting our services and selling our goods through internet, targeting at residents in the communities we manage as well as those in proximity. We are considering various opportunities to invest in suitable online marketing network and sales platforms. As at 30 June 2017 and up to the date of this interim report, we are still locating suitable online marketing network and sales platforms to invest in.

Going forward, our Group will continue its strategy of setting up and operating our retail and catering outlets on leased premises in the residential communities we manage and will consider opening new retail and catering outlets in proximity to the residential communities we manage. We believe such arrangements are appropriate and commercially reasonable so that our Group could focus its capital resources on one of its core business in operating its retail and catering outlets.

In August 2017, we have established a telecommunication sales outlet in “Clifford Wonderview (祈福繽紛匯)” and entered into a contract with China Telecommunications Corporation (Guangzhou branch) (“China Telecommunications”) where we act as agent and promote the products and services of China Telecommunications and receive commissions as revenue.

## Financial Review

### Revenue

Our revenue increased from RMB139.8 million for the six months ended 30 June 2016 to RMB152.9 million for the six months ended 30 June 2017, representing an increase of RMB13.1 million or 9.4%. The growth in our revenue was mainly attributable to increase in revenue from our property management services, retail services and Ancillary Living Services segments.

### Property management services

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
General property management services	<b>16,906</b>	14,733
Resident support services	<b>14,655</b>	12,042
<b>Total</b>	<b>31,561</b>	26,775

Revenue in the property management services increased by 17.9% to RMB31.6 million for the six months ended 30 June 2017 from RMB26.8 million for the six months ended 30 June 2016. The increase in revenue of our general property management services from RMB14.7 million for the six months ended 30 June 2016 to RMB16.9 million for the six months ended 30 June 2017 was primarily due to the increase in GFA that we manage. The increase in revenue of our resident support services from RMB12.0 million for the six months ended 30 June 2016 to RMB14.7 million for the six months ended 30 June 2017 was due to increase in revenue derived from service of renovation and fitting-out.

**Retail services**

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
<b>Revenue by type of retail outlet</b>		
Supermarket	<b>31,034</b>	25,512
Wet market	<b>4,748</b>	5,633
Convenience stores	<b>16,151</b>	17,343
Imported goods specialty store	<b>524</b>	421
<b>Total</b>	<b>52,457</b>	48,909

Revenue in the retail services increased by 7.3% to RMB52.5 million for the six months ended 30 June 2017 from RMB48.9 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in revenue of supermarket and imported goods specialty store, being partially offset by the decrease in revenue of wet market and convenience stores. The increase in revenue of supermarket from RMB25.5 million for the six months ended 30 June 2016 to RMB31.0 million for the six months ended 30 June 2017 was primarily due to the increase in sales of our supermarket through promotion, relocation and upgrading one of our convenience stores to a supermarket in January 2017. The decrease in revenue of wet market and convenience stores from RMB23.0 million for the six months ended 30 June 2016 to RMB20.9 million for the six months ended 30 June 2017 was primarily due to the closure of our old Clifford market in August 2016 which reduced our rental income for the six months ended 30 June 2017. Relocation and upgrading one of our convenience stores to supermarket led to a decrease in revenue of our convenience stores as we classify that particular outlet as supermarket and convenience stores for the six months ended 30 June 2017 and 2016 respectively.



**Catering services**

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
<b>Catering outlet revenue by category</b>		
Chinese restaurants	<b>14,992</b>	17,799
Casual dining restaurants	<b>13,075</b>	13,328
East Asian and Western restaurants	<b>9,872</b>	9,882
Cafés	<b>1,361</b>	1,314
<b>Total</b>	<b>39,300</b>	42,323

Revenue in the catering services decreased by 7.1% to RMB39.3 million for the six months ended 30 June 2017 from RMB42.3 million for the six months ended 30 June 2016. Such decrease was primarily due to the closure of “Herbal Cuisine (Shawan Branch) (藥膳坊(沙灣分店))” in November 2016 and change of tax policy by the PRC mainland government from business tax to value-added tax effective from 1 May 2016. Revenue from our catering services were recorded at net basis after excluding of value-added tax of 6% for the six months ended 30 June 2017 while revenue from our catering services were record at gross basis including business tax of 5% before 1 May 2016 for the six months ended 30 June 2016.

## Ancillary Living Services

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
<b>Ancillary Living Services revenue by category</b>		
Off-campus training services	<b>15,044</b>	12,468
Property agency services	<b>8,609</b>	3,470
Employment placement services	<b>988</b>	784
Laundry services	<b>4,931</b>	5,064
	<b>29,572</b>	21,786

Revenue in the Ancillary Living Services increased by 35.7% to RMB29.6 million for the six months ended 30 June 2017 from RMB21.8 million for the six months ended 30 June 2016. Such increase was primarily due to the increase in revenue of our off-campus training services and property agency services. The increase in revenue of our off-campus training services from RMB12.5 million for the six months ended 30 June 2016 to RMB15.0 million for the six months ended 30 June 2017 was mainly brought by the increase in class enrolments. The increase in revenue of property agency services from RMB3.5 million for the six months ended 30 June 2016 to RMB8.6 million for the six months ended 30 June 2017 was mainly due to the increase in agency income derived from sales of the residential properties namely "Clifford Wonderview (祈福繽紛匯)" and "The Green (果嶺天地)".

## Cost of Sales

Our cost of sales comprises mainly the cost of goods sold for our retail services segment, the employee benefit expenses for each of our business segments and the cost of raw materials and consumables for our catering services segment as below:

	For the six months ended		Variance	
	30 June			
	2017	2016	RMB'000	%
	RMB'000	RMB'000	RMB'000	
<b>Property management services</b>	<b>12,069</b>	11,029	1,040	9%
<b>Retail services</b>	<b>30,175</b>	28,929	1,246	4%
<b>Catering services</b>	<b>30,833</b>	34,863	(4,030)	-12%
<b>Ancillary Living Services</b>	<b>11,797</b>	10,020	1,777	18%
Laundry services	<b>3,430</b>	3,589	(159)	-4%
Off-campus training services	<b>6,042</b>	4,526	1,516	33%
Property Agency services	<b>2,188</b>	1,775	413	23%
Employment placement services	<b>137</b>	130	7	5%
<b>Total</b>	<b>84,874</b>	84,841	33	0%

Our cost of sales increased slightly from RMB84.8 million for the six months ended 30 June 2016 to RMB84.9 million for the six months ended 30 June 2017, representing an increase of RMB0.1 million or 0.04%. The growth in our cost of sales was mainly contributed from property management services, retail services and off-campus training services in our ancillary living services by RMB1.0 million, RMB1.2 million and RMB1.5 million respectively. Such increase was partially offset by the decrease in cost of sales in our catering services of RMB4.0 million. In particular, we incurred less cost of raw materials and consumables for the six months ended 30 June 2017 of our catering business segment due to closure of "Herbal Cuisine (Shawan Branch) (藥膳坊(沙灣分店))" in November 2016. In addition, our business tax and other levies also decreased from RMB3.3 million for the six months ended 30 June 2016 to RMB0.5 million for the six months ended 30 June 2017 respectively due to change of tax policy by the PRC mainland government from business tax to value-added tax effective from 1 May 2016.

