INTERIM REPORT 2018

祈福生活服務控股有限公司
CLIFFORD MODERN LIVING HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3686

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

CORPORATE INFORMATION

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

Non-executive Directors
Ms. MAN Lai Hung *(Chairman)*
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

Authorised representatives
Mr. SUN Derek Wei Kong
Mr. YU Ding Him Anthony

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Principal place of business and headquarters in Hong Kong
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Chai Wan
Hong Kong

Principal share registrar
Conyers Trust Company (Cayman) Limited
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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

Auditors
PricewaterhouseCoopers
Certified Public Accountants

Stock Code
3686

Company's website
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MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a service provider with a diversified service portfolio comprising six main service segments: property management services, renovation and fitting-out services, retail services, catering services, information technology services and Ancillary Living Services (as hereinafter defined).

1 Property Management Services

The Group provided property management services to 15 residential communities and three pure commercial properties with an aggregate contracted gross floor area ("**GFA**") of approximately 6,870,000 sq.m. as at 30 June 2018. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties the Group managed in different regions of Guangdong Province, the PRC mainland as of the dates indicated:

	As at 30 June 2018		As at 31 December 2017	
	Approximate total contracted GFA ('000 sq.m.)	**Number of communities**	Approximate total contracted GFA ('000 sq.m.)	Number of communities
Residential communities				
Panyu district	**4,398**	**5**	4,392	5
Huadu district	**1,036**	**7**	983	7
Zhaoqing city	**346**	**1**	346	1
Foshan city	**867**	**2**	867	2
Sub-total	**6,647**	**15**	6,588	15
Pure commercial properties				
Huadu district	**193**	**2**	193	2
Panyu district	**30**	**1**	25	1
Sub-total	**223**	**3**	218	3
Total	**6,870**	**18**	6,806	18

2 Renovation and Fitting-out Services

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

3 Retail Services

The Group operated 15 retail outlets of different scales covering a total GFA of approximately 12,000 sq.m. as at 30 June 2018. These 15 retail outlets consist of supermarkets, wet markets and convenience stores.

The following table sets out certain key performance indicators of our retail outlets in operation during the six months ended 30 June 2018:

	For the six months ended 30 June	
	2018	2017
Average daily revenue by type of retail outlet (in RMB thousands) *(Note)*		
Supermarket	**188.37**	172.41
Wet market	**29.86**	26.38
Convenience store	**80.77**	89.73

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

4 Catering Services

The Group operated eight catering outlets serving different types of cuisines and providing different dining styles in Guangdong Province covering a total GFA of approximately 1,300 sq.m. as at 30 June 2018.

The Group endeavor to offer an outstanding dining experience, including food, service and dining atmosphere, at our catering outlets which are positioned to provide different dining styles to suit different needs of our customers. As at 30 June 2018, the Group has entered into franchising and catering partnership businesses in Panyu district with three and 15 restaurants respectively. Franchising business includes our well-known brands, namely "The Owls (貓頭鷹餐廳)", "Big Brother (老大哥)" and "Babababi Dessert (巴巴閉閉甜品屋)".

5 Information Technology Services

Engineering services

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

Telecommunication services

The Group established a telecommunication sales outlet in "Clifford Wonderview (祈福繽紛匯)" in August 2017, and entered into contracts with some major telecommunication service providers under which the Group act as agent and promote their products and services. The Group receive commission as revenue for every successful sales.

6 Ancillary Living Services

The Group provide off-campus training services, property agency services, employment placement services and laundry services (collectively, "**Ancillary Living Services**").

For off-campus training services, the Group had two learning centres within Clifford Estates as at 30 June 2018. Training programmes mainly include tutoring courses, language learning classes and interest classes.

For property agency services, the property agency industry is tied with the property market. Although more stringent regulations have been introduced, the Group believe that the demand for property agency services will increase in the long term. For employment placement services, the Group constantly monitor and follow up the performance and service quality of the relevant household helpers and our dispatched workers. For laundry services, the Group maintain both safety and quality services by providing continuous training to our staff.

Prospects and Future Plans

Further expand property management network through engagements in integrated projects

For the six months ended 30 June 2018, the Group has entered into six property management and related integrated services contracts with a total contract sum amounting to approximately RMB60.2 million.

In August 2018, the Group was awarded two property management services contracts by a company owned by the PRC mainland government. The total contract sum for these two contracts is approximately RMB5.3 million and each of these contracts has a term of two years. The Group expect to win more property management and related services contracts in the near future.

The Group plan to continue to further expand our business by managing integrated projects which include apartments, shopping malls and office buildings developed by third parties in the Guangdong Province. The services to be provided by us under these integrated projects will include property management, property agency and marketing consultancy services.

Further expand off-campus training services

For off-campus training services, the Group plan to set up another training center by the end of the second half of 2018 to further expand our business.

Develop online marketing and build online distribution channels

The Group intend to promote various services through different online channels including websites and apps on smartphones to reach our customers. In addition, the Group is considering to upgrade our sales and accounting systems which we believe would enhance our data collection process and enable us to respond more quickly to our customers' needs.

Financial Review

Revenue

Revenue increased from RMB172.9 million for the six months ended 30 June 2017 to RMB186.1 million for the six months ended 30 June 2018, representing an increase of RMB13.2 million or 7.6%. The growth in our revenue was mainly attributable to increase in revenue from our information technology services, renovation and fitting-out services, property management services and retail services, and was offset by decrease in revenue from catering services.

Property management services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
General property management services	**18,651**	16,906
Resident support services	**7,674**	5,872
Total	**26,325**	22,778

Revenue in the property management services increased by 15.6% to RMB26.3 million for the six months ended 30 June 2018 from RMB22.8 million for the six months ended 30 June 2017. The increase in revenue of our general property management services from RMB16.9 million for the six months ended 30 June 2017 to RMB18.7 million for the six months ended 30 June 2018 was primarily due to the increase in total GFA under our management. The increase in revenue of our resident support services from RMB5.9 million for the six months ended 30 June 2017 to RMB7.7 million for the six months ended 30 June 2018 was due to increase in demand for our household helper services.

Renovation and Fitting-out Services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Total revenue	**16,358**	8,779

Revenue in the renovation and fitting-out services increased by 86.3%, from RMB8.8 million for the six months ended 30 June 2017 to RMB16.4 million for the six months ended 30 June 2018. Such increase was mainly due to increase in the number of services contracts entered into by the Group.

Retail services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Revenue by type of retail outlet		
Supermarket	**33,907**	31,032
Wet market	**5,374**	4,748
Convenience stores	**14,539**	16,151
Imported goods specialty store	**97**	524
Total	**53,917**	52,455

Revenue in the retail services increased by 2.8% to RMB53.9 million for the six months ended 30 June 2018 from RMB52.5 million for the six months ended 30 June 2017. The increase was primarily attributable to the increase in revenue of supermarket and wet market, and was offset by the decrease in revenue of convenience stores and imported goods specialty store. The increase in revenue of supermarket from RMB31.0 million for the six months ended 30 June 2017 to RMB33.9 million for the six months ended 30 June 2018 was primarily due to increase in the number of procurement services contracts entered into by the Group. The increase in revenue of wet market from RMB4.7 million for the six months ended 30 June 2017 to RMB5.4 million for the six months ended 30 June 2018 was primarily due to increase in our rental rate on our stall tenants. The decrease in revenue of convenience stores and imported goods specialty store from RMB16.7 million for the six months ended 30 June 2017 to RMB14.6 million for the six months ended 30 June 2018 was primarily due to decrease in number of stores operated by the Group during the six months ended 30 June 2018 as compared to the six months ended 30 June 2017.

