





# CONTENTS

<b>2</b>	Corporate Information
<b>3</b>	Management Discussion and Analysis
<b>24</b>	Corporate Governance and Other Information
<b>34</b>	Interim Condensed Consolidated Income Statement
<b>36</b>	Interim Condensed Consolidated Statement of Comprehensive Income
<b>37</b>	Interim Condensed Consolidated Statement of Financial Position
<b>40</b>	Interim Condensed Consolidated Statement of Changes in Equity
<b>42</b>	Interim Condensed Consolidated Statement of Cash Flows
<b>44</b>	Notes to the Condensed Consolidated Interim Financial Information

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



## CORPORATE INFORMATION

### Executive Directors

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

### Non-executive Director

Mr. LIU Xing

### Independent Non-executive Directors

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

### Audit committee

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

### Remuneration committee

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

### Nomination committee

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

### Company secretary

Mr. YU Ding Him Anthony (*Chief Financial Officer*)

### Authorised representatives

Ms. MAN Lai Hung  
Mr. YU Ding Him Anthony

### Registered office

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

### Headquarters in the PRC Mainland

8 Shiguang Road  
Panyu  
Guangzhou  
Guangdong  
PRC Mainland

### Principal place of business and headquarters in Hong Kong

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

### Principal share registrar

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

### Hong Kong branch share registrar

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

### Principal bankers

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

### Legal Adviser

As to Hong Kong laws  
Chiu & Partners

### Auditor

PricewaterhouseCoopers  
Certified Public Accountants

### Stock Code

3686

### Company's website

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

### Investor Enquiry Hotline

Tel: (852) 2889 0183

### Investor Enquiry Email Address

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

The Group is a service provider with a diversified service portfolio comprising six main service segments: (i) the property management services, (ii) the renovation and fitting-out services, (iii) the retail services, (iv) the off-campus training services, (v) the information technology services and (vi) the Ancillary Living Services (as hereinafter defined).

### 1 Property Management Services

The Group provided property management services to 15 residential communities and seven pure commercial properties or projects with an aggregate contracted gross floor area ("GFA") of approximately 9,620,000 sq.m. as at 30 June 2019. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties or projects the Group managed in different regions in the mainland of People's Republic of China (the "PRC Mainland") as at the dates indicated:

	As at 30 June 2019		As at 31 December 2018	
	Approximate total contracted GFA ('000 sq.m.)	Number of communities	Approximate total contracted GFA ('000 sq.m.)	Number of communities
<b>Residential communities</b>				
Panyu district	4,398	5	4,398	5
Huadu district	1,037	7	1,037	7
Zhaoqing city	346	1	346	1
Foshan city	867	2	867	2
<b>Sub-total</b>	<b>6,648</b>	<b>15</b>	6,648	15
<b>Pure commercial properties/projects</b>				
Huadu district	259	3	259	3
Maoming city	129	1	129	1
Panyu district	2,584	3	2,584	3
<b>Sub-total</b>	<b>2,972</b>	<b>7</b>	2,972	7
<b>Total</b>	<b>9,620</b>	<b>22</b>	9,620	22



## MANAGEMENT DISCUSSION AND ANALYSIS

### 2 Renovation and Fitting-out Services

The Group provides renovation and fitting-out services principally for residents, tenants or owners or their principal contractors in their residential units, offices, shops and other properties. To 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 2019. These 15 retail outlets consist of a wet market, several supermarkets and convenience stores.

The following table sets out the Group's average daily revenue by type of the retail outlets in operation during the six months ended 30 June 2018 and 2019 respectively:

	For the six months ended 30 June	
	2019	2018
<b>Average daily revenue by type of retail outlet (in RMB thousands)</b> <sup>(Note)</sup>		
Supermarket	<b>168.74</b>	188.37
Wet market	<b>32.37</b>	29.86
Convenience store	<b>82.07</b>	80.77

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



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

The Group had three learning centres in Panyu district as at 30 June 2019 (31 December 2018: two learning centres). A new learning centre was set up in March 2019 with the view to increase student enrollment in training programmes and interest classes. Training programmes mainly include tutoring courses and language learning classes.

#### **5 Information Technology Services** **Engineering services**

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

##### **Telecommunication services**

The Group entered into contracts with some major telecommunication service providers under which the Group acts as agent and promotes their products and services. The Group receives commission as revenue for every successful sales.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 6 Ancillary Living Services

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

For the catering services, after cessation of the operation of all its catering outlets and franchising businesses in December 2018, the Group continues to provide the catering consultancy service and receive a fixed consultancy service fee on monthly basis.

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



## Prospects and Future Plans

### **Further expansion of the property management network through engagements in integrated projects**

The Group plans to further expand property management and related integrated services business. Under the integrated projects the Group invests in, the Group will provide the property management, property agency and marketing consultancy services for the apartments, shopping malls and office buildings developed by third parties in Guangdong Province.

### **Further expansion of the off-campus training services**

For the off-campus training services, the Group plans to increase the variety of classes provided by the Group in order to further expand its business.