## Gross Profit and Gross Profit Margin

Gross profit and gross profit margins by business segments are as below:

	For the six months ended 30 June			
	2017		2016	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
<b>Property management services</b>	<b>19,492</b>	<b>62%</b>	15,746	59%
<b>Retail services</b>	<b>22,282</b>	<b>42%</b>	19,980	41%
<b>Catering services</b>	<b>8,467</b>	<b>22%</b>	7,460	18%
<b>Ancillary Living Services</b>	<b>17,775</b>	<b>60%</b>	11,766	54%
Laundry services	<b>1,501</b>	<b>30%</b>	1,475	29%
Off-campus training services	<b>9,002</b>	<b>60%</b>	7,942	64%
Property Agency services	<b>6,421</b>	<b>75%</b>	1,695	49%
Employment placement services	<b>851</b>	<b>86%</b>	654	83%
<b>Overall</b>	<b>68,016</b>	<b>44%</b>	54,952	39%

Our gross profit increased from RMB55.0 million for the six months ended 30 June 2016 to RMB68.0 million for the six months ended 30 June 2017, representing an increase of RMB13.0 million or 23.8%. Meanwhile, our gross profit margin improved from 39% for the six months ended 30 June 2016 to 44% for the six months ended 30 June 2017. The increase in gross profit was mainly due to the contribution of our property management services, retail services, catering services and Ancillary Living Services segments. The increase in gross profit margin was mainly attributable to change of tax policy by the PRC mainland government from business tax to value-added tax effective from 1 May 2016. All of our business segments revenue are recorded at net basis after excluding of value-added tax of 6% for the six months

ended 30 June 2017 while revenue were recorded at gross basis including business tax of 5% before 1 May 2016 for the six months ended 30 June 2016. Except for direct sales of our retail services which have been adopting value-added tax for both periods, gross profit margin of other business segments increased due to such tax policy change. In addition, the increase in gross profit margin of our property management services segment from 59% for the six months ended 30 June 2016 to 62% for the six months ended 30 June 2017 was mainly attributable to the increase in the number of large scale renovation and fitting-out projects which have higher profit margin.

Gross profit in property agency services increased by 278.8% to RMB6.4 million for the six months ended 30 June 2017 from RMB1.7 million for the six months ended 30 June 2016. Gross profit margin of property agency services increased to 75% from 49% for the same period, mainly because of the increase in sales of properties namely “Clifford Wonderview (祈福繽紛匯)” and “The Green (果嶺天地)” to our repeated and neighbourhood customers, which lower our costs.

Gross profit in off-campus training services increased by 13.3% to RMB9.0 million for the six months ended 30 June 2017 from RMB7.9 million for the six months ended 30 June 2016. However, gross profit margin of off-campus training services decreased to 60% from 64% for the same period. We have recruited more teachers for our business expansion. However, there was a decrease in enrolments for some classes with fixed costs and we have increased the salaries and benefits to our teachers.

### **Selling and Marketing Expenses**

Our selling and marketing expenses primarily consist of employee benefit expenses for our selling and marketing staff, operating lease payments, depreciation and amortisation charges and utility expenses.

Our selling and marketing expenses increased from RMB9.9 million for the six months ended 30 June 2016 to RMB13.4 million for the six months ended 30 June 2017, representing an increase of 34.5%, which was primarily due to the increase in number of employees and expenses together with operating lease payments in relation to opening and relocation of new retail and catering outlets in the first half of 2016 and upgrade of a convenience store to supermarket in January 2017. A substantial portion of selling and marketing expenses was related to retail services segment and catering services segment. Other expenses decreased from RMB1.5 million for the six months ended 30 June 2016 to RMB0.7 million for the six months ended 30 June 2017 mainly due to decrease in purchase of consumables for the six months ended 30 June 2017 compare to setting up new outlets in the first half of 2016.

### **Administrative Expenses**

Our administrative expenses principally comprised employee benefit expenses, listing expenses (for six months ended 30 June 2016 only), professional fees and office expenses for administrative departments.

Our administrative expenses decreased from RMB25.1 million for the six months ended 30 June 2016 to RMB21.4 million for the six months ended 30 June 2017, representing a decrease of 14.5%. This was primarily due to no incurrence of listing expenses for the six months ended 30 June 2017 compare to the incurrence of listing expenses amounting to RMB10.0 million for the six months ended 30 June 2016, and such effect was partially off-set by increase in employee benefit expenses due to the increase in headcount, increase in office related expenses and increase of professional fees for the six months ended 30 June 2017. Other expenses decreased from RMB2.0 million for the six months ended 30 June 2016 to RMB0.7 million for the six months ended 30 June 2017 mainly due to the incurrence of cost for setting up new outlets in the first half of 2016.

### **Other Gains or Losses – Net**

We incurred other gains of RMB0.4 million for the six months ended 30 June 2016 and other losses of RMB1.8 million for the six months ended 30 June 2017. The change from net gain to net loss was primarily arisen from the fluctuation of exchange rate of Renminbi against HK dollars.

### **Other Income**

Our other income increased from RMB0.2 million for the six months ended 30 June 2016 to RMB0.4 million for the six months ended 30 June 2017, representing an increase of RMB0.2 million or 73.5%. The increase was attributable to the increase in interest income.

### **Finance Income**

Our finance income is RMB0.3 million for the six months ended 30 June 2017, which is comparable to the six months ended 30 June 2016.

### **Income Tax Expenses**

The weighted average applicable tax rate was 42% and 33% for the six months ended 30 June 2016 and 2017, respectively. A relatively higher weighted average applicable tax rate for six months ended 30 June 2016 is mainly due to non-deductible listing expenses incurred by the Company in six months ended 30 June 2016.

### **Net Profit and Adjusted Profit for the Period**

For the six months ended 30 June 2017, as a result of the cumulative effect of the above factors, the Group's net profit was RMB21.5 million and its net profit margin was 14%.

Adjusted profit is defined as profit for the period before the Group's listing expenses were charged to the consolidated statement of profit or loss. As this expense item is non-recurring, the Company believes that a separate analysis of the impact of this expense item adds clarity to the constituent part of the Group's results of operations and provides additional useful information for investors to assess the operating performance of the Group's business. Set forth below is an analysis of adjusted profit for the period:

	For the six months ended 30 June		Variance	
	2017 RMB'000	2016 RMB'000	RMB'000	%
Profit for the period	<b>21,545</b>	11,983	9,562	79.8%
Add:				
Listing expenses	-	9,995	(9,995)	-100.0%
Adjusted profit for the period	<b>21,545</b>	21,978	(433)	-2.0%

Adjusted net profit for the period decreased from RMB22.0 million in the corresponding period of 2016 to RMB21.5 million in 2017, representing a decrease of 2.0%.

### Property, Plant and Equipment

Our property, plant and equipment mainly consist of machinery, vehicles, office equipment, and leasehold improvements. As at 31 December 2016 and 30 June 2017, the net book values of our Group's property, plant and equipment were RMB19.5 million and RMB18.5 million respectively. The decrease was mainly due to decrease in fixed assets additions for the six months ended 30 June 2017 whereas there were newly opened catering outlets and retail outlets during the six months ended 30 June 2016.



## **Inventories**

Our inventories mainly consist of merchandise goods for our retail service segment and raw materials for our catering service segment we procured from suppliers.

Our inventories decreased slightly from RMB11.5 million as of 31 December 2016 to RMB11.1 million as of 30 June 2017, primarily due to the decrease in inventory level as a result of early arrival of Spring Festival in 2017 and we increased our inventory level as at 31 December 2016, and closure of a café within our catering services in April 2017.

During the six months ended 30 June 2017, we did not recognise any provision or write-down for our inventories.

## **Trade and Other Receivables**

Our trade and other receivables mainly consist of trade receivables, amounts placed in bank accounts opened on behalf of the residents ("**Residents' Accounts**"), other receivables and prepayments.

### **Trade receivables**

Our trade receivables are mainly related to our receivable of outstanding property management fee and the receivables arisen from laundry services.

Our trade receivables increased by 14.3% from RMB5.5 million as of 31 December 2016 to RMB6.2 million as of 30 June 2017 as a result of increase in our property management services revenue.

### **Other receivables**

Our other receivables are mainly rental deposits, deposits paid to our suppliers and fixed return and capital preservation wealth management product.

Our other receivables increased by 44.6% from RMB16.9 million as of 31 December 2016 to RMB24.5 million as of 30 June 2017 as we have purchased a capital preservation wealth management product with fixed return at RMB12.5 million with maturity date of 30 days, which has been off-set by settlement of other receivables from related parties.