Catering services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Catering outlet revenue by category		
Chinese restaurants	**1,254**	14,992
Casual dining restaurants	**7,482**	13,075
East Asian and Western restaurants	**1,874**	9,872
Cafés	**965**	1,361
Franchising	**867**	–
Catering partnership	**1,514**	–
Total	**13,956**	39,300

Revenue in the catering services decreased by 64.5% to RMB14.0 million for the six months ended 30 June 2018 from RMB39.3 million for the six months ended 30 June 2017. Such decrease was primarily due to strategic shifting from self-operating restaurants to franchising and partnership business.

Information technology services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Information technology services revenue by category		
Engineering	**45,861**	20,034
Telecommunication	**1,107**	–
Total	**46,968**	20,034

Note: Financial information for the six months ended 30 June 2017 is restated due to common control combination.

Revenue in information technology services increased by 134.4% from RMB20.0 million for the six months ended 30 June 2017 to RMB47.0 million for the six months ended 30 June 2018. Such increase was mainly due to increase in revenue of engineering services from RMB20.0 million to RMB45.9 million for the six months ended 30 June 2018, which comprises information technology hardware integration and network installation.

Ancillary Living Services

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Ancillary Living Services revenue by category		
Off-campus training services	**18,366**	15,044
Property agency services	**4,127**	8,609
Employment placement services	**1,171**	988
Laundry services	**4,950**	4,931
Total	**28,614**	29,572

Revenue in the Ancillary Living Services decreased by RMB1.0 million to RMB28.6 million for the six months ended 30 June 2018 from RMB29.6 million for the six months ended 30 June 2017. Such decrease was primarily due to decrease in revenue of property agency services. The decrease in revenue of our property agency services from RMB8.6 million for the six months ended 30 June 2017 to RMB4.1 million for the six months ended 30 June 2018 was mainly brought by decrease in commission from sales of properties. This was mainly offset by increase in revenue of off-campus training services from RMB15.0 million for the six months ended 30 June 2017 to RMB18.4 million for the six months ended 30 June 2018 which was mainly due to increase in class enrolment.

Cost of Sales

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Property management services	**7,063**	6,090
Renovation and fitting-out services	**9,909**	5,979
Retail services	**28,714**	30,175
Catering services	**10,250**	30,833
Information technology services	**32,319**	15,969
Ancillary Living Services	**12,800**	11,796
Laundry services	**3,457**	3,429
Off-campus training services	**7,550**	6,042
Property agency services	**1,574**	2,188
Employment placement services	**219**	137
Total	**101,055**	100,842

Note: Financial information for the six months ended 30 June 2017 is restated due to common control combination.

Cost of sales increased slightly from RMB100.8 million for the six months ended 30 June 2017 to RMB101.1 million for the six months ended 30 June 2018, representing an increase of RMB0.3 million or 0.3%. The growth in our cost of sales was mainly contributed by property management services, renovation and fitting-out services, information technology services and off-campus training services in our Ancillary Living Services by RMB1.0 million, RMB3.9 million, RMB16.4 million and RMB1.5 million respectively. Such increase was partially offset by decrease in cost of sales in our retail services, catering services and property agency services in our Ancillary Living Services by RMB1.5 million, RMB20.6 million and RMB0.6 million respectively.

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			
	2018		2017	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000 (Restated)	Gross profit margin % (Restated)
Property management services	**19,262**	**73%**	16,688	73%
Renovation and fitting-out services	**6,449**	**39%**	2,800	32%
Retail services	**25,203**	**47%**	22,280	42%
Catering services	**3,706**	**27%**	8,467	22%
Information technology services	**14,649**	**31%**	4,065	20%
Ancillary Living Services	**15,814**	**55%**	17,776	60%
Laundry services	**1,493**	**30%**	1,502	30%
Off-campus training services	**10,816**	**59%**	9,002	60%
Property agency services	**2,553**	**62%**	6,421	75%
Employment placement services	**952**	**81%**	851	86%
Overall	**85,083**	**46%**	72,076	42%

Note: Financial information for the six months ended 30 June 2017 is restated due to common control combination.

Gross profit increased from RMB72.1 million for the six months ended 30 June 2017 to RMB85.1 million for the six months ended 30 June 2018, representing an increase of RMB13.0 million or 18.0%. Meanwhile, our gross profit margin increased from 42% for the six months ended 30 June 2017 to 46% for the six months ended 30 June 2018. The increase in gross profit was mainly contributed by our property management services, renovation and fitting-out services, retail services and information technology services segments. The increase in gross profit margin was mainly attributable to increase in revenue of our property management services, renovation and fitting-out services, retail services and information technology services. In addition, the increase in gross profit margin of our renovation and fitting-out services segment and information technology services segment from 32% and 20% respectively for the six months ended 30 June 2017 to 39% and 31% respectively for the six months ended 30 June 2018 was mainly attributable to increase in number of large-scale projects which have higher profit margin.

Selling and Marketing Expenses

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

Selling and marketing expenses increased from RMB13.4 million for the six months ended 30 June 2017 to RMB14.0 million for the six months ended 30 June 2018, representing an increase of 4.6%, which was primarily due to increase in employee benefit expenses. A substantial portion of selling and marketing expenses was related to the retail services segment. Other expenses increased from RMB0.7 million for the six months ended 30 June 2017 to RMB1.2 million for the six months ended 30 June 2018 mainly due to decrease in purchase of consumables for the six months ended 30 June 2018.

Administrative Expenses

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

Administrative expenses decreased from RMB23.6 million for the six months ended 30 June 2017 to RMB21.1 million for the six months ended 30 June 2018, representing a decrease of 10.6%. This was primarily due to decrease in employee benefit expenses caused by decrease in headcount. Other expenses decreased from RMB0.7 million for the six months ended 30 June 2017 to RMB0.2 million for the six months ended 30 June 2018 mainly due to the incurrence of cost for setting up new outlets in the first half of 2017.

Other Gains or Losses – Net

The Group incurred other losses of RMB1.8 million for the six months ended 30 June 2017 and other gain of RMB1.0 million for the six months ended 30 June 2018. The change was primarily caused by the fluctuation in exchange rate of Renminbi against Hong Kong dollars.

Other Income

Other income increased from RMB0.4 million for the six months ended 30 June 2017 to RMB0.5 million for the six months ended 30 June 2018, representing an increase of RMB0.1 million or 43.6%. The increase was attributable to increase in interest income.

Finance Income

Finance income was RMB0.4 million for the six months ended 30 June 2018.

Income Tax Expenses

The weighted average applicable tax rate was 30% and 25% for the six months ended 30 June 2017 and 2018 respectively. A relatively lower weighted average applicable tax rate for the six months ended 30 June 2018 was mainly due to a subsidiary of the Company being awarded the certificate of "High and New Technology Enterprise" and entitled to a preferential PRC mainland income tax rate of 15% for each of the years ending 31 December 2018, 2019 and 2020.

Net Profit for the Period

For the six months ended 30 June 2018, as a result of the foregoing, the Group's net profit was RMB38.1 million and its net profit margin was 20%.

Property, Plant and Equipment

Property, plant and equipment mainly consist of machinery, vehicles, office equipment, and leasehold improvements. As at 31 December 2017 and 30 June 2018, the net book values of our Group's property, plant and equipment were RMB18.6 million and RMB18.7 million respectively.