### **Further development of the online marketing and setting up of online distribution channels**

The Group intends to promote various services through different online channels including websites and apps on smartphones to reach its customers. Currently, the Group is upgrading its sales and accounting systems which aim at enhancing its data collection process and enabling it to respond more efficiently to its customers' needs.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

Revenue increased from RMB173.7 million for the six months ended 30 June 2018 to RMB178.2 million for the six months ended 30 June 2019, representing an increase of RMB4.5 million or 2.6%. Growth in revenue was mainly caused by increase in revenue from property agency services, off-campus training services, employment placement services, property management services and catering services, and was offset by the decline in revenue from the Group's information technology services, renovation and fitting-out services and retail services.

#### Property management services

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
General property management services	20,997	18,651
Resident support services	6,585	7,674
<b>Total</b>	<b>27,582</b>	26,325

Revenue from the property management services was increased by 4.8% to RMB27.6 million for the six months ended 30 June 2019 from RMB26.3 million for the six months ended 30 June 2018. The increase in revenue of the general property management services from RMB18.7 million for the six months ended 30 June 2018 to RMB21.0 million for the six months ended 30 June 2019 was primarily due to the increase in total GFA under the Group's management. The decrease in revenue of the resident support services from RMB7.7 million for the six months ended 30 June 2018 to RMB6.6 million for the six months ended 30 June 2019 was due to the decrease in demand for our household helper services.



## Renovation and Fitting-out Services

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Total revenue	11,219	16,358

Revenue from the renovation and fitting-out services was decreased by 31.4%, from RMB16.4 million for the six months ended 30 June 2018 to RMB11.2 million for the six months ended 30 June 2019. Such decrease was mainly due to the decrease in the number of services contracts entered into by the Group.

## Retail Services

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Revenue by type of retail outlet</b>		
Supermarkets	30,374	33,907
Wet market	5,827	5,374
Convenience stores	14,772	14,539
Imported goods specialty store	–	97
<b>Total</b>	<b>50,973</b>	<b>53,917</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from the retail services was decreased by 5.5% to RMB51.0 million for the six months ended 30 June 2019 from RMB53.9 million for the six months ended 30 June 2018. The decline was primarily caused by the decrease in revenue from supermarkets and was offset by the increase in revenue from wet market and convenience stores. The decrease in revenue from supermarkets from RMB33.9 million for the six months ended 30 June 2018 to RMB30.4 million for the six months ended 30 June 2019 was primarily due to the decrease in the procurement services provided by the Group. The increase in revenue from wet market from RMB5.4 million for the six months ended 30 June 2018 to RMB5.8 million for the six months ended 30 June 2019 was primarily due to the increase in the Group's rental rate charged to its stall tenants. The increase in revenue from convenience stores from RMB14.5 million for the six months ended 30 June 2018 to RMB14.8 million for the six months ended 30 June 2019 was primarily due to the increase in the retail price of goods for convenience stores during the six months ended 30 June 2019 as compared to the six months ended 30 June 2018.

### Off-campus Training Services

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
<b>Off-campus training revenue by category</b>		
Training programmes	<b>3,946</b>	3,723
Interest classes	<b>18,341</b>	14,643
<b>Total</b>	<b>22,287</b>	18,366



Revenue from the off-campus training services was increased by 21.3% to RMB22.3 million for the six months ended 30 June 2019 from RMB18.4 million for the six months ended 30 June 2018. Such increase was primarily due to the increase in variety of classes provided by the Group.

### Information Technology Services

	<b>For the six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
<b>Information technology services revenue by category</b>		
Engineering	<b>31,486</b>	45,861
Telecommunication	<b>1,666</b>	1,107
<b>Total</b>	<b>33,152</b>	46,968

Revenue from the information technology services was decreased by 29.4% from RMB47.0 million for the six months ended 30 June 2018 to RMB33.2 million for the six months ended 30 June 2019. Such decline was mainly due to the decrease in number of projects which led to the decrease in revenue from the engineering services from RMB45.9 million for the six months ended 30 June 2018 to RMB31.5 million for the six months ended 30 June 2019. Engineering services comprises information technology hardware integration and network installation.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Ancillary Living Services

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>Ancillary Living Services revenue by category</b>		
Catering services	1,771	1,514
Property agency services	21,980	4,127
Employment placement services	3,577	1,171
Laundry services	5,707	4,950
<b>Total</b>	<b>33,035</b>	11,762

Revenue from the Ancillary Living Services was increased by RMB21.2 million to RMB33.0 million for the six months ended 30 June 2019 from RMB11.8 million for the six months ended 30 June 2018. Such increase was primarily due to the increase in revenue of property agency services and employment placement services. The increase in revenue of the property agency services from RMB4.1 million for the six months ended 30 June 2018 to RMB22.0 million for the six months ended 30 June 2019 was mainly brought by the increase in commission from sales of properties. The increase in revenue of the employment placement services from RMB1.2 million for the six months ended 30 June 2018 to RMB3.6 million for the six months ended 30 June 2019 was mainly due to the increase in both quantity and unit price of labour dispatch services. For the catering services, the Group ceased the operation of all its catering outlets and franchising businesses in December 2018. The related operation was presented in the current and prior period as a discontinued operation as explained in Note 17 to the condensed consolidated interim financial information of this report.