### Amounts placed in Residents' Accounts

Under the property management services contracts on a commission basis, we essentially act as an agent of the property owners. We are principally engaged in (a) provision of property management services to the residential communities under commission basis and are entitled to commission income at a pre-determined portion of the general property management services fees (the "**Entitled Commission**"); and (b) provision of resident support services under the residents' request and charge residents of fees at the rates accepted by residents (the "**Support Services Income**").

The residents are the beneficial owners of the Residents' Accounts and we are responsible for the treasury function of the Residents' Accounts and manage the utilisation of funds received and saved in these accounts on behalf of the residents.

Fund accumulated in the Residents' Accounts includes:

- (i) the balance of net Support Services Income which is entitled to but has not yet been withdrawn by our PM Subsidiaries;
- (ii) the balance of Entitled Commission which is entitled to but has not yet been withdrawn by our PM Subsidiaries; and
- (iii) the balance of the gross general property management services fees paid by the residents net of our Entitled Commission and payments of expenses incurred for various services rendered to the residential communities ("**Undeployed Funds**") which our PM Subsidiaries are not entitled to.

Such "Amounts placed in Residents' Accounts" in our consolidated statement of financial position (which amounted to RMB18.0 million and RMB9.6 million as at 31 December 2016 and 30 June 2017 respectively) represented only Entitled Commission and Support Services Income, but did not include the Undeployed Funds.

## **Trade and Other Payables**

Our trade and other payables primarily comprise trade payables, other payables, advances from customers and accrued payroll.

### **Trade payables**

Our trade payables primarily comprise fees due to third-party suppliers for procurement of raw materials for our catering services segment and products for provision of our retail services segment, and fees due to sub-contractors for provision of our resident support services. We generally enjoy credit terms of approximately 7 days to 45 days from the suppliers.

Our trade payables remained stable, which amounted to RMB19.8 million as of 31 December 2016 and RMB20.0 million as of 30 June 2017, respectively.

### **Other payables**

Our other payables primarily comprise amounts due to third parties, which included consideration payable for the acquisition of 24.5% equity interest in Guangzhou Panyu Clifford Property Management Limited\* (廣州市番禺祈福物業管理有限公司) amounting to approximately RMB21.8 million as of 30 June 2017, and deposits received from tenants in our retail business which amounted to RMB3.9 million and RMB3.3 million as at 31 December 2016 and 30 June 2017 respectively. The decrease was mainly due to the settlement of deposits to concessionaires and stall tenants in our old wet market.

### **Advances from customers**

Advances from customers are primarily related to prepaid course fees received from customers in our off-campus training services, prepaid service fees for our resident support services and the unused value of our consumption cards issued by us in Renminbi which can be used in our outlets to pay our retail, catering and laundry services. Advances from customers increased from RMB13.1 million as of 31 December 2016 to RMB16.0 million as of 30 June 2017, primarily due to the increase of enrolment of our interest classes which led to the increase in advances received from customers.

## Liquidity and Capital Resources

### Overview

Our primary liquidity requirements relate to the funding of required working capital to support an increase in our scale of operations, purchase of property, plant and equipment and payments for leasehold land. To date, we have financed our cash requirements through a consolidation of cash generated from operating activities and the proceeds of capital contributions from our Shareholders together with the unutilised net proceeds from the issue of new shares under the global offering as set out in the prospectus of the Company dated 27 October 2016 (the "**Prospectus**").

As at 30 June 2017, our material sources of liquidity were cash and cash equivalents of RMB196.5 million.

During the six months ended 30 June 2017, our Group has not obtained any loan or borrowings.

### Gearing Ratio

Gearing ratio is calculated based on our total debts (being cash advances due to related parties) divided by our total equity as of the end of each period.

Our gearing ratio was nil as at 30 June 2017 and 31 December 2016.

### **Pledge of Assets**

The Group had no pledged assets as of 30 June 2017 (31 December 2016: Nil).

### **Contingent Liabilities**

The Group had no material contingent liabilities as of 30 June 2017.

### **Employees and Remuneration Policies**

As at 30 June 2017, excluding labour costs borne by the properties that we manage on commission basis, the Group had approximately 1,011 employees (30 June 2016: approximately 951 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

The Group had no material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2017, except for entering into an equity transfer agreement disclosed in the paragraph headed “Property Management Services” in this interim report. Such acquisition was approved and registered by the relevant Commerce Authority on 12 June 2017 and the acquisition was completed on the same date. We have settled the consideration amount in full on 26 July 2017 by our internal resources. Following the completion, Guangzhou Panyu Clifford Property Management Limited\* (廣州市番禺祈福物業管理有限公司) has become an indirect wholly-owned subsidiary of the Company. The Group had no significant investments held during the six months ended 30 June 2017.

### **Use of Net Proceeds from Initial Public Offering**

Based on the offer price of HK\$0.46 per share and 250,000,000 shares offered by the Company, the Company raised net proceeds of approximately RMB54.7 million (less underwriting fee and commissions and other relevant expenses, equivalent to approximately RMB46.4 million). The proceeds are intended to be applied in the manner consistent with that set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 27 October 2016. Up to 30 June 2017, approximately RMB2.5 million of the net proceeds had been utilised accordingly. All of the net proceeds were deposited with certain licensed financial institutions in Hong Kong.

### **Significant Events After the Reporting Period**

The Group does not have any material subsequent event after 30 June 2017 and up to the date of this interim report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

### Corporate Governance Code

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board is of the view that for the period throughout the six months ended 30 June 2017, the Company has complied with all the code provisions as set out in the CG Code.

The Company is committed to enhance its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

### 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 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 Model Code for the period throughout the six months ended 30 June 2017.

### Board Composition

The Board currently comprises eight Directors, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors.

### **Audit Committee**

The Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung and one non-executive Director, namely Mr. LIU Xing (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). The unaudited interim financial information for the six months ended 30 June 2017 has been reviewed with no disagreement by the Audit Committee of the Company. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2017 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.

### **Remuneration Committee**

The Remuneration Committee consists of two independent non-executive Directors, namely Mr. MAK Ping Leung (Chairman) and Ms. LAW Elizabeth and one 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 individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.



For the period throughout the six months ended 30 June 2017, a meeting of the Remuneration Committee was held on 23 March 2017 to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

### **Nomination Committee**

The Nomination Committee consists of one 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 skills, regional and industry experience, educational background, knowledge, expertise, culture, independence, age, gender and other qualities. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

For the period throughout the six months ended 30 June 2017, a meeting of the Nomination Committee was held on 23 March 2017 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The diversity policy was also reviewed at the meeting.

## Change in information of Directors

Mr. LEONG Chew Kuan, an executive Director and the chief financial officer of the Company, was appointed as an independent non-executive Director of Transtech Optelecom Science Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8465) on 23 June 2017.

Ms. LAW Elizabeth, an independent non-executive Director of the Company, retired from the position of independent non-executive director of China Vanke Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2202) on 30 June 2017. Effective from 1 August 2017, Ms. LAW Elizabeth was appointed as independent non-executive director of The Wharf (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 4).

## Disclosure of Directors' Information Pursuant to Listing Rule 13.51(B)(1) of the Listing Rules

Mr. LEONG Chew Kuan, an executive Director of the Company, has ceased to act as an authorised representative of the Company and Mr. SUN Derek Wei Kong, an executive Director of the Company, has been appointed to act as an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules and an authorised representative of the Company for the purpose of Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) with effect from 28 April 2017.

## Share Option Schemes

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

Eligible participants of the Schemes include the Directors, employees 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, and the Share Option Scheme will remain in force for 10 years from the adoption date.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless 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 share options in excess of this limit is subject to 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 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 associate, 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 shareholders' approval in advance in a general meeting.