Inventories

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

Inventories decreased from RMB13.9 million as at 31 December 2017 to RMB10.9 million as at 30 June 2018, primarily due to the stocking of inventory in late 2017 prior to the Spring Festival in 2018.

During the six months ended 30 June 2018, the Group did not recognise any provision or write-down for our inventories.

Trade and Other Receivables

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

Trade receivables

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

Trade receivables increased by 52.4% from RMB42.5 million as at 31 December 2017 to RMB64.8 million as at 30 June 2018 as a result of increase in renovation and fitting-out services and information technology services.

Other receivables

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

Other receivables increased by 28.8% from RMB11.7 million as at 31 December 2017 to RMB15.1 million as at 30 June 2018 due to increase in number of franchising and catering partnership businesses.

Amounts placed in Residents' Accounts

Certain property management companies of the Group which are engaged in the provision of property management services for residential communities on commission basis, have opened and maintained the 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 the Residents' Accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2018, amounts placed in the Residents' Accounts of RMB5.8 million represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2017: RMB2.8 million).

Trade and Other Payables

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

Trade payables

Trade payables primarily comprise fees due to suppliers for procurement of raw materials for our renovation and fitting-out services segment, catering services segment and information technology services segment, and products for provision of our retail services segment, and fees due to sub-contractors for provision of our resident support services and information technology services. The Group generally enjoy credit terms of approximately 45 days from the suppliers.

Trade payables increased by 59.2% from RMB28.3 million as at 31 December 2017 to RMB45.1 million as at 30 June 2018 as a result of increase in procurement of raw materials for our renovation and fitting-out services segment and information technology services segment.

Other payables

Other payables primarily comprise amounts due to third parties amounting to RMB12.6 million and RMB13.0 million as at 31 December 2017 and 30 June 2018 respectively, which mainly included deposits received from stall tenants in retail business. The increase was mainly due to increase in rental rate and related deposit.

Interim Dividend

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

Risks of foreign exchange fluctuation

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

Liquidity and Capital Resources

As at 30 June 2018, our material sources of liquidity were cash and cash equivalents of RMB208.8 million.

During the six months ended 30 June 2018, our Group has not obtained any loans 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 2018 and 31 December 2017.

Pledge of Assets

The Group had no pledged assets as at 30 June 2018 (31 December 2017: Nil).

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2018.

Employees and Remuneration Policies

As at 30 June 2018, excluding labour costs borne by the properties that the Group manage on commission basis, the Group had approximately 767 employees (30 June 2017: approximately 1,011 employees). Such decrease was primarily due to strategic shifting from self-operating restaurants to franchising and partnership business for our catering services with an aim to increasing our profitability. Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

In addition, the Company adopted a pre-initial public offering share option scheme (the "**Pre-IPO Share Option Scheme**") and a share option scheme (the "**Share Option Scheme**") (collectively, the "**Schemes**") in October 2016 which allows the Directors to grant share options to employees of the Group in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group. Details of the share options are set out in the paragraph headed "Share Option Schemes" in this report.

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

The Group had no material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2018. The Group had no significant investments held during the six months ended 30 June 2018.

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 (after deducting 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 2018, approximately RMB27.1 million of the net proceeds had been utilised accordingly. The remaining 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 2018 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Board believes that 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Board is of the view that throughout the six months ended 30 June 2018, the Company has complied with all the code provisions as set out in the CG Code.

The Company is committed to enhancing 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 throughout the six months ended 30 June 2018.

Board Composition

The Board currently comprises eight Directors, consisting of three executive Directors, two non-executive Directors 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 (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). The unaudited interim financial information for the six months ended 30 June 2018 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 2018 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 non-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 six months ended 30 June 2018, a meeting of the Remuneration Committee was held on 23 March 2018 to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive, non-executive and independent non-executive Directors and senior management and other related matters.

Nomination Committee

The Nomination Committee consists of one non-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 six months ended 30 June 2018, a meeting of the Nomination Committee was held on 23 March 2018 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Board diversity policy was also reviewed at the meeting.

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

Director's Position Held

Ms. MAN Lai Hung was re-designated from an executive Director to a non-executive Director with effect from 18 April 2018. Ms. MAN remains as the chairman of the Board and a director of most of the Company's principal subsidiaries with her directorship being re-designated to have a non-executive nature to the extent permitted under the applicable laws and regulations.

Appointment Letter and Director's Fee

On 16 April 2018, the Board approved the letter of appointment of Ms. MAN Lai Hung as a non-executive Director for a term of three years commencing on 18 April 2018, pursuant to which Ms. MAN is entitled to an annual director's fee of HK$216,000 for her role as a non-executive Director. Her service contract as an executive Director entered into with the Company was terminated by mutual consent with effect from 18 April 2018.

On 23 March 2018, as recommended by the Remuneration Committee, the Board approved a monthly increment of HK$3,000 of Directors' fee effective from 1 April 2018 for all the executive Directors, non-executive Directors and independent non-executive Directors of the Company.

The annual emoluments for Mr. SUN Derek Wei Kong, Mr. LEONG Chew Kuan and Ms. LIANG Yuhua increased to HK$768,240, HK$626,400 and HK$216,000 respectively whereas the annual director's fees for Mr. LIU Xing, Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung increased to HK$216,000 with effect from 1 April 2018.

Share Option Schemes

The Company operates the Pre-IPO Share Option Scheme and the Share Option Scheme for the purpose of recognising and rewarding the contribution of certain eligible participants to the growth and development of the Group and its listing, to strengthen the corporate governance mechanism, to improve the employee incentive system, to align the interest of the Company, its shareholders and its management, to encourage continuing development of the eligible employees with a view to promoting the long-term stability and interest of the Group.

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

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless 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 2018 were as follows:

Name of category of participant	Balance as at 31 December 2017	Exercised during the period	Lapsed or cancelled during the period	Balance as at 30 June 2018	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price of the shares on the trading day immediately before the date of grant (HK$)
Directors								
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
Senior Management								
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
CEN Jiayin	500,000	500,000	–	–	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Employees of the Group	975,000	–	–	975,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Total	19,225,000	6,750,000	–	12,475,000				

(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). 6,750,000 options were exercised, and no options lapsed or were cancelled during the six months ended 30 June 2018. Further 6,500,000 options were exercised in July 2018 and as at the date of this interim report, the Company had 5,975,000 share options under the Pre-IPO Share Option Scheme, representing approximately 0.59% 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 16(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 2018.

Disclosure of Interests

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

As at 30 June 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Nature of interest/Capacity	Number of shares	Approximate percentage of shareholding in the Company
Ms. MAN Lai Hung[(1)]	Interest in a controlled corporation[(1)]	735,840,000	72.95%
Ms. MAN Lai Hung	Beneficial owner	5,000,000 [(2)]	0.50%
Mr. SUN Derek Wei Kong	Beneficial owner	2,500,000	0.25%
Mr. LEONG Chew Kuan	Beneficial owner	2,500,000	0.25%
Ms. LIANG Yuhua	Beneficial owner	2,500,000 [(2)]	0.25%
Mr. LIU Xing	Beneficial owner	2,500,000 [(2)]	0.25%

Notes:

(1) Elland Holdings Limited is solely owned by Ms. MAN Lai Hung which in turn owns 735,840,000 shares of the Company. By virtue of the SFO, Ms. MAN Lai Hung is deemed or taken to be interested in all the shares which are beneficially owned by Elland Holdings Limited.