## Cost of Sales

Cost of sales comprises mainly the construction cost for the Group's information technology services segment, the cost of goods sold for the Group's retail services segment and the employee benefit expenses for each of business segments as shown below:

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>Property management services</b>	<b>8,772</b>	7,063
<b>Renovation and fitting-out services</b>	<b>6,870</b>	9,909
<b>Retail services</b>	<b>28,051</b>	28,714
<b>Off-campus training services</b>	<b>9,867</b>	7,550
<b>Information technology services</b>	<b>22,688</b>	32,319
<b>Ancillary Living Services</b>	<b>24,319</b>	5,256
Laundry services	<b>4,576</b>	3,457
Catering services	<b>6</b>	6
Property agency services	<b>17,232</b>	1,574
Employment placement services	<b>2,505</b>	219
<b>Total</b>	<b>100,567</b>	90,811



## MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales increased from RMB90.8 million for the six months ended 30 June 2018 to RMB100.6 million for the six months ended 30 June 2019, representing an increase of RMB9.8 million or 10.7%. The increase in the cost of sales was mainly caused by the increase in revenue from the property agency services, off-campus training services, employment placement services, property management services and laundry services by RMB15.7 million, RMB2.3 million, RMB2.3 million, RMB1.7 million and RMB1.1 million respectively. Such increase was partially offset by the decline in cost of sales in the information technology services, renovation and fitting-out services, and retail services by RMB9.6 million, RMB3.0 million and RMB0.7 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		Gross profit	
	2019	2018	2019	2018
	Gross profit RMB'000	Gross profit RMB'000	Gross profit margin %	Gross profit margin %
<b>Property management services</b>	<b>18,810</b>	19,262	<b>68%</b>	73%
<b>Renovation and fitting-out services</b>	<b>4,349</b>	6,449	<b>39%</b>	39%
<b>Retail services</b>	<b>22,922</b>	25,203	<b>45%</b>	47%
<b>Off-campus training services</b>	<b>12,420</b>	10,816	<b>56%</b>	59%
<b>Information technology services</b>	<b>10,464</b>	14,649	<b>32%</b>	31%
<b>Ancillary Living Services</b>	<b>8,716</b>	6,506	<b>26%</b>	55%
Laundry services	1,131	1,493	20%	30%
Catering services	1,765	1,508	100%	100%
Property agency services	4,748	2,553	22%	62%
Employment placement services	1,072	952	30%	81%
<b>Overall</b>	<b>77,681</b>	82,885	<b>44%</b>	48%



Gross profit decreased from RMB82.9 million for the six months ended 30 June 2018 to RMB77.7 million for the six months ended 30 June 2019, representing a decrease of RMB5.2 million or 6.3%. Meanwhile, the Group's gross profit margin decreased from 48% for the six months ended 30 June 2018 to 44% for the six months ended 30 June 2019. The decrease in gross profit was mainly caused by the Group's property management services, renovation and fitting-out services, retail services, information technology services, and laundry services segments, which was partially off-set by the increase in gross profit in off-campus training services, property agency services, employment placement services and catering services segments. The decrease in gross profit margin was mainly due to the decrease in gross profit margin in property management services, laundry services, property agency services and employment placement services segments.

For the property management services, the gross profit and gross profit margin were decreased by RMB0.5 million and 5%, from RMB19.3 million and 73% for the six months ended 30 June 2018 to RMB18.8 million and 68% for the six months ended 30 June 2019 respectively. This was due to the decrease in demand for the Group's household services and the Group entered into household services projects with lower gross profit margin for the six months ended 30 June 2019.

For the off-campus training services, the gross profit was increased by RMB1.6 million from RMB10.8 million for the six months ended 30 June 2018 to RMB12.4 million for the six months ended 30 June 2019. However, the gross profit margin was decreased by 3% from 59% for the six months ended 30 June 2018 to 56% for the six months ended 30 June 2019. This was mainly due to the increase in costs for opening a new learning centre in March 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

For Ancillary Living Services, the laundry services' gross profit and gross profit margin were decreased by RMB0.4 million and 10%, from RMB1.5 million and 30% for the six months ended 30 June 2018 to RMB1.1 million and 20% for the six months ended 30 June 2019 respectively. This was due to the increase in the related laundry costs.

For the property agency services, the gross profit was increased by RMB2.1 million from RMB2.6 million for the six months ended 30 June 2018 to RMB4.7 million for the six months ended 30 June 2019. However, the gross profit margin was decreased by 40% from 62% for the six months ended 30 June 2018 to 22% for the six months ended 30 June 2019. This was mainly due to the increase in the commission from the first-hand property trading which generated lower gross profit margin than the second-hand property trading and property leasing.

For the employment placement services, the gross profit was increased by RMB0.1 million from RMB1.0 million for the six months ended 30 June 2018 to RMB1.1 million for the six months ended 30 June 2019. However, the gross profit margin was decreased by 51% from 81% for the six months ended 30 June 2018 to 30% for the six months ended 30 June 2019. This was mainly due to the increase in the labour costs for the labour dispatch services.