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

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme for the six months ended 30 June 2017 were as follows:

Name of category of participant	Balance as at 31 December 2016	Exercised during the period	Lapsed or cancelled during the period	Balance as at 30 June 2017	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\$)
<b>Directors</b>								
MAN Lai Hung	5,000,000	-	-	5,000,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
SUN Derek Wei Kong	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
LEONG Chew Kuan	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
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
<b>Senior Management</b>								
YU Ding Him Anthony	1,500,000	-	-	1,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
CHEN Yuxiong	1,250,000	-	-	1,250,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
DENG Zhengchuan	500,000	500,000	-	-	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
CEN Jiayin	500,000	-	-	500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
CHEN Zhezhen	250,000	250,000	-	-	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
<b>Employees of the Group</b>	2,175,000	750,000	-	1,425,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
<b>Total</b>	21,175,000	1,500,000	-	19,675,000				

**(A) Pre-IPO Share Option Scheme**

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 21,175,000 options to eligible Directors, senior management and employees of the Group to subscribe for ordinary shares in the Company subject to the terms stipulated under the Pre-IPO Share Option Scheme. The exercise price is 90% of the final offer price of the Shares issued in connection with the Listing (HK\$0.414). 1,500,000 options were exercised, and no options lapsed or cancelled during the six months ended 30 June 2017. As at the date of this interim report, the Company had 19,675,000 share options under the Pre-IPO Share Option Scheme, representing approximately 1.96% of the issued share capital of the Company as at that date.

Further details of the Pre-IPO Share Option Scheme are set out in note 15(c) to the interim financial information.

**(B) Share Option Scheme**

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

**Purchase, Sale or Redemption of the Company's Listed Securities**

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2017.

## Disclosure of Interests

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

As at 30 June 2017, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Nature of interest/Capacity	Number of shares	Approximate percentage of shareholding in the Company
Ms. MAN Lai Hung <sup>(1)</sup>	Interest in a controlled corporation <sup>(1)</sup>	750,000,000	74.89%
Ms. MAN Lai Hung	Beneficial owner	5,000,000 <sup>(2)</sup>	0.50%
Mr. SUN Derek Wei Kong	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%
Mr. LEONG Chew Kuan	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%
Ms. LIANG Yuhua	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%
Mr. LIU Xing	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) Elland Holdings Limited is solely owned by Ms. MAN Lai Hung which in turn owns 750,000,000 Shares. By virtue of the SFO, Ms. MAN Lai Hung is deemed or taken to be interested in all the shares which are beneficially owned by Elland Holdings Limited.
- (2) These represent the maximum number of Shares which may be allotted and issued to such Directors upon the exercise of the Pre-IPO Share Options granted to each of them. In respect of these five Directors, the Pre-IPO Share Options may be exercised at any time during the period (i) commencing on the business day immediately after the expiry of the six-month period after the Listing Date and (ii) ending on the date falling five (5) years and six (6) months of the Listing Date. The exercise price for subscription of each Share upon the exercise of the Pre-IPO Share Options is equal to 90% of HK\$0.46.
- (3) All the shares are held in long position.

Save as disclosed above, as at 30 June 2017, 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 2017, so far as the Directors are aware, the following substantial shareholders (other than the Directors and the chief executives of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
Elland Holdings Limited	Beneficial owner	750,000,000 <sup>(2)</sup>	74.89%
Mr. PANG Lun Kee Clifford <sup>(1)</sup>	Interest of spouse	755,000,000 <sup>(2)</sup>	75.39%

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 held by Ms. MAN Lai Hung.
- (2) All the shares are held in long position.

Save as disclosed above, as at 30 June 2017, 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 recommend any interim dividend in respect of the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).



## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>RMB'000</b>	RMB'000
	Note	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	6	<b>152,890</b>	139,793
Cost of sales	7	<b>(84,874)</b>	(84,841)
<b>Gross profit</b>		<b>68,016</b>	54,952
Selling and marketing expenses	7	<b>(13,367)</b>	(9,935)
Administrative expenses	7	<b>(21,436)</b>	(25,071)
Other income		<b>354</b>	204
Other (losses)/gains – net		<b>(1,790)</b>	397
<b>Operating profit</b>		<b>31,777</b>	20,547
Finance income		<b>281</b>	174
Share of loss from investment in an associate		<b>–</b>	(10)
<b>Profit before income tax</b>		<b>32,058</b>	20,711
Income tax expenses	8	<b>(10,513)</b>	(8,728)
<b>Profit for the period</b>		<b>21,545</b>	11,983
<b>Profit attributable to:</b>			
– Owners of the Company		<b>20,482</b>	10,618
– Non-controlling interests		<b>1,063</b>	1,365
		<b>21,545</b>	11,983

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Earnings per share attributable to the owners of the Company during the period</b>			
(expressed in RMB per share):			
– Basic earnings per share	9(a)	<b>0.020</b>	0.014
– Diluted earnings per share	9(b)	<b>0.020</b>	0.014

The notes on pages 49 to 90 form an integral part of this interim financial information.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>21,545</b>	11,983
<b>Other comprehensive income</b>	–	–
<b>Total comprehensive income for the period</b>	<b>21,545</b>	11,983
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	<b>20,482</b>	10,618
– Non-controlling interests	<b>1,063</b>	1,365
	<b>21,545</b>	11,983

The notes on pages 49 to 90 form an integral part of this interim financial information.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2017</b>	31 December 2016
	Note	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>18,452</b>	19,477
Intangible assets	10	<b>443</b>	444
Deferred income tax assets	16	<b>327</b>	–
		<b>19,222</b>	19,921
<b>Current assets</b>			
Inventories	11	<b>11,147</b>	11,542
Trade and other receivables	12	<b>42,773</b>	41,564
Term deposits	13(b)	<b>37,869</b>	27,544
Restricted cash	13(c)	<b>609</b>	608
Cash and cash equivalents	13(a)	<b>196,478</b>	181,853
		<b>288,876</b>	263,111
<b>Total assets</b>		<b>308,098</b>	283,032
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	<b>8,757</b>	8,744
Share premium	14	<b>184,483</b>	183,824
Reserves	15	<b>(110,299)</b>	(98,535)
Retained earnings		<b>128,549</b>	109,288
		<b>211,490</b>	203,321
<b>Non-controlling interests</b>		<b>–</b>	6,381
<b>Total equity</b>		<b>211,490</b>	209,702

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	1,850	1,200
<b>Current liabilities</b>			
Trade and other payables	17	85,682	64,712
Current income tax liabilities		9,076	7,418
		94,758	72,130
<b>Total liabilities</b>		<b>96,608</b>	73,330
<b>Total equity and liabilities</b>		<b>308,098</b>	283,032

The notes on pages 49 to 90 form an integral part of this interim financial information.