(2) These represent the maximum number of shares of the Company which may be allotted and issued to such Directors upon the exercise of the Pre-IPO share options granted to each of them. In respect of these three 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 in five (5) years and six (6) months of the Listing Date. The exercise price for subscription of each share upon the exercise of the Pre-IPO share options is equal to 90% of HK$0.46.

(3) All the shares are held in long position.

Save as disclosed above, as at 30 June 2018, 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 2018, so far as the Directors are aware, the following substantial shareholders (other than the Directors and the chief executives of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding in the Company
Elland Holdings Limited	Beneficial owner	735,840,000	72.95%
Mr. PANG Lun Kee Clifford[1]	Interest of spouse	740,840,000	73.45%

Notes:

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

(2) All the shares are held in long position.

Save as disclosed above, as at 30 June 2018, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company or its associated corporation(s) which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Interim Dividend

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	(Unaudited) Six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated)
Revenue	5	**186,138**	172,918
Cost of sales	6	**(101,055)**	(100,842)
Gross profit		**85,083**	72,076
Selling and marketing expenses	6	**(13,986)**	(13,367)
Administrative expenses	6	**(21,108)**	(23,614)
Other income		**520**	362
Other gains/(losses) – net		**1,041**	(1,760)
Operating profit		**51,550**	33,697
Finance income		**406**	282
Profit before income tax		**51,956**	33,979
Income tax expenses	7	**(13,904)**	(10,988)
Profit for the period		**38,052**	22,991
Profit attributable to:			
– Owners of the Company		**38,052**	21,928
– Non-controlling interests		**–**	1,063
		38,052	22,991
Earnings per share attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic earnings per share	8(a)	**0.038**	0.022
– Diluted earnings per share	8(b)	**0.038**	0.022

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Profit for the period	**38,052**	22,991
Other comprehensive income	**–**	–
Total comprehensive income for the period	**38,052**	22,991
Total comprehensive income attributable to:		
– Owners of the Company	**38,052**	21,928
– Non-controlling interests	**–**	1,063
	38,052	22,991

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	(Unaudited) 30 June 2018 RMB'000	(Audited) 31 December 2017 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**18,720**	18,638
Intangible assets	9	**607**	590
Deferred income tax assets	17	**1,133**	1,017
Long-term receivables		**2,886**	2,106
		23,346	22,351
Current assets			
Financial assets at fair value through profit or loss	10	**27,012**	–
Financial assets at amortised cost		**6,071**	–
Inventories	11	**10,896**	13,928
Trade and other receivables	12	**88,045**	60,346
Amounts due from customers for contract works		**–**	7,676
Contract assets	13	**7,111**	–
Term deposits	14(a)	**42,971**	61,869
Restricted cash	14(b)	**612**	610
Cash and cash equivalents	14(c)	**208,812**	187,404
Other current assets		**1,002**	1,993
		392,532	333,826
Total assets		**415,878**	356,177
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**8,817**	8,761
Share premium	15	**176,350**	184,674
Reserves	16	**(114,215)**	(117,178)
Retained earnings		**214,285**	179,759
Total equity		**285,237**	256,016

	Note	(Unaudited) 30 June 2018 RMB'000	(Audited) 31 December 2017 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	17	**1,000**	3,264
Current liabilities			
Trade and other payables	18	**96,673**	83,369
Amounts due to customers for contract works		**–**	4,792
Contract liabilities	19	**21,871**	–
Current income tax liabilities		**11,097**	8,736
		129,641	96,897
Total liabilities		**130,641**	100,161
Total equity and liabilities		**415,878**	356,177

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		(Unaudited) Attributable to owners of the Company						
	Note	Share capital RMB'000 (Note 15)	Share premium RMB'000 (Note 15)	Other reserves RMB'000 (Note 16)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balances at 1 January 2017 (as previously reported)		8,744	183,824	(98,535)	109,288	203,321	6,381	209,702
Business combination under common control	22	–	–	1,500	16,820	18,320	–	18,320
Balance at 1 January 2017 (Restated)		8,744	183,824	(97,035)	126,108	221,641	6,381	228,022
Comprehensive income								
Profit for the period		–	–	–	21,928	21,928	1,063	22,991
Other comprehensive income		–	–	–	–	–	–	–
		–	–	–	21,928	21,928	1,063	22,991
Transactions with owners of the Company								
Changes in ownership interests in a subsidiary without change of control		–	–	(14,331)	–	(14,331)	(7,444)	(21,775)
Employees' share option scheme:								
– Value of employee services		–	–	1,471	–	1,471	–	1,471
– Proceeds from shares issued		13	659	(125)	–	547	–	547
Appropriation of statutory reserves	16(a)	–	–	1,221	(1,221)	–	–	–
		13	659	(11,764)	(1,221)	(12,313)	(7,444)	(19,757)
Balance at 30 June 2017 (Restated)		8,757	184,483	(108,799)	146,815	231,256	–	231,256

		(Unaudited) Attributable to owners of the Company						
	Note	Share capital RMB'000 (Note 15)	Share premium RMB'000 (Note 15)	Other reserves RMB'000 (Note 16)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018		8,761	184,674	(117,178)	179,759	256,016	–	256,016
Comprehensive income								
Profit for the period		–	–	–	38,052	38,052	–	38,052
Other comprehensive income		–	–	–	–	–	–	–
		–	–	–	38,052	38,052	–	38,052
Transactions with owners of the Company								
Special dividends declared by the Company	21	–	(11,156)	–	–	(11,156)	–	(11,156)
Employees' share option scheme:								
– Proceeds from shares issued	16(c)	56	2,832	(563)	–	2,325	–	2,325
Appropriation of statutory reserves	16(a)	–	–	3,526	(3,526)	–	–	–
		56	(8,324)	2,963	(3,526)	(8,831)	–	(8,831)
Balance at 30 June 2018		8,817	176,350	(114,215)	214,285	285,237	–	285,237

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated)
Cash flows from operating activities		
Cash generated from operations	**45,051**	56,210
Income tax paid	**(10,173)**	(6,346)
Net cash generated from operating activities	**34,878**	49,864
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,991)**	(1,601)
Proceeds from disposal of property, plant and equipment	**516**	2
Purchases of intangible assets	**(66)**	(42)
Decrease/(increase) in term deposits	**18,898**	(10,325)
Purchase of financial assets at fair value through profit or loss	**(27,400)**	–
Purchase of financial assets at amortised cost	**(6,071)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**502**	–
Increase in loans and receivables	**–**	(12,500)
Interest received	**592**	281
Net cash used in investing activities	**(16,020)**	(24,185)

	Note	(Unaudited) Six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated)
Cash flows from financing activities			
Proceeds from exercise of share options	16(c)	**2,325**	547
Listing expenses paid		**–**	(206)
Net cash generated from financing activities		**2,325**	341
Net increase in cash and cash equivalents		**21,183**	26,020
Cash and cash equivalents at beginning of period	14(c)	**187,404**	187,518
Exchange gain/(losses) on cash and cash equivalents		**225**	(1,903)
Cash and cash equivalents at end of period	14(c)	**208,812**	211,635

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONDENSED CONSOLIDATED 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, information technology-related services, renovation and fitting-out services, etc. in the mainland of People's Republic of China (the "**PRC mainland**").

This condensed consolidated interim financial information is 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 21 August 2018.