For the catering services, the gross profit was increased by RMB0.3 million from RMB1.5 million for the six months ended 30 June 2018 to RMB1.8 million for the six months ended 30 June 2019.



## Selling and Marketing Expenses

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

Selling and marketing expenses decreased from RMB13.8 million for the six months ended 30 June 2018 to RMB12.8 million for the six months ended 30 June 2019, representing a decrease of 7.2%, which was primarily due to the decrease in the employee benefit expenses, operating lease payments and other expenses, which was partially offset by the increase in depreciation and amortisation charges. A substantial portion of the selling and marketing expenses was related to the retail services segment.

## Administrative Expenses

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

Administrative expenses decreased from RMB18.1 million for the six months ended 30 June 2018 to RMB15.3 million for the six months ended 30 June 2019, representing a decrease of 15.5%. This was primarily due to the decrease in the employee benefit expenses caused by the decrease in the headcount.

## Other Income

Other income remained stable and amounted to RMB0.5 million for the six months ended 30 June 2018 and RMB0.6 million for the six months ended 30 June 2019, mainly representing interest income on cash and cash equivalents.

## Other Gains – Net

The Group incurred other gain of RMB1.0 million for the six months ended 30 June 2018 and RMB7.3 million for the six months ended 30 June 2019. The change was primarily caused by finance leases of right-of-use assets and the fluctuation in exchange rate of Renminbi against Hong Kong dollars.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Finance Income**

Finance income increased from RMB0.4 million for the six months ended 30 June 2018 to RMB0.7 million for the six months ended 30 June 2019. Finance income was derived from the term deposits and subscription of wealth management products from banks.

### **Finance Costs**

Finance costs amounted to RMB0.9 million for the six months ended 30 June 2019 represents the interest expense on lease liabilities.

### **Income Tax Expenses**

The weighted average applicable tax rate was 25% and 24% for the six months ended 30 June 2018 and 2019 respectively.

### **Net Profit for the Period**

For the six months ended 30 June 2019, as a result of the foregoing, the Group's net profit from continuing operations was RMB42.7 million and its net profit margin was 24%.

### **Property, Plant and Equipment**

Property, plant and equipment mainly consist of the machinery, vehicles, office equipment and leasehold improvements. As at 31 December 2018 and 30 June 2019, the net book values of the property, plant and equipment of the Group were RMB14.9 million and RMB15.1 million respectively.

### **Investment Properties**

Investment properties amounted to RMB9.4 million as at 30 June 2019 represent principally right-of-use assets, which are held for long-term rental yields and are not occupied by the Group and are recognised due to operating leases. More details are set out in note 3(c) to the condensed consolidated interim financial information of this report.



## Financial assets at fair value through profit or loss

As at 30 June 2019, financial assets at fair value through profit or loss represented unlisted financial products purchased from commercial banks with high market credit rating, liquidity and stable return as below:

No.	Bank	Product name	Product type	Principle business of the underlying assets	Investment cost RMB'000	Change in fair value (Recognised)			Fair value as at 30/06/2019 RMB'000	Size relative to the Group's total assets
						as gains in P/L RMB'000	Gain/loss on disposal RMB'000	Dividend received RMB'000		
1	Agricultural Bank of China	Benlifeng Bubugao Open-ended RMB Wealth Management Products* (“本利豐步步高”開放式人民幣理財產品)	Unlisted financial products purchased from commercial banks	Underlying assets include national bonds, corporate bonds, central bank bills, repurchase, higher credit rating debt (including but not limited to, corporate bonds, short-term financing bonds), exchange bonds, privately raised company bonds, money market funds, bond funds, other low-risk funds or assets, targeted asset management plans, trust plans and other investment products that meet regulatory requirements.	5,000	72	-	-	5,099	0.95%
2	Bank of China	Bank of China Capital-protected RMB Open-ended Wealth Management Products* (中銀保本理財—人民幣按期開放理財產品)	Unlisted financial products purchased from commercial banks	Underlying assets include national bonds, corporate bonds, NCD, bank deposits, bond repurchase, high-quality corporate bonds (including short-term corporate bonds of securities companies), short-term financing bonds, ultra-short-term financing bonds, medium-term notes, privately raised company bonds, and other low-risk and high-liquidity financial assets within the scope permitted by laws and regulations.	6,000	101	-	-	6,115	1.14%

## Inventories

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

Inventories decreased from RMB8.7 million as at 31 December 2018 to RMB8.2 million as at 30 June 2019, was primarily due to adjustment of stock level according to the trading volume.

During the six months ended 30 June 2019, the Group did not recognise any provision or write-down for our inventories.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Trade and Other Receivables

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

#### Trade receivables

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

Trade receivables were increased by 90.4% from RMB32.8 million as at 31 December 2018 to RMB62.5 million as at 30 June 2019 as a result of the increased number of business contracts entered into by the Group with independent third parties in relation to the provision of information technology services.