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to owners of the Company							
		Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	RMB'000 (Note 14)	RMB'000 (Note 14)	RMB'000 (Note 15)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2017</b>		8,744	183,824	(98,535)	109,288	203,321	6,381	209,702
<b>Comprehensive income</b>								
Profit for the period		-	-	-	20,482	20,482	1,063	21,545
Other comprehensive income		-	-	-	-	-	-	-
		-	-	-	20,482	20,482	1,063	21,545
<b>Transactions with owners of the Company</b>								
Changes in ownership interests in a subsidiary without change of control	19	-	-	(14,331)	-	(14,331)	(7,444)	(21,775)
Employees' share option scheme:								
- Value of employee services	14, 15(c)	-	-	1,471	-	1,471	-	1,471
- Proceeds from shares issued	14, 15(c)	13	659	(125)	-	547	-	547
Appropriation of statutory reserves	15(a)	-	-	1,221	(1,221)	-	-	-
		13	659	(11,764)	(1,221)	(12,313)	(7,444)	(19,757)
<b>Balance at 30 June 2017</b>		8,757	184,483	(110,299)	128,549	211,490	-	211,490

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Attributable to owners of the Company						
		Share capital RMB'000 (Note 14)	Share premium RMB'000 (Note 14)	Reserves RMB'000 (Note 15)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2016</b>		-	-	4,007	91,395	95,402	3,574	98,976
<b>Comprehensive income</b>								
Profit for the period		-	-	-	10,618	10,618	1,365	11,983
Other comprehensive income		-	-	-	-	-	-	-
		-	-	-	10,618	10,618	1,365	11,983
<b>Transactions with owners of the Company</b>								
Reorganisation	15(b)	8	105,182	(105,190)	-	-	-	-
Appropriation of statutory reserves	15(a)	-	-	2,326	(2,326)	-	-	-
		8	105,182	(102,864)	(2,326)	-	-	-
<b>Balance at 30 June 2016</b>		8	105,182	(98,857)	99,687	106,020	4,939	110,959

The notes on pages 49 to 90 form an integral part of this interim financial information.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>46,149</b>	42,165
Income tax paid		<b>(5,820)</b>	(6,479)
Net cash generated from operating activities		<b>40,329</b>	35,686
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(1,582)</b>	(6,829)
Proceeds from disposal of property, plant and equipment		<b>1</b>	2,533
Purchases of intangible assets		<b>(41)</b>	(69)
Increase in term deposits		<b>(10,325)</b>	(14,873)
Loans and receivables		<b>(12,500)</b>	–
Interest received		<b>281</b>	174
Net cash used in investing activities		<b>(24,166)</b>	(19,064)
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options	15(c)	<b>547</b>	–
Listing expenses paid		<b>(206)</b>	(8,389)
Cash advances from related parties		–	2,787
Cash advances repaid to related parties		–	(16,113)
Net cash generated from/(used in) financing activities		<b>341</b>	(21,715)



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16,504</b>	(5,093)
Cash and cash equivalents at beginning of period	13(a)	<b>181,853</b>	93,334
Exchange losses on cash and cash equivalents		<b>(1,879)</b>	–
<b>Cash and cash equivalents at end of period</b>	13(a)	<b>196,478</b>	88,241

The notes on pages 49 to 90 form an integral part of this interim financial information.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1 General Information

Clifford Modern Living Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2016 (the “**Listing**”). 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, etc. (the “**Listing Business**”) in the People’s Republic of China (the “**PRC mainland**”).

This condensed consolidated interim financial information are presented in Renminbi (“**RMB**”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the “**Board**”) on 25 August 2017.

The condensed consolidated interim financial information has not been audited.

## 2 Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34 "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 3 Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

### (a) Amended Standards Adopted by the Group

The following amendments to standards have been adopted by the Group for the financial year beginning on or after 1 January 2017:

HKAS 12 (Amendment)	Income taxes
HKAS 7 (Amendment)	Statement of cash flows
HKFRS 12 (Amendment)	Disclosure of interest in other entities

The adoption of these amendments did not have any significant impact on the Group.

### 3 Accounting Policies (continued)

#### (b) New Standards and Amendments not yet Effective for the Financial Year Beginning on 1 January 2017 and not Early Adopted by the Group

Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		<b>Effective for annual years beginning on or after</b>
HKFRS 15 (Note i)	Revenue from contracts with customers	1 January 2018
HKFRS 9 (Note ii)	Financial instruments	1 January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16 (Note iii)	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 16.

### **3 Accounting Policies (continued)**

#### **(b) New Standards and Amendments not yet Effective for the Financial Year Beginning on 1 January 2017 and not Early Adopted by the Group (continued)**

- (i) HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

### 3 Accounting Policies (continued)

#### (b) New Standards and Amendments not yet Effective for the Financial Year Beginning on 1 January 2017 and not Early Adopted by the Group (continued)

- (ii) HKFRS 9 (2014), "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk.

### 3 Accounting Policies (continued)

#### (b) New Standards and Amendments not yet Effective for the Financial Year Beginning on 1 January 2017 and not Early Adopted by the Group (continued)

- (iii) The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17 based on the accounting policy. As of 30 June 2017, the Group's minimum lease payments under non-cancellable operating lease agreements are of RMB45,550,000 as separately disclosed in Note 18. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the statement of financial position. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the statement of profit or loss. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on or after 1 January 2019.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 4 Estimates

The preparation of the interim financial information 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 expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, 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 consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes and disclosure of unusual items (see Note 8).

## 5 Financial Risk Management Financial Risk Factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no changes in the risk management policies since 31 December 2016.



## 6 Segment Information

Information reported to the executive directors of the Company, who are the chief operating decision makers (“CODM”) of the Group, was specifically focused on the segments of retail services, catering services, property management services, off-campus training services, property agency services, laundry services and employment placement services for the purpose of resources allocation and performance assessment. These divisions are the basis on which the Group reports its segment information under HKFRS 8 “Operation Segments”.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment revenue and results and segment assets. Segment results excluded central administration costs, other income, other gains/(losses)-net, finance income, income tax expenses, and segment assets excluded cash and cash equivalents, term deposits and interest receivable from a third party, as these activities are centrally driven by the Group.

## 6 Segment Information (continued)

### Segment Revenue and Results

The segment revenue and results and the reconciliation with profit for the period ended 30 June 2017 are as follows:

	Retail services	Catering services	Property management services	Off-campus training services	Property agency services	Laundry services	Employment placement services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	52,564	39,400	31,947	15,044	8,609	5,057	988	153,609
Inter-segment revenue	(107)	(100)	(386)	-	-	(126)	-	(719)
<b>Revenue (from external customers)</b>	<b>52,457</b>	<b>39,300</b>	<b>31,561</b>	<b>15,044</b>	<b>8,609</b>	<b>4,931</b>	<b>988</b>	<b>152,890</b>
<b>Segment results</b>	<b>6,132</b>	<b>1,288</b>	<b>19,565</b>	<b>6,447</b>	<b>6,048</b>	<b>312</b>	<b>554</b>	<b>40,346</b>
Other income								354
Other losses – net								(1,790)
Finance income								281
Unallocated expenses								(7,133)
Income tax expenses								(10,513)
<b>Profit for the period</b>								<b>21,545</b>
<b>Segment results include:</b>								
Depreciation and amortisation	965	1,246	52	132	4	220	2	2,621

## 6 Segment Information (continued)

### Segment Revenue and Results (continued)

The segment revenue and results and the reconciliation with profit for the period ended 30 June 2016 are as follows:

	Retail services RMB'000	Catering services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Property agency services RMB'000	Laundry services RMB'000	Employment placement services RMB'000	Total RMB'000
Gross segment revenue	49,024	42,375	26,786	12,468	3,470	5,260	784	140,167
Inter-segment revenue	(115)	(52)	(11)	-	-	(196)	-	(374)
<b>Revenue (from external customers)</b>	48,909	42,323	26,775	12,468	3,470	5,064	784	139,793
<b>Segment results</b>	8,078	487	14,146	5,785	1,183	247	463	30,389
Other income								204
Other gains – net								397
Finance income								174
Unallocated expenses								(10,453)
Income tax expenses								(8,728)
<b>Profit for the period</b>								11,983
<b>Segment results include:</b>								
Share of loss from investment in an associate	-	(10)	-	-	-	-	-	(10)
Depreciation and amortisation	747	802	30	90	7	260	2	1,938

## 6 Segment Information (continued)

The segment assets and the reconciliation with total assets of the Group as at 30 June 2017 and 31 December 2016 are as follows:

### Segment Assets

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Retail services	33,702	27,127
Catering services	11,498	13,068
Property management services	18,073	24,543
Off-campus training services	964	1,008
Property agency services	126	111
Laundry services	7,021	5,381
Employment placement services	1,857	2,245
<b>Total segment assets</b>	<b>73,241</b>	73,483
Cash and cash equivalents	196,478	181,853
Term deposits	37,869	27,544
Interest receivable from a third party	152	152
Others	358	–
<b>Total assets</b>	<b>308,098</b>	283,032

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

## **6 Segment Information (continued)**

### **Segment Assets (continued)**

As at 30 June 2017, the balance of certain proceeds from the initial public offering of HK\$76.4 million, equivalent to RMB66.3 million (31 December 2016: HK\$80.7 million, equivalent to RMB72.4 million) were temporarily deposited in our bank accounts in Hong Kong and will be remitted to our PRC mainland companies for intended use. Except for this, more than 90% of the carrying values of the Group's assets are situated in the PRC mainland. From January to June 2017, rental and other sundry income of HK\$1.1 million (equivalent to RMB1.0 million) are derived from activities in Hong Kong (January to June 2016: nil). Except for these, all of the Group's revenue are derived from activities in, and from customers located in the PRC mainland and no geographical segment analysis is prepared.