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 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and any public announcement made by the Company during the interim reporting period.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, 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 new and amended HKFRSs effective for the financial year beginning on 1 January 2018.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial year beginning on 1 January 2018:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 40 (Amendment)	Transfers of investment property
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014 – 2016 cycle	Retirement of short-term exemptions in HKFRS 1 Clarifying measurement of investments under HKAS 28

Save for the impact of the adoption of these standards and the new accounting policies disclosed in note 4 below, the other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3 Accounting policies (continued)

(b) New standards and amendments not yet effective for the financial year beginning on 1 January 2018 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:

		Effective for annual years beginning on or after
HKFRS 16	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 January 2019
HKAS 19 (Amendment)	Plan amendment, curtailment or settlement	1 January 2019
HKFRS 10 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRSs 2015–2017 cycle	Clarifying previously held interest in a joint operation under HKFRS 3 Business Combinations and HKFRS 11 Joint Arrangements	1 January 2019
	Clarifying income tax consequences of payments on financial instruments classified as equity under HKAS 12 Income Taxes	
	Clarifying borrowing costs eligible for capitalisation under HKAS 23 Borrowing Costs	
HKFRS 17	Insurance contracts	1 January 2021

3 Accounting policies (continued)

(b) New standards and amendments not yet effective for the financial year beginning on 1 January 2018 and not early adopted by the Group (continued)

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.

The Group is a leasee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. As at 30 June 2018, the Group's minimum lease payments under non-cancellable operating lease agreements are of RMB54,118,000 as separately disclosed in note 20. Under HKFRS 16, leasees 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. Leasees 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 leasees. The Group is expected to apply the new standard starting from the financial year beginning on 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 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(i) Impact on the financial statements

The directors of the Company consider that the changes in the Group's accounting policies do not have any material impacts on prior year financial statements.

(ii) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 only resulted in changes in accounting policies. No adjustments were made to the amounts recognised in the financial statements. The new accounting policies are set out in below.

The changes on the classification and measurement models introduced by HKFRS 9 do not have material impact on the Group's existing financial assets and liabilities, as they are mainly comprised of loans and receivables and financial liabilities at amortised costs as determined under HKAS 39, which are similar to the financial assets and liabilities measured at amortised cost under HKFRS 9, and are expected to continuously be initially recognised at fair value and subsequently measured at amortised cost.

4 Changes in accounting policies (continued)

(ii) HKFRS 9 Financial Instruments – Impact of adoption (continued)

The Group's trade and other receivables (excluding prepayments) and contract assets are subject to new expected credit loss model of HKFRS 9. The Group was required to revise its impairment methodology according to HKFRS 9. The directors of the Company consider that there is no material impact of the change in impairment methodology on the Group's retained earnings and equity.

(iii) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

(a) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4 Changes in accounting policies (continued)

(iii) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(a) Investments and other financial assets (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

4 Changes in accounting policies (continued)

(iii) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(a) Investments and other financial assets (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

4 Changes in accounting policies (continued)

(iii) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(a) Investments and other financial assets (continued)

Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables (excluding prepayments) and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

4 Changes in accounting policies (continued)

(iv) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

The Group 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 Group recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on transfer of control. The Group recognises revenue when a performance obligation is satisfied.

The directors of the Company consider the changes on the Group's revenue recognition do not have material impact on the amounts recognised in the financial statements.

(v) HKFRS 15 Revenue from Contracts with Customers – Accounting policies

The directors of the Company consider that there is no significant change to the Group's existing revenue recognition policy.

5 Segment information

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

The executive directors of the Company assess the performance of the operating segments based on a measure of segment revenue and results and segment assets. Segment results excluded central administration costs, other income, other gains/(losses) – net, finance income, income tax expenses, and segment assets excluded the deferred income tax assets, financial assets at fair value through profit or loss, financial assets at amortised cost, interest receivables from a third party, term deposits and cash and cash equivalents and segment liabilities excluded the deferred income tax liabilities and dividend payables as these activities are centrally driven by the Group.

5 Segment information (continued)

Segment revenue and results

The segment revenue and results and the reconciliation with profit for the period ended 30 June 2018 are as follows:

	Retail services RMB'000	Catering services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Renovation and fitting-out services RMB'000	Information technology services RMB'000	Others RMB'000	Total RMB'000
Gross segment revenue	54,006	13,956	26,693	18,366	16,358	46,985	10,264	186,628
Inter-segment revenue	(89)	-	(368)	-	-	(17)	(16)	(490)
Revenue	53,917	13,956	26,325	18,366	16,358	46,968	10,248	186,138
Timing of revenue recognition								
At a point in time	40,195	10,286	-	-	-	-	-	50,481
Over time	13,722	3,670	26,325	18,366	16,358	46,968	10,248	135,657
	53,917	13,956	26,325	18,366	16,358	46,968	10,248	186,138
Segment results	9,210	68	16,835	6,585	6,382	11,683	3,026	53,789
Other income								520
Other gains – net								1,041
Finance income								406
Unallocated expenses								(3,800)
Income tax expenses								(13,904)
Profit for the period								38,052
Segment results include:								
Depreciation and amortisation	1,012	745	48	250	-	266	345	2,666

5 Segment information (continued)

Segment revenue and results (continued)

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

	Retail services RMB'000	Catering services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Renovation and fitting-out services RMB'000	Information technology services RMB'000	Others RMB'000	Total RMB'000 (Restated)
Gross segment revenue	52,564	39,400	23,168	15,044	8,779	20,113	14,654	173,722
Inter-segment revenue	(109)	(100)	(390)	–	–	(79)	(126)	(804)
Revenue	52,455	39,300	22,778	15,044	8,779	20,034	14,528	172,918
Segment results	6,132	1,288	16,766	6,447	2,799	1,882	6,914	42,228
Other income								362
Other gains/(losses) – net								(1,760)
Finance income								282
Unallocated expenses								(7,133)
Income tax expenses								(10,988)
Profit for the period								22,991
Segment results include:								
Depreciation and amortisation	965	1,246	52	132	–	113	226	2,734

5 Segment information (continued)

The segment assets and liabilities and the reconciliation with total assets of the Group as at 30 June 2018 and 31 December 2017 are as follows:

Segment assets

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Retail services	**21,087**	20,026
Catering services	**16,363**	15,504
Property management services	**9,029**	10,993
Off-campus training services	**4,339**	4,239
Renovation and fitting-out services	**17,588**	11,115
Information technology services	**51,354**	34,577
Others	**9,967**	9,281
Total segment assets	**129,727**	105,735
Deferred income tax assets	**1,133**	1,017
Financial assets at fair value through profit or loss	**27,012**	–
Financial assets at amortised cost	**6,071**	–
Interest receivables from a third party	**152**	152
Term deposits	**42,971**	61,869
Cash and cash equivalents	**208,812**	187,404
Total assets	**415,878**	356,177

5 Segment information (continued)

Segment liabilities

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Retail services	**31,289**	27,949
Catering services	**8,252**	10,102
Property management services	**9,316**	10,540
Off-campus training services	**19,103**	16,298
Renovation and fitting-out services	**12,319**	9,384
Information technology services	**32,122**	16,349
Others	**6,084**	6,275
Total segment liabilities	**118,485**	96,897
Deferred income tax liabilities	**1,000**	3,264
Dividend payables	**11,156**	–
Total liabilities	**130,641**	100,161

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

5 Segment information (continued)

As at 30 June 2018, the balance of certain proceeds from the initial public offering of HK$22.8 million, equivalent to RMB19.3 million (31 December 2017: HK$25.5 million, equivalent to RMB21.3 million) were temporarily deposited in the Group's bank accounts in Hong Kong and will be remitted to the Group's PRC mainland companies for intended use. Except for this, more than 90% of the Group's assets are situated in the PRC mainland. During the six months ended 30 June 2018, more than 90% of the Group's revenue were derived from activities carried out and from customers located in the PRC mainland and no geographical segment analysis is prepared.

Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司), a company under significant influence of the spouse of Ms. Man Lai Hung ("**Ms. Man**"), contributes more than 10% of the Group's revenue for the six months ended 30 June 2018 (the six months ended 30 June 2017: 7%).

6 Expense by nature

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Employee benefit expenses	**40,636**	48,261
Construction cost for information technology services	**28,053**	13,046
Cost of goods sold for retail business	**27,126**	27,618
Sub-contracting costs for renovation and fitting-out services	**10,826**	5,766
Operating lease payments	**8,036**	7,814
Cost of raw materials and consumables for catering business	**4,686**	15,745
Utilities – electricity, water and gas, etc.	**3,273**	5,172
Depreciation and amortisation	**2,666**	2,734
Office expenses	**2,536**	2,579
Professional fee	**1,498**	1,630
Auditors' remuneration	**750**	650
Others	**6,063**	6,808
	136,149	137,823

7 Income tax expenses

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Current tax:		
– PRC mainland corporate income tax	**12,981**	10,632
– Hong Kong profits tax	**39**	33
– PRC mainland withholding income tax	**3,264**	–
Total current tax	**16,284**	10,665
Deferred tax:		
– PRC mainland corporate income tax	**(116)**	(327)
– PRC mainland withholding income tax	**(2,264)**	650
Total deferred tax	**(2,380)**	323
Income tax expenses	**13,904**	10,988

7 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:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Profit before tax	**51,956**	33,979
Tax charge at effective rate applicable to profits in the respective group entities	**12,596**	10,128
Tax effects of:		
– Income not subject to tax	**(58)**	(192)
– Expenses not deductible for tax purposes	**84**	255
– Tax losses for which no deferred income tax asset was recognised	**282**	147
	12,904	10,338
PRC mainland withholding income tax	**1,000**	650
Tax charge	**13,904**	10,988

The weighted average applicable tax rate was 25% for the six months ended 30 June 2018 (six months ended 30 June 2017: 30%). The decrease in weighted average applicable tax rate for the six months ended 30 June 2018 was mainly due to a subsidiary of the Company being awarded the certificate of "High and New Technology Enterprise" and entitled to a preferential PRC mainland income tax rate of 15% for each of the years ending 31 December 2018, 2019 and 2020.

7 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 general corporate income tax rate applicable to the group entities located in the PRC mainland ("**PRC mainland entities**") is 25% according to the Corporate Income Tax Law of the People's Republic of China effective on 1 January 2008. A subsidiary of the Company is subject to a preferential income tax rate of 15% for each of the years ending 31 December 2018, 2019 and 2020 as it is qualified as "High and New Technology Enterprise".

PRC mainland withholding income tax

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

During the six months ended 30 June 2018, a provision of deferred income tax for the earnings of the PRC mainland subsidiaries planned to be distributed to overseas has been made at withholding income tax rate of 5%.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5%.

7 Income tax expenses (continued)

Overseas corporate income tax

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

8 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.

	Six months ended 30 June	
	2018	2017 (Restated)
Profit attributable to equity holders of the Company (RMB)	**38,052,000**	21,928,000
Weighted average number of ordinary shares in issue	**1,002,698,619**	1,000,207,182
Basic earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)	**0.038**	0.022

8 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.

8 Earnings per share (continued)

(b) Diluted (continued)

As stated in Note 16(c), Pre-IPO Share Option Scheme was adopted on 8 November 2016 and became effective on the same day and 6,750,000 share options were exercised during the six months ended 30 June 2018. Diluted earnings per share for the six months ended 30 June 2018 was calculated as below:

	Six months ended 30 June	
	2018	2017 (Restated)
Profit attributable to equity holders of the Company (RMB)	**38,052,000**	21,928,000
Weighted average number of ordinary shares in issue	**1,002,698,619**	1,000,207,182
Adjustment for:		
– Pre-IPO share options	**10,733,757**	7,930,926
Weighted average number of ordinary shares for diluted earnings per share	**1,013,432,376**	1,008,138,108
Diluted earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)	**0.038**	0.022

9 Property, plant and equipment and intangible assets

	Property, plant and equipment RMB'000	Intangible assets RMB'000
Six months ended 30 June 2017		
Opening net book amount	19,477	444
Common control combination	266	270
Opening net book amount (Restated)	19,743	714
Additions	1,601	42
Disposals	(28)	–
Depreciation and amortisation charge	(2,648)	(86)
Closing net book amount	18,668	670
As at 30 June 2017 (Restated)		
Cost	33,670	1,224
Accumulated depreciation and amortisation	(15,002)	(554)
Net book amount	18,668	670
Six months ended 30 June 2018		
Opening net book amount	**18,638**	**590**
Additions	**2,991**	**66**
Disposals	**(292)**	**–**
Depreciation and amortisation charge	**(2,617)**	**(49)**
Closing net book amount	**18,720**	**607**
As at 30 June 2018		
Cost	**38,518**	**1,175**
Accumulated depreciation and amortisation	**(19,798)**	**(568)**
Net book amount	**18,720**	**607**

10 Financial risk management and financial instruments

(a) Fair value hierarchy

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2018 on a recurring basis:

	At 30 June 2018 Level 3
Financial assets	
Financial assets at fair value through profit or loss ("**FVPL**") – Financial products	27,012

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

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

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

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

10 Financial risk management and financial instruments (continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of the remaining financial instruments is determined using other techniques, such as discounted cash flow analysis.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2018:

	Financial products at FVPL RMB'000
Opening balance 31 December 2017	–
Acquisitions	27,400
Disposals	(502)
Gains recognised in other gains/(losses) – net (i)	114
Closing balance 30 June 2018	27,012
(i) includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period	112

10 Financial risk management and financial instruments (continued)

(d) Valuation inputs and relationships to fair value

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2018 on a recurring basis:

Description	Fair value at 30 June 2018	Unobservable inputs*	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Financial products	27,012	Expected interest rate per annum	3.00%–3.70%	A change expected interest rate per annum +/- 10% results in a change in FV by RMB24,000

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

11 Inventories

	As at 30 June 2018	As at 31 December 2017
Merchandise goods	**7,632**	9,161
Raw materials	**3,227**	4,593
Others	**37**	174
	10,896	13,928

12 Trade and other receivables

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade receivables (Note (a)):		
– Related parties (Note 24(d))	**39,578**	19,903
– Third parties	**25,192**	22,599
	64,770	42,502
Amounts placed in Residents' Accounts (Note (b))	**5,835**	2,823
Other receivables:		
– Related parties (Note 24(d))	**4,341**	4,211
– Third parties	**10,767**	7,522
	15,108	11,733
Interest receivables (Note (c)):		
– A third party	**152**	152
Prepayments:		
– Third parties	**2,180**	3,136
	88,045	60,346

12 Trade and other receivables (continued)

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

During the six months ended 30 June 2018 and 2017, the credit period granted to trade customers other than for retention receivables varies from one to three months except for certain customers of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services, which are mainly on a cash basis.

As at 30 June 2018 and 31 December 2017, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Up to 1 year	**59,061**	36,456
1 to 2 years	**3,722**	4,488
Over 2 years	**1,987**	1,558
	64,770	42,502

As at 30 June 2018, trade receivables of RMB64,770,000 were fully performing (31 December 2017: RMB42,502,000).