#### Other receivables

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

Other receivables were increased by 56.2% from RMB13.9 million as at 31 December 2018 to RMB21.6 million as at 30 June 2019 due to finance leases of right-of-use assets.

#### Amounts placed in Residents’ Accounts

Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened bank accounts on behalf of the Residents’ Accounts. These Residents’ Accounts are used to collect the property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2019, amounts included in Residents’ Accounts of RMB3.1 million represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2018: RMB3.1 million).



## Trade and Other Payables

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

### Trade payables

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

Trade payables were increased by 22.0% from RMB37.0 million as at 31 December 2018 to RMB45.2 million as at 30 June 2019 as a result of increase in the procurement of the raw materials for the information technology services segment.

### Other payables

Other payables primarily comprise amounts due to the third parties amounting to RMB18.6 million and RMB22.3 million as at 31 December 2018 and 30 June 2019 respectively, which mainly included the deposits received from the stall tenants in the retail business. The increase was mainly due to the increase in the rental rate and the related deposit.

## Interim Dividend

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

## Risks of Foreign Exchange Fluctuation

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Capital Resources

As at 30 June 2019, the Group's material sources of liquidity were cash and cash equivalents of RMB302.5 million.

During the six months ended 30 June 2019, the Group has not obtained any loans or borrowings.

### Gearing Ratio

Gearing ratio is calculated based on the Group's total debts (being cash advances due to the related parties) divided by the Group's total equity as of the end of each period. The Group's gearing ratio was nil as at 30 June 2019 and 31 December 2018.

### Pledge of Assets

The Group had no pledged assets as at 30 June 2019 (31 December 2018: Nil).

### Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2019.

### Employees and Remuneration Policies

As at 30 June 2019, excluding the labour costs borne by the properties that were managed on commission basis, the Group had approximately 627 employees (31 December 2018: approximately 638 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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



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

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

Save as disclosed in paragraph headed “Financial assets at fair value through profit or loss” in this report, the Group had no significant investment held, material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2019.

### **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 the underwriting fee and the 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 2019, approximately RMB43.0 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 2019 and up to the date of this report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

### Corporate Governance Code

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). The Board is of the view that throughout the six months ended 30 June 2019, save for the following deviation, the Company has complied with all the code provisions as set out in the CG Code.

Under code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Board considers that Ms. MAN Lai Hung has in-depth knowledge and experience in the Group’s businesses in the PRC Mainland and therefore it is the best interests of the Group for her to take up the dual roles of the chairman and chief executive officer. The Board believes that the combined roles of Ms. MAN Lai Hung can provide the Company with strong and consistent leadership that facilitates effective and efficient planning and implementation of business decisions and strategies, and should be overall beneficial to the management and development of the Group’s business. The structure is supported by the Company’s well established corporate governance structure and internal control policies.



## Dividend Policy

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

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

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

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



## Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions.

Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2019.

## Board Composition

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

## Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) and one non-executive Director, namely Mr. LIU Xing (with Ms. LAW Elizabeth possessing the appropriate professional qualifications and accounting and related financial management expertise). The unaudited interim financial information for the six months ended 30 June 2019 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 2019 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 (alias Mr. MAK Wah Cheung) (Chairman) and Ms. LAW Elizabeth and an executive Director, Ms. MAN Lai Hung.

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

For the six months ended 30 June 2019, a meeting of the Remuneration Committee was held on 22 March 2019 to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive, non-executive and independent non-executive Directors and the senior management and other related matters.

## Nomination Committee

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

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

For the six months ended 30 June 2019, a meeting of the Nomination Committee was held on 22 March 2019 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Board diversity policy was also reviewed at the meeting.

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

For the six months ended 30 June 2019, Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) was appointed as an independent non-executive director of TAI HING GROUP HOLDINGS LIMITED (太興集團控股有限公司) (listed on the Stock Exchange with stock code 6811) with effect from 22 May 2019.

Save as disclosed above, there are no changes in the directors' biographical details since the date of the 2018 annual report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules.

### **Share Option Schemes**

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

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

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme for the six months ended 30 June 2019 were as follows:

Name of category of participant	Balance as at 31 December 2018	Exercised during the period	Lapsed or cancelled during the period	Balance as at 30 June 2019	Date of grant	Exercise period	Exercise price per share (HK\$)	Closing price of the shares on the trading day immediately before the date of grant (HK\$)
<b>Directors</b>								
LIANG Yuhua	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
LIU Xing	2,500,000	-	-	2,500,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
<b>Employees of the Group</b>								
	975,000	-	-	975,000	21 October 2016	9 May 2017 to 8 May 2022	0.414	N/A
Total	5,975,000	-	-	5,975,000				

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

Pursuant to the Pre-IPO Share Option Scheme, the Company has granted 21,175,000 options to the eligible Directors, senior management and employees of the Group at the time to subscribe for the ordinary shares of the Company subject to the terms stipulated under the Pre-IPO Share Option Scheme. The exercise price is 90% of the final offer price of the shares issued in connection with the listing (HK\$0.414). No options were exercised, and no options lapsed or were cancelled during the six months ended 30 June 2019. 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 19(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 2019.