There is no single customer contributes more than 10% of the Group's revenue for each of the six months ended 30 June 2017 and 30 June 2016.

## 7 Expenses by Nature

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Employee benefit expenses	<b>44,514</b>	37,875
Cost of goods sold for retail business	<b>27,703</b>	26,950
Cost of raw materials and consumables for catering business	<b>15,244</b>	16,513
Operating lease payments	<b>7,771</b>	5,783
Sub-contracting costs for other services	<b>5,766</b>	4,896
Utilities – electricity, water and gas, etc.	<b>4,824</b>	5,001
Depreciation and amortisation	<b>2,621</b>	1,938
Professional fee	<b>2,280</b>	–
Office expenses	<b>2,171</b>	1,446
Business tax and other levies	<b>582</b>	3,293
Advertising expenses	<b>558</b>	347
Listing expenses	<b>–</b>	9,995
Others	<b>5,643</b>	5,810
	<b>119,677</b>	119,847

## 8 Income Tax Expenses

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Current tax:		
– PRC mainland corporate income tax	<b>10,157</b>	8,202
– Hong Kong profits tax	<b>33</b>	126
– PRC mainland withholding income tax	<b>–</b>	857
<b>Total current tax</b>	<b>10,190</b>	9,185
Deferred tax:		
– PRC mainland corporate income tax	<b>(327)</b>	–
– PRC mainland withholding income tax	<b>650</b>	(457)
<b>Total deferred tax</b>	<b>323</b>	(457)
<b>Income tax expenses</b>	<b>10,513</b>	8,728

## 8 Income Tax Expenses (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Profit before tax	<b>32,058</b>	20,711
Tax charge at effective rate applicable to profits in the respective group entities	<b>9,653</b>	7,889
Tax effects of:		
– Share of associate's result net of tax	–	2
– Income not subject to tax	<b>(192)</b>	(87)
– Expenses not deductible for tax purposes	<b>255</b>	356
– Tax losses for which no deferred income tax asset was recognised	<b>147</b>	168
PRC mainland withholding income tax	<b>9,863</b>	8,328
	<b>650</b>	400
Tax charge	<b>10,513</b>	8,728

The weighted average applicable tax rate was 33% for the six months ended 30 June 2017 (six months ended 30 June 2016: 42%). A relatively higher weighted average applicable tax rate for six months ended 30 June 2016 is mainly due to non-deductible listing expenses incurred by the Company during the six months ended 30 June 2016.



## **8 Income Tax Expenses (continued)**

### **PRC Mainland Corporate Income Tax**

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

The corporate income tax rate applicable to the group entities located in the PRC mainland (“**PRC mainland entities**”) is 25% according to the Corporate Income Tax Law of the People’s Republic of China effective on 1 January 2008.

### **PRC Mainland Withholding Income Tax**

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

### **Hong Kong Profits Tax**

The applicable Hong Kong profits tax rate is 16.5%.

### **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.

## 9 Earnings Per Share

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
Profit attributable to equity holders of the Company (RMB)	<b>20,482,000</b>	10,618,000
Weighted average number of ordinary shares in issue	<b>1,000,207,182</b>	750,000,000
Basic earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)	<b>0.020</b>	0.014

The weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2016 has been adjusted for the effect of capitalisation issue of 749,000,000 shares pursuant to the resolution dated 21 October 2016 and subsequently became effective on 8 November 2016.

## 9 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 Pre-IPO share options. For the Pre-IPO 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.

## 9 Earnings Per Share (continued)

### (b) Diluted (continued)

For the six months ended 30 June 2016, diluted earnings per share is equal to the basic earnings per share, as there were no dilutive shares. As stated in Note 15(c), Pre-IPO Share Option Scheme was adopted and effective on 8 November 2016 and 1,500,000 share options were exercised in June 2017. Diluted earnings per share for the six months ended 30 June 2017 was calculated as below:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
Profit attributable to equity holders of the Company (RMB)	<b>20,482,000</b>	10,618,000
Weighted average number of ordinary shares in issue	<b>1,000,207,182</b>	750,000,000
Adjustment for:		
– Pre-IPO share options	<b>7,930,926</b>	–
Weighted average number of ordinary shares for diluted earnings per share	<b>1,008,138,108</b>	750,000,000
Diluted earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)	<b>0.020</b>	0.014

## 10 Property, Plant and Equipment and Intangible Assets

	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2017</b>		
Opening net book amount	19,477	444
Additions	1,582	41
Disposals	(28)	–
Depreciation and amortisation charge	(2,579)	(42)
<b>Closing net book amount</b>	<b>18,452</b>	<b>443</b>
<b>As at 30 June 2017</b>		
Cost	32,974	697
Accumulated depreciation and amortisation	(14,522)	(254)
<b>Net book amount</b>	<b>18,452</b>	<b>443</b>
<b>Six months ended 30 June 2016</b>		
Opening net book amount	10,259	373
Additions	15,390	69
Disposals	(2,586)	–
Depreciation and amortisation charge	(1,909)	(29)
<b>Closing net book amount</b>	<b>21,154</b>	<b>413</b>
<b>As at 30 June 2016</b>		
Cost	31,241	583
Accumulated depreciation and amortisation	(10,087)	(170)
<b>Net book amount</b>	<b>21,154</b>	<b>413</b>

## 11 Inventories

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Merchandise goods	<b>9,030</b>	9,491
Raw materials	<b>1,382</b>	1,656
Others	<b>735</b>	395
	<b>11,147</b>	11,542

## 12 Trade and Other Receivables

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Trade receivables (Note (a)):		
– Related parties (Note 21 (d))	<b>1,742</b>	1,507
– Third parties	<b>4,500</b>	3,956
	<b>6,242</b>	5,463
Amounts placed in Residents' Accounts (Note (b))	<b>9,643</b>	18,005
Other receivables:		
– Related parties (Note 21 (d))	<b>5,088</b>	9,530
– Third parties (Note (c))	<b>19,416</b>	7,414
	<b>24,504</b>	16,944
Interest receivable:		
– A third party	<b>152</b>	152
Prepayments:		
– Third parties	<b>2,232</b>	1,000
	<b>42,773</b>	41,564

## 12 Trade and Other Receivables (continued)

- (a) Trade receivables due from third parties mainly represent the receivables of outstanding property management fee charged on commission basis, the receivables of engineering service income and the receivables of laundry service income.

During the six months ended 30 June 2017 and 2016, the Group's trading terms are mainly on a cash basis, except for the service fee receivable from certain corporate customers of laundry and household services and the property management fee receivable from residents which is generally with one-month credit period.

As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Up to 1 year	<b>5,099</b>	4,773
1 to 2 years	<b>855</b>	433
Over 2 years	<b>288</b>	257
	<b>6,242</b>	5,463

As at 30 June 2017, trade receivables of RMB6,242,000 were fully performing (31 December 2016: RMB5,463,000).