12 Trade and other receivables (continued)

(b) Certain property management companies of the Group engaged in the provision of property management services for residential communities on commission basis opened bank accounts on behalf of the residents ("**Residents' Accounts**"), these Residents' Accounts are used to collect the property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2018, amounts placed in Residents' Accounts of RMB5,835,000 represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2017: RMB2,823,000). As at 30 June 2018, amounts placed in Resident's Accounts carry interest at prevailing rates from 0.30% to 1.75% per annum (31 December 2017: 0.35% to 2.10% per annum). The fair value of these balances approximates their carrying amounts.

(c) Interest receivables from loans to a third party carries a fixed interest rate of 6% per annum and is repayable within one year from the balance sheet date.

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 Contract assets

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Amount due from customers for contract works		
– Related parties (Note 24(d))	**2,195**	–
– Third parties	**4,916**	–
	7,111	–

14 Cash and bank balances

(a) Term deposits

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Matured within:		
– 6 months	**–**	1,490
– 6 months to 1 year	**42,971**	60,379
	42,971	61,869

The term deposits carry interest at prevailing deposit rates which range from 1.55 % to 2.25% per annum (31 December 2017: 1.55% to 2.10% per annum). The fair value of the Group's term deposits approximates their carrying amounts. The term deposits are denominated in RMB.

14 Cash and bank balances (continued)

(b) Restricted cash

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

(c) Cash and cash equivalents

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Cash at bank and on hand	**189,408**	140,144
Short-term bank deposits	**19,404**	47,260
	208,812	187,404

14 Cash and bank balances (continued)

(c) Cash and cash equivalents (continued)

Short-term bank deposits carry interest at prevailing deposit rates which range from 0.50% to 1.85% per annum (31 December 2017: 0.50% to 1.35% per annum).

	As at 30 June 2018	As at 31 December 2017
Cash and cash equivalents denominated in:		
– RMB	**183,796**	160,042
– HK$	**25,016**	27,362
	208,812	187,404

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.

15 Share capital and share premium

	Number of ordinary shares		Share capital	Share premium	Total
	Shares	HK$	Translated to RMB'000	RMB'000	RMB'000
Authorised:					
At 30 June 2017 and 2018	10,000,000,000	100,000,000	87,440		
Issued and fully paid:					
Six months ended 30 June 2018					
As at 1 January 2018	**1,001,950,000**	**10,019,500**	**8,761**	**184,674**	**193,435**
Pre-IPO share option scheme:					
– Proceeds from shares issued	**6,750,000**	**67,500**	**56**	**2,832**	**2,888**
Special dividends declared by the Company (Note 21)	**-**	**-**	**-**	**(11,156)**	**(11,156)**
As at 30 June 2018	**1,008,700,000**	**10,087,000**	**8,817**	**176,350**	**185,167**
Six months ended 30 June 2017					
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

16 Other reserves

	Statutory reserve RMB'000 (Note (a))	Capital reserve RMB'000	Share – based compensation reserve RMB'000 (Note (c))	Reserves for transactions with non-controlling interest RMB'000	Total RMB'000
As at 1 January 2017 (Restated)	13,973	(111,302)	294	–	(97,035)
Changes in ownership interests in a subsidiary without change of control	–	–	–	(14,331)	(14,331)
Employees' share option scheme					
– Value of employee services	–	–	1,471	–	1,471
– Proceeds from shares issued	–	–	(125)	–	(125)
Appropriation of statutory reserves	1,221	–	–	–	1,221
As at 30 June 2017 (Restated)	15,194	(111,302)	1,640	(14,331)	(108,799)
As at 1 January 2018	**16,650**	**(121,099)**	**1,602**	**(14,331)**	**(117,178)**
Employees' share option scheme					
– Proceeds from shares issued	**-**	**-**	**(563)**	**-**	**(563)**
Appropriation of statutory reserves	**3,526**	**-**	**-**	**-**	**3,526**
As at 30 June 2018	**20,176**	**(121,099)**	**1,039**	**(14,331)**	**(114,215)**

16 Other reserves (continued)

(a) Statutory reserve

In accordance with relevant rules and regulations in the PRC mainland, except for sino-foreign equity joint venture enterprises, all PRC mainland companies are required to transfer 10% of their profit after 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

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 shareholder of the Group in exchange of the Listing Business during the Reorganisation for the Listing. The remaining balance was recognised in a business combination under common control in 2017 (Note 22).

(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 on 8 November 2016 ("**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.

16 Other reserves (continued)

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

During the six months ended 30 June 2018, certain Recipients have exercised 6,750,000 units of share options at the exercise price of HK$0.414 per share. Cash proceeds received by the Company amounted to HK$2,794,500 (equivalent to RMB2,325,000).

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

	2018		2017	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
As at 1 January	**0.414**	**19,225,000**	0.414	21,175,000
Exercised	**0.414**	**(6,750,000)**	0.414	(1,500,000)
As at 30 June	**0.414**	**12,475,000**	0.414	19,675,000

The expiry date of the share options outstanding as at 30 June 2018 is 8 May 2022.

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

17 Deferred income tax

The analysis of deferred income tax liabilities is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**1,133**	1,017
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered within 12 months	**(1,000)**	(3,264)
Deferred income tax liabilities – net	**133**	(2,247)

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:

Deferred tax assets	**Temporary difference relating to expenses not temporarily deductible**	
	2018 RMB'000	2017 RMB'000 (Restated)
As at 1 January	**1,017**	333
Credited to profit or loss	**116**	327
As at 30 June	**1,133**	660

17 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:

Deferred tax liabilities	**Temporary difference relating to expenses not temporarily deductible**	
	2018	2017
	RMB'000	RMB'000
		(Restated)
As at 1 January	**(3,264)**	(1,200)
Credited/(charged) to profit or loss	**2,264**	(650)
As at 30 June	**(1,000)**	(1,850)

As at 30 June 2018, the Group did not recognise deferred income tax assets of RMB1,186,000 (31 December 2017: RMB1,363,000) in respect of tax losses of RMB5,629,000 (31 December 2017: RMB6,328,000). Tax losses of group entities operated in the PRC mainland could be carried forward for a maximum of five years.

As at 30 June 2018, the Group has not recognised the provision of PRC mainland withholding income tax of RMB3,214,000 (31 December 2017: RMB7,448,000) in relation to the undistributed profits of certain PRC mainland group entities totalling RMB64,283,000 (2017: RMB74,480,000) as the Group does not have a plan to distribute these profits out of the PRC mainland in the foreseeable future.

18 Trade and other payables

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Trade payables (Note (a)):		
– Related parties (Note 24(d))	**7**	14
– Third parties	**45,097**	28,317
	45,104	28,331
Other payables:		
– Related parties (Note 24(d))	**8,138**	7,856
– Third parties	**12,962**	12,602
	21,100	20,458
Advance from customers:		
– Related parties (Note 24(d))	**–**	1,332
– Third parties	**–**	15,587
	–	16,919
Accrued payroll	**14,010**	14,899
Dividend payables (Notes 21)	**11,156**	–
Other taxes payables	**5,303**	2,762
	96,673	83,369

18 Trade and other payables (continued)

(a) As at 30 June 2018 and 31 December 2017, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Up to 1 year	**43,443**	25,613
1 to 2 years	**437**	1,869
2 to 3 years	**486**	126
Over 3 years	**738**	723
	45,104	28,331

19 Contract liabilities

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Advances from customers		
– Related parties (Note 24(d))	**1,348**	–
– Third parties	**17,541**	–
Amounts due to customers for contract works		
– Related parties (Note 24(d))	**1,697**	–
– Third parties	**1,285**	–
	21,871	–

20 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 the related parties.