## **Disclosure of Interests**

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

As at 30 June 2019, 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:



## CORPORATE GOVERNANCE AND OTHER INFORMATION

<b>Name of Director</b>	<b>Nature of interest/Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding in the Company</b>
Ms. MAN Lai Hung <sup>(1)</sup>	Interest in a controlled corporation <sup>(1)</sup>	735,840,000	72.48%
Ms. MAN Lai Hung	Beneficial owner	5,000,000	0.49%
Ms. LIANG Yuhua	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%
Mr. LIU Xing	Beneficial owner	2,500,000 <sup>(2)</sup>	0.25%
Mr. HO Cham	Interest of spouse	500,000	0.05%

### 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 two 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 2019, 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 2019, so far as the Directors are aware, the following substantial shareholders (other than the Directors and the chief executives of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

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

Notes:

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

Save as disclosed above, as at 30 June 2019, 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 2019 (for the six months ended 30 June 2018: Nil).



## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2019 RMB'000	2018 (Restated) RMB'000
<b>Continuing operations</b>			
Revenue	6	<b>178,248</b>	173,696
Cost of sales	7	<b>(100,567)</b>	(90,811)
<b>Gross profit</b>		<b>77,681</b>	82,885
Selling and marketing expenses	7	<b>(12,811)</b>	(13,820)
Administrative expenses	7	<b>(15,265)</b>	(18,065)
Net impairment losses on financial assets		<b>(200)</b>	–
Other income		<b>647</b>	509
Other gains – net	8	<b>7,326</b>	1,009
<b>Operating profit</b>		<b>57,378</b>	52,518
Finance income		<b>678</b>	406
Finance costs		<b>(894)</b>	–
Finance (costs)/income – net		<b>(216)</b>	406
<b>Profit before income tax</b>		<b>57,162</b>	52,924
Income tax expenses	9	<b>(14,438)</b>	(13,904)
<b>Profit from continuing operations</b>		<b>42,724</b>	39,020
<b>Profit/(Loss) from discontinued operation</b>		<b>635</b>	(968)
<b>Profit for the period</b>		<b>43,359</b>	38,052



INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2019 RMB'000	2018 (Restated) RMB'000
<b>Profit attributable to:</b>			
– Owners of the Company		<b>43,359</b>	38,052
– Non-controlling interests		–	–
		<b>43,359</b>	38,052
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company during the period</b> (expressed in RMB per share):			
– Basic earnings per share	10(a)	<b>0.042</b>	0.039
– Diluted earnings per share	10(b)	<b>0.042</b>	0.039
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company during the period</b> (expressed in RMB per share):			
– Basic earnings per share	10(a)	<b>0.043</b>	0.038
– Diluted earnings per share	10(b)	<b>0.043</b>	0.038

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
		(Restated)
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>43,359</b>	38,052
<b>Other comprehensive income</b>	–	–
<b>Total comprehensive income for the period</b>	<b>43,359</b>	38,052
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>43,359</b>	38,052
– Non-controlling interests	–	–
	<b>43,359</b>	38,052
<b>Total comprehensive income for the period attributable to owners of the Company arises from:</b>		
– Continuing operations	<b>42,724</b>	39,020
– Discontinued operation	<b>635</b>	(968)
	<b>43,359</b>	38,052

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2019</b>	2018
	Note	<b>RMB'000</b>	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>15,061</b>	14,860
Right-of-use assets	4	<b>21,082</b>	–
Investment properties	11	<b>9,402</b>	–
Intangible assets	11	<b>1,142</b>	669
Deferred income tax assets	20	<b>2,154</b>	1,743
Trade and other receivables	14	<b>11,655</b>	–
		<b>60,496</b>	17,272
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	<b>11,214</b>	40,448
Inventories	13	<b>8,211</b>	8,723
Trade and other receivables	14	<b>79,052</b>	55,690
Contract assets	15	<b>9,331</b>	12,429
Deferred income tax assets	20	<b>8</b>	–
Term deposits	16(a)	<b>66,552</b>	86,857
Restricted cash	16(b)	<b>615</b>	613
Cash and cash equivalents	16(c)	<b>302,521</b>	209,362
		<b>477,504</b>	414,122
Assets classified as held for sale	17	–	10,807
		<b>477,504</b>	424,929
<b>Total assets</b>		<b>538,000</b>	442,201



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	8,872	8,872
Share premium	18	179,118	179,118
Other reserves	19	(110,768)	(111,497)
Retained earnings		268,719	245,658
		<b>345,941</b>	322,151
<b>Non-controlling interests</b>		–	–
		<b>345,941</b>	322,151
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	4	27,569	–
Deferred income tax liabilities	20	1,024	3,000
		<b>28,593</b>	3,000
<b>Current liabilities</b>			
Trade and other payables	21	116,238	80,409
Contract liabilities	22	26,919	19,256
Lease liabilities	4	6,049	–
Deferred income tax liabilities	20	3,840	–
Current income tax liabilities		10,420	10,591
		<b>163,466</b>	110,256