## 12 Trade and Other Receivables (continued)

- (b) Certain property management companies of the Group engaged in provision of property management services for residential communities on commission basis opened bank accounts on behalf of the residents ("**Residents' Accounts**") to collect the property management fee and resident support services fee from the residents. The property management companies are also responsible for the treasury function of these bank accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2017, amounts placed in Residents' Accounts of RMB9,643,000 represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2016: RMB18,005,000). As at 30 June 2017, amounts placed in Resident's Accounts carry interest at prevailing rates from 0.35% to 1.80% per annum (31 December 2016: 0.35% to 1.75% per annum). The fair value of these balances approximates their carrying amounts.
- (c) As at 30 June 2017, the Group possessed bank financial products of RMB12,500,000 which carry interest at prevailing rate of 3.3% per annum.

Trade and other receivables do not contain impaired assets. 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.

### 13 Cash and Bank Balances

#### (a) Cash and Cash Equivalents

	<b>As at</b>	
	<b>30 June 2017 RMB'000</b>	31 December 2016 RMB'000
Cash at bank and on hand	<b>130,592</b>	170,579
Short-term bank deposits	<b>65,886</b>	11,274
	<b>196,478</b>	181,853

Short-term bank deposits carry interest at prevailing deposit rates which range from 0.60% to 1.35% per annum (31 December 2016: 1.35% to 1.60% per annum). The Company plans to renew the short-term bank deposits after expiration.

	<b>As at</b>	
	<b>30 June 2017 RMB'000</b>	31 December 2016 RMB'000
Cash and cash equivalents denominated in:		
– RMB	<b>147,986</b>	105,442
– HK\$	<b>48,492</b>	76,411
	<b>196,478</b>	181,853

### 13 Cash and Bank Balances (continued)

#### (a) Cash and Cash Equivalents (continued)

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.

#### (b) Term Deposits

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Matured within:		
– 6 months	<b>490</b>	490
– 1 year	<b>37,379</b>	27,054
	<b>37,869</b>	27,544

The term deposits carry interest at prevailing deposit rates which range from 1.55% to 1.80% per annum (31 December 2016: 1.55% to 3.00% per annum). The fair value of the Group's term deposits approximates their carrying amounts. The term deposits are denominated in RMB.

#### (c) 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.

## 14 Share Capital and Share Premium

	Number of ordinary shares		Share capital	Share premium	Total
	Shares	HK\$	Translated to RMB'000	RMB'000	RMB'000
<b>Authorised:</b>					
At 30 June 2016 and 2017	10,000,000,000	100,000,000	87,440		
<b>Issued and fully paid:</b>					
<b>Six months ended 30 June 2017</b>					
As at 1 January 2017	1,000,000,000	10,000,000	8,744	183,824	192,568
Pre-IPO share option scheme:					
– Proceeds from shares issued	1,500,000	15,000	13	659	672
As at 30 June 2017	1,001,500,000	10,015,000	8,757	184,483	193,240
<b>Six months ended 30 June 2016</b>					
Issue of shares on 6 January 2016 (date of incorporation)	10,000	–	–	–	–
Reorganisation	990,000	9,900	8	105,182	105,190
As at 30 June 2016	1,000,000	9,900	8	105,182	105,190

## 15 Reserves

	<b>Statutory reserve</b>	<b>Capital reserve</b>	<b>Share-based compensation reserve</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note (a))	(Note (b))	(Note (c))	
<b>As at 1 January 2017</b>	<b>13,973</b>	<b>(112,802)</b>	<b>294</b>	<b>(98,535)</b>
Changes in ownership interests in a subsidiary without change of control (Note b(i), 19)	-	<b>(14,331)</b>	-	<b>(14,331)</b>
Employees' share option scheme (Note (c)):				
– Value of employee services	-	-	<b>1,471</b>	<b>1,471</b>
– Proceeds from shares issued	-	-	<b>(125)</b>	<b>(125)</b>
Appropriation of statutory reserves	<b>1,221</b>	-	-	<b>1,221</b>
<b>As at 30 June 2017</b>	<b>15,194</b>	<b>(127,133)</b>	<b>1,640</b>	<b>(110,299)</b>
<b>As at 1 January 2016</b>	11,619	(7,612)	-	4,007
Reorganisation (Note b(ii))	-	(105,190)	-	(105,190)
Appropriation of statutory reserves	2,326	-	-	2,326
<b>As at 30 June 2016</b>	<b>13,945</b>	<b>(112,802)</b>	<b>-</b>	<b>(98,857)</b>

## 15 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 taxation calculated under PRC mainland accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

### (b) Capital Reserve

- (i) On 16 May 2017, the Group acquired 24.5% equity interests of Guangzhou Panyu Clifford Property Management Limited (廣州市番禺祈福物業管理有限公司, "Panyu PM Co") at a consideration of RMB21,774,800. The carrying amount of the non-controlling interests in Panyu PM Co being acquired as of the date of acquisition was RMB7,444,000. The excess of consideration payable amounting to RMB14,331,000 was recognised as a decrease in capital reserve (note 19).
- (ii) Amounts represented the difference between the carrying value of the Listing Business and the par value of shares issued by the Company to the then owner of the Listing Business during the reorganisation for the Listing.

### (c) Pre-IPO Share Option Scheme

On 21 October 2016, the Company granted share options to certain directors, senior management and employees of the Group (the "**Recipients**") under a share option scheme (the "**Pre-IPO 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 ("**Listing Date**").

The Pre-IPO Share Option 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.

**15 Reserves (continued)****(c) Pre-IPO Share Option Scheme (continued)**

From 8 May 2017, the share options granted to the Recipients became exercisable. Up to 30 June 2017, certain Recipients have exercised 1,500,000 units of share options at the exercise prices of HK\$0.414 per share which is at 10% discount to the offer price of HK\$0.46 per share upon the Listing Date, the cash proceeds received by the Company amounted to HK\$621,000 (equivalent to RMB547,000).

Movements in the number of shares options outstanding are as follows:

	<b>Average exercise price in HK\$ per share option</b>	<b>Number of share options</b>
As at 1 January 2017	<b>0.414</b>	<b>21,175,000</b>
Exercised	<b>0.414</b>	<b>(1,500,000)</b>
As at 30 June 2017	<b>0.414</b>	<b>19,675,000</b>

The expiry date of the share options outstanding as at 30 June 2017 is 8 May 2022.

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

## 16 Deferred Income Tax

The analysis of deferred income tax liabilities is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	<b>327</b>	–
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered within 12 months	<b>(1,850)</b>	(1,200)
Deferred income tax liabilities – net	<b>(1,523)</b>	(1,200)

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

	<b>Temporary difference relating to expenses temporarily not deductible</b>
<b>Deferred tax assets</b>	
As at 1 January 2017	–
Credited to profit or loss	<b>327</b>
As at 30 June 2017	<b>327</b>



## 16 Deferred Income Tax (continued)

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

	<b>Temporary difference relating to undistributed profit of subsidiaries</b>
<b>Deferred tax liabilities</b>	
As at 1 January 2016	857
Credited to profit or loss	(457)
As at 30 June 2016	400
As at 1 January 2017	<b>1,200</b>
Charged to profit or loss	<b>650</b>
As at 30 June 2017	<b>1,850</b>

As at 30 June 2017, the Group did not recognise deferred income tax assets of RMB1,356,000 (31 December 2016: RMB1,209,000) in respect of tax losses of RMB6,080,000 (31 December 2016: RMB5,487,000). Tax losses of group entities operated in the PRC mainland could be carried forward for a maximum of five years.

As at 30 June 2017, the Group has not recognised the provision of PRC mainland withholding income tax of RMB9,960,000 (31 December 2016: RMB7,778,000) in relation to the undistributed profits of certain PRC mainland group entities totalling RMB99,600,000 (2016: RMB77,780,000) as the Group does not have a plan to distribute these profits out of the PRC mainland in the foreseeable future.