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

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Up to 1 year	**17,497**	11,994
1 to 5 years	**33,505**	35,895
Over 5 years	**3,116**	–
	54,118	47,889

21 Dividend

Pursuant to the approval at the annual general meeting of shareholders of the Company on 22 June 2018, a special cash dividend of HK1.30 cents per share out of the Company's share premium was declared. The special dividend amounting to HK$13,198,000 (equivalent to RMB11,156,000) based on the total number of issued shares of the Company of 1,015,200,000 shares as at 6 July 2018 was recognised as a liability in the interim condensed consolidated statement of financial position.

22 Restatement due to common control combination

Pursuant to the sales and purchase agreement entered into between a subsidiary of the Company and Ms. Man on 16 October 2017, the Group acquired the 100% equity interest in the Easy South Group, which mainly provides information technology-related services. The acquisition was completed on 21 December 2017.

Since the Group and Easy South Group are ultimately controlled by Ms. Man both before and after the above-mentioned acquisition, the acquisition is regarded as a business combination under common control. Accordingly, the Group has applied merger accounting to account for the acquisition of Easy South Group in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

Assets and liabilities of the Easy South Group as at 1 January 2017 were consolidated by the Group at net book value, the Group's other reserves and retained earnings as at 1 January 2017 were credited by RMB1,500,000 and RMB16,820,000, respectively.

22 Restatement due to common control combination (continued)

Reconciliation of the results of operations for the six months ended 30 June 2017 previously reported by the Group and the restated amounts presented in the condensed consolidated interim financial information are set out below:

	For the six months ended 30 June 2017			
	The Group (As previously reported) RMB'000	Easy South Group RMB'000	Adjustments RMB'000	The Group RMB'000 (Restated)
Results of operations				
Revenue	152,890	20,113	(85)	172,918
Operating profit	31,777	1,920	–	33,697
Profit for the period	21,545	1,446	–	22,991
Profit attributable to owners of the Company	20,482	1,446	–	21,928
Basic earnings per share (expressed in RMB per share)	0.020	0.022		0.022
Diluted earnings per share (expressed in RMB per share)	0.020	0.022		0.022

23 Future minimum rental payment receivable

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

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Up to 1 year	**13,498**	13,674
1 to 5 years	**10,057**	7,460
	23,555	21,134

24 Related party transactions

(a) Name and relationship with related parties:

Name	Relationship
Ms. Man Lai Hung	Ultimate shareholder of the Company
Guangzhou Fortune Software Limited * 廣州市科進計算機技術有限公司	Company under control of the spouse of Ms. Man
Guangdong Clifford Hospital Company Limited* 廣東祈福醫院有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Property Development Company Limited* 廣州市花都祈福房地產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Estates Property Development Company Limited* 廣州市花都祈福花園房產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Crown Property Company Limited* 廣州市冠都物業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Clifford Property Company Limited* 廣州市花都祈福置業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Golden Lake Hotel Limited* 佛山市南海祈福仙湖酒店有限公司	Company under control of the spouse of Ms. Man
Guangzhou Huadu Xin Hua Clifford Property Development Company Limited* 廣州市花都新華祈福房地產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental School* 廣州市番禺區祈福英語實驗學校	Company under control of the spouse of Ms. Man

24 Related party transactions (continued)

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

Name	Relationship
Zhaoqing Clifford Coast Property Development Company Limited* 肇慶祈福海岸房地產有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Property Development Limited* 佛山市南海祈福置業有限公司	Company under control of the spouse of Ms. Man
Guangzhou Lakeside Property Company Limited* 廣州市倚湖物業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Household Industrial Company Limited* 佛山市南海祈福家居實業有限公司	Company under control of the spouse of Ms. Man
Foshan Nanhai Clifford Property Development Company Limited* 佛山市南海祈福房地產有限公司	Company under control of the spouse of Ms. Man
Guangzhou Panyu Clifford Property Company Limited* 廣州市番禺祈福房產有限公司	Company under control of the spouse of Ms. Man
China Venture Limited	Company under control of the spouse of Ms. Man
Guangzhou Zhan Sheng Commercial Property Management Company Limited* 廣州市展盛商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Commercial Property Management Company Limited* 廣州市祈福繽紛世界商業地產經營管理有限公司	Company under control of the spouse of Ms. Man

24 Related party transactions (continued)

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

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

24 Related party transactions (continued)

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

	Six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated)
Sales of goods to:		
Companies under control of the spouse of Ms. Man	**441**	364
Companies under significant influence of the spouse of Ms. Man	**166**	233
Companies under control of Ms. Man	**45**	15
A company under joint control of the spouse of Ms. Man and independent third parties	**37**	62
	689	674
Provision of services to:		
Companies under significant influence of the spouse of Ms. Man	**47,931**	13,237
Companies under control of the spouse of Ms. Man	**8,318**	12,916
A company under joint control of the spouse of Ms. Man and independent third parties	**232**	273
Companies under control of Ms. Man	**30**	36
	56,511	26,462
Rental expenses charged by:		
Companies under control of the spouse of Ms. Man	**3,340**	3,842
Companies under significant influence of the spouse of Ms. Man	**2,701**	2,518
	6,041	6,360

24 Related party transactions (continued)

(c) Key management compensation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Salaries and other employee benefits	**2,148**	3,367

24 Related party transactions (continued)

(d) Balances with related parties

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Receivables from related parties (Note 12):		
– Trade receivables (Note (i))		
Companies under significant influence of the spouse of Ms. Man	**33,742**	6,374
Companies under control of the spouse of Ms. Man	**5,711**	12,699
A company under joint control of the spouse of Ms. Man and independent third parties	**115**	772
Companies under control of Ms. Man	**10**	58
	39,578	19,903
– Other receivables (Note(ii))		
Companies under control of the spouse of Ms. Man	**3,253**	3,063
Companies under significant influence of the spouse of Ms. Man	**1,010**	1,146
A company under joint control of the spouse of Ms. Man and independent third parties	**60**	–
Companies under control of Ms. Man	**18**	2
	4,341	4,211
– Contract assets		
Companies under significant influence of the spouse of Ms. Man	**2,168**	–
Companies under control of the spouse of Ms. Man	**27**	–
	2,195	–
Total receivables from related parties	**46,114**	24,114

24 Related party transactions (continued)

(d) Balances with related parties (continued)

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Payables to related parties (Note 18):		
– Trade payables (Note (i))		
Companies under significant influence of the spouse of Ms. Man	**7**	–
Companies under control of the spouse of Ms. Man	**–**	14
	7	14
– Other payables (Note(ii))		
Ultimate shareholder of the Company	**4,215**	4,206
Companies under control of the spouse of Ms. Man	**2,565**	2,284
Companies under significant influence of the spouse of Ms. Man	**1,358**	1,359
A company under joint control of the spouse of Ms. Man and independent third parties	**–**	7
	8,138	7,856
– Advances from customers		
Companies under control of the spouse of Ms. Man	**–**	1,332
	–	1,332
– Contract liabilities		
Companies under control of the spouse of Ms. Man	**2,586**	–
Companies under significant influence of the spouse of Ms. Man	**459**	–
	3,045	–
Total payables to related parties	**11,190**	9,202

24 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 varying from one to three months.

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