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Liabilities directly associated with assets classified as held for sale	17	-	6,794
Total current liabilities		<b>163,466</b>	117,050
<b>Total liabilities</b>		<b>192,059</b>	120,050
<b>Total equity and liabilities</b>		<b>538,000</b>	442,201

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	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2018</b>	8,761	184,674	(117,178)	179,759	256,016	–	256,016
<b>Comprehensive income</b>							
Profit for the period	–	–	–	38,052	38,052	–	38,052
Other comprehensive income	–	–	–	–	–	–	–
	–	–	–	38,052	38,052	–	38,052
<b>Transactions with owners of the Company</b>							
Special dividends declared by the Company	–	(11,156)	–	–	(11,156)	–	(11,156)
Employees' share option scheme: – Proceeds from shares issued	19(c)	56	2,832	(563)	–	2,325	–
Appropriation of statutory reserves	19(a)	–	–	3,526	(3,526)	–	–
		56	(8,324)	2,963	(3,526)	(8,831)	–
<b>Balance at 30 June 2018</b>	8,817	176,350	(114,215)	214,285	285,237	–	285,237



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Attributable to owners of the Company					Non- controlling interests	Total equity
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 January 2019</b>		8,872	179,118	(111,497)	245,658	322,151	-	322,151
<b>Comprehensive income</b>								
Profit for the period		-	-	-	43,359	43,359	-	43,359
Other comprehensive income		-	-	-	-	-	-	-
		-	-	-	43,359	43,359	-	43,359
<b>Transactions with owners of the Company</b>								
Dividends declared by the Company	23	-	-	-	(19,569)	(19,569)	-	(19,569)
Appropriation of statutory reserves	19(a)	-	-	729	(729)	-	-	-
		-	-	729	(20,298)	(19,569)	-	(19,569)
<b>Balance at 30 June 2019</b>		8,872	179,118	(110,768)	268,719	345,941	-	345,941

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**  
**2019**                      2018  
**RMB'000**                      RMB'000

	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>50,006</b>	45,051
Income tax paid	<b>(7,702)</b>	(10,173)
Net cash generated from operating activities	<b>42,304</b>	34,878
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(975)</b>	(2,991)
Proceeds from disposal of property, plant and equipment	<b>325</b>	516
Purchases of intangible assets	<b>(217)</b>	(66)
Proceeds from disposal of assets classified as held for sale and liabilities directly associated with assets classified as held for sale	<b>4,826</b>	–
Proceeds from disposal of right-of-use assets	<b>1,230</b>	–
Decrease in term deposits	<b>20,305</b>	18,898
Purchase of financial assets at fair value through profit or loss	<b>(1,000)</b>	(27,400)
Purchase of financial assets at amortised cost	<b>–</b>	(6,071)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>30,509</b>	502
Interest received	<b>519</b>	592
Net cash generated from/(used in) investing activities	<b>55,522</b>	(16,020)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
		<b>RMB'000</b>	RMB'000
<b>Cash flows from financing activities</b>			
Principle and interest elements of lease payment		<b>(5,257)</b>	–
Proceeds from exercise of share options	19(c)	–	2,325
<hr/>			
Net cash (used in)/generated from financing activities		<b>(5,257)</b>	2,325
<hr/>			
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period	16(c)	<b>209,362</b>	187,404
Exchange gains on cash and cash equivalents		<b>590</b>	225
<hr/>			
<b>Cash and cash equivalents at end of period</b>	16(c)	<b>302,521</b>	208,812

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 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 23 August 2019.

This condensed consolidated interim financial information has not been audited.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 2 Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this information is to be read in conjunction with the annual report for the year ended 31 December 2018, 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 2018, as described in those annual financial statements, except for the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2019 (Note (4)) and the first adoption of accounting policy for investment property (Note (c)).



### 3 Accounting Policies (continued)

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

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over income tax treatments
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendment)	Prepayment features with negative compensation
HKAS 19 (Amendment)	Plan amendment, curtailment or settlement
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 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

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 Period Beginning on 1 January 2019 and not Early Adopted by the Group

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

		<b>Effective for annual years beginning on or after</b>
HKFRS 3 (Amendment)	Definition of Business	1 January 2020
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. 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.



### 3 Accounting Policies (continued)

#### (c) Investment Properties

Investment properties, principally right-of-use assets, are held for long-term rental yields and are not occupied by the Group. Investment properties is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at historical cost less depreciation.

Depreciation is calculated using the straight-line method from one to ten years over the expected life of the right-of-use assets, and charged to profit or loss.

### 4 Changes in Accounting Policies

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore not reflected in the consolidated balance sheet as at 31 December 2018 but recognised in the opening consolidated statement of financial position on 1 January 2019. In accordance with transition provisions in HKFRS 16, the Group has adopted the modified retrospective approach for transition to the new leases standard.