## 17 Trade and Other Payables

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Trade payables (Note (a)):		
– Related parties (Note 21(d))	<b>23</b>	16
– Third parties	<b>19,987</b>	19,823
	<b>20,010</b>	19,839
Other payables:		
– Related parties (Note 21(d))	<b>3,636</b>	2,466
– Third parties	<b>32,085</b>	13,062
	<b>35,721</b>	15,528
Advances from customers:		
– Third parties	<b>15,996</b>	13,124
Accrued payroll	<b>12,702</b>	14,547
Other taxes payables	<b>1,253</b>	1,674
	<b>85,682</b>	64,712

**17 Trade and Other Payables (continued)**

- (a) As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Up to 1 year	<b>17,922</b>	18,140
1 to 2 years	<b>1,323</b>	1,009
2 to 3 years	<b>157</b>	152
Over 3 years	<b>608</b>	538
	<b>20,010</b>	19,839

## 18 Commitments

### Operating Lease Commitments – Group Entities as Lessee

The Group leases various retail outlets, restaurants, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 8 years, and the majority of lease agreements are signed with related parties.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Up to 1 year	<b>5,337</b>	13,619
1 to 5 years	<b>40,183</b>	47,956
Over 5 years	<b>30</b>	–
	<b>45,550</b>	61,575

## 19 Transactions with Non-controlling Interests

### Acquisition of Interest in a Subsidiary

On 16 May 2017, the Group acquired 24.5% equity interests of Panyu PM Co at a consideration of RMB21,774,800. The effect of changes in equity of the Group is summarised as follows:

	<b>As at 30 June 2017 RMB'000</b>
Carrying amount of non-controlling interests acquired	<b>7,444</b>
Consideration payable to non-controlling interests	<b>(21,775)</b>
Excess of consideration payable recognised as a decrease in reserves	<b>(14,331)</b>

## 20 Future Minimum Rental Fee Receivable

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	<b>As at 30 June 2017 RMB'000</b>	31 December 2016 RMB'000
Up to 1 year	<b>9,025</b>	8,170
1 to 5 years	<b>2,402</b>	7,414
	<b>11,427</b>	15,584

## 21 Related Party Transactions

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

Name	Relationship
廣東祈福醫院有限公司	Company under control of the spouse of Ms. Man
廣州市花都祈福房地產有限公司	Company under control of the spouse of Ms. Man
廣州市花都祈福花園房產有限公司	Company under control of the spouse of Ms. Man
廣州市冠都物業有限公司	Company under control of the spouse of Ms. Man
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
廣州市花都祈福置業有限公司	Company under control of the spouse of Ms. Man
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
佛山市南海祈福仙湖酒店有限公司	Company under control of the spouse of Ms. Man
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
廣州市番禺區祈福英語實驗學校	Company under control of the spouse of Ms. Man
肇慶祈福海岸房地產有限公司	Company under control of the spouse of Ms. Man
佛山市南海祈福置業有限公司	Company under control of the spouse of Ms. Man
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 third party companies
廣州市倚湖物業有限公司	Company under control of the spouse of Ms. Man
China Venture Limited	Company under control of the spouse of Ms. Man
廣州市科進計算機技術有限公司	Company under control of Ms. Man
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
廣州祈福物業管理有限公司	Company under control of the spouse of Ms. Man
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
廣州市科健計算機技術有限公司	Company under control of Ms. Man
Tango Trading Limited	Company under control of the spouse of Ms. Man

## 21 Related Party Transactions (continued)

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Sales of goods		
廣東祈福醫院有限公司	<b>111</b>	281
Others (individual transaction is less than RMB200,000)	<b>565</b>	432
	<b>676</b>	713
Provision of services		
廣州市花都祈福房地產有限公司	<b>2,301</b>	2,046
廣東祈福醫院有限公司	<b>1,818</b>	1,580
廣州市花都祈福花園房產有限公司	<b>697</b>	1,090
廣州市番禺祈福新邨渡假俱樂部有限公司	<b>646</b>	759
佛山市南海祈福置業有限公司	<b>562</b>	198
廣州市番禺祈福新邨房地產有限公司	<b>418</b>	1,261
佛山市南海祈福仙湖酒店有限公司	<b>353</b>	442
廣州市番禺區祈福英語實驗學校	<b>305</b>	331
廣州市番禺區祈福英語實驗小學	<b>273</b>	260
廣州市倚湖物業有限公司	<b>272</b>	161
肇慶祈福海岸房地產有限公司	<b>239</b>	245
廣州市花都祈福置業有限公司	<b>49</b>	1,716
廣州市花都新華祈福房地產有限公司	<b>22</b>	766
廣州市冠都物業有限公司	-	1,551
Others (individual transaction is less than RMB200,000)	<b>748</b>	663
	<b>8,703</b>	13,069

## 21 Related Party Transactions (continued)

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Rental expenses		
廣州市冠都物業有限公司	2,755	1,560
廣州市番禺祈福新邨房地產有限公司	1,922	1,742
Tango Trading Limited	530	–
廣州市番禺祈福新邨渡假俱樂部有限公司	499	513
廣東祈福醫院有限公司	388	344
Others (individual transaction is less than RMB100,000)	229	198
	<b>6,323</b>	4,357
Purchase of property, plant and equipment		
廣州市冠都物業有限公司	–	8,093

### (c) Key Management Compensation

Compensations for key management is set out below.

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Salaries and other employee benefits	3,367	1,742



## 21 Related Party Transactions (continued)

### (d) Balances with Related Parties

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Receivables from related parties (Note 12):		
– Trade receivables (Note (i))		
廣東祈福醫院有限公司	<b>731</b>	599
佛山市南海祈福仙湖酒店有限公司	<b>244</b>	199
廣州祈福物業管理有限公司	<b>142</b>	65
廣州市番禺祈福新邨房地產有限公司	<b>124</b>	124
廣州市番禺區祈福英語實驗學校	<b>106</b>	66
廣州市番禺祈福新邨渡假俱樂部有限公司	<b>78</b>	201
Others (individual balance is less than RMB100,000)	<b>317</b>	253
	<b>1,742</b>	1,507
– Other receivables		
廣州市冠都物業有限公司	<b>1,045</b>	1,937
廣州市番禺祈福新邨房地產有限公司	<b>1,037</b>	1,606
China Venture Limited	<b>917</b>	917
廣東祈福醫院有限公司	<b>829</b>	1,625
廣州市祈福繽紛世界商業地產經營管理有限公司	<b>319</b>	5
廣州市番禺祈福新邨渡假俱樂部有限公司	<b>210</b>	2,502
廣州市番禺區祈福英語實驗學校	<b>168</b>	139
廣州市科進計算機技術有限公司	<b>–</b>	271
Others (individual balance is less than RMB100,000)	<b>563</b>	528
	<b>5,088</b>	9,530
Total receivables from related parties	<b>6,830</b>	11,037

## 21 Related Party Transactions (continued)

### (d) Balances with Related Parties (continued)

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Payables to related parties (Note 17):		
– Trade payables (Note (i))		
Others (individual balance is less than RMB100,000)	23	16
– Other payables		
廣州市科健計算機技術有限公司	1,004	4
廣州市冠都物業有限公司	979	–
廣州市番禺祈福新邨房地產有限公司	847	713
廣州市番禺祈福新邨渡假俱樂部有限公司	386	418
廣州市展盛商業地產經營管理有限公司	207	145
廣東祈福醫院有限公司	165	172
廣州市花都新華祈福房地產有限公司	1	453
Others (individual balance is less than RMB100,000)	47	561
	<b>3,636</b>	2,466
Total payables to related parties	<b>3,659</b>	2,482

## **21 Related Party Transactions (continued)**

### **(d) Balances with Related Parties (continued)**

- (i) Trade receivables and payables with related parties are unsecured and interest-free. These balances are with credit period of one month.