#### (a) Adjustments Recognised on Adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rates applied to the lease liabilities on 1 January 2019 range from 4.75% to 4.90%.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4 Changes in Accounting Policies (continued)

### (a) Adjustments Recognised on Adoption of HKFRS 16 (continued)

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	44,044
Discounted using the lessee's incremental borrowing rate of at the date of initial application	40,612
(Less): short-term leases recognised on a straight-line basis as expense	(139)
(Less): service component included in commitment	(6,160)
<b>Lease liability recognised as at 1 January 2019</b>	<b>34,313</b>
Of which are:	
Current lease liabilities	9,145
Non-current lease liabilities	25,168
	<b>34,313</b>
<b>Lease liability recognised as at 30 June 2019</b>	
Of which are:	
Current lease liabilities	6,049
Non-current lease liabilities	27,569
	<b>33,618</b>



## 4 Changes in Accounting Policies (continued)

### (a) Adjustments Recognised on Adoption of HKFRS 16 (continued)

All the right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets are all relate to properties:

	<b>30 June 2019 RMB'000</b>	1 January 2019 RMB'000
Properties	<b>21,082</b>	34,313

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- right-of-use assets – increase by RMB34,313,000
- lease liabilities – increase by RMB34,313,000.



## 4 Changes in Accounting Policies (continued)

### (a) Adjustments Recognised on Adoption of HKFRS 16 (continued)

#### (1) Impact on segment disclosures and earnings per share

Adjusted profit before tax (the "PBT"), segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments were affected by the change in policy:

	<b>Adjusted PBT RMB'000</b>	<b>Segment assets RMB'000</b>	<b>Segment liabilities RMB'000</b>
Off-campus training services	4,761	1,242	6,544
Property agency services	(8)	779	797
Information technology services	(64)	2,472	2,482
Property management services	(125)	225	1,265
Retail services	(174)	15,830	21,985
Others	(15)	534	545
	4,375	21,082	33,618

Earnings per share increased by RMB0.0032 per share for the six months to 30 June 2019 as a result of the adoption of HKFRS 16 as a lessee.



## 4 Changes in Accounting Policies (continued)

### (a) Adjustments Recognised on Adoption of HKFRS 16 (continued)

#### (2) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease".



## 4 Changes in Accounting Policies (continued)

### (b) The Group's Leasing Activities and How These are Accounted for

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

Until the year ended 31 December 2018, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



## 4 Changes in Accounting Policies (continued)

### (b) The Group's Leasing Activities and How These are Accounted for (continued)

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.



## 4 Changes in Accounting Policies (continued)

### (b) The Group's Leasing Activities and How These are Accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 5 Critical Accounting Estimates and Judgements

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.



## 6 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 and liabilities. Segment results excluded other income, other gains – net, finance income – net, central administration costs, income tax expenses, and segment assets excluded assets classified as held for sale, deferred income tax assets, financial assets at fair value through profit or loss, term deposits, restricted cash and cash and cash equivalents, and segment liabilities excluded liabilities directly associated with assets classified as held for sale, deferred income tax liabilities and dividend payables as these activities are centrally driven by the Group.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 Segment Information (continued)

### Segment Revenue and Results

The segment revenue and results and the reconciliation with profit from continuing operations for the period ended 30 June 2019 are as follows:

	Retail services RMB'000	Information technology services RMB'000	Property management services RMB'000	Off-campus training services RMB'000	Property agency services RMB'000	Renovation and fitting-out services RMB'000	Others RMB'000	Total RMB'000
Gross segment revenue	50,982	33,152	28,010	22,287	21,980	11,219	11,055	178,685
Inter-segment revenue	(9)	-	(428)	-	-	-	-	(437)
<b>Revenue</b>	<b>50,973</b>	<b>33,152</b>	<b>27,582</b>	<b>22,287</b>	<b>21,980</b>	<b>11,219</b>	<b>11,055</b>	<b>178,248</b>
Timing of revenue recognition								
At a point in time	43,424	-	-	-	-	-	-	43,424
Over time	7,549	33,152	27,582	22,287	21,980	11,219	11,055	134,824
	50,973	33,152	27,582	22,287	21,980	11,219	11,055	178,248
<b>Segment results</b>	<b>8,548</b>	<b>7,312</b>	<b>18,275</b>	<b>8,486</b>	<b>4,443</b>	<b>4,342</b>	<b>2,696</b>	<b>54,102</b>
Other income								647
Other gains – net								7,326
Finance costs – net								(216)
Unallocated expenses								(4,697)
Income tax expenses								(14,438)
<b>Profit from continuing operations for the period</b>								<b>42,724</b>
<b>Segment results include:</b>								
Depreciation and amortisation	3,351	834	391	1,399	146	-	526	6,647



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 Segment Information (continued) Segment Revenue and Results (continued)

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

	Retail services	Information technology services	Property management services	Off-campus training services	Property agency services	Renovation and fitting-out services	Others	Total (Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	54,006	46,985	26,693	18,366	4,127	16,358	7,651	174,186
Inter-segment revenue	(89)	(17)	(368)	-	-	-	(16)	(490)
<b>Revenue</b>	<b>53,917</b>	<b>46,968</b>	<b>26,325</b>	<b>18,366</b>	<b>4,127</b>	<b>16,358</b>	<b>7,635</b>	<b>173,696</b>
Timing of revenue recognition								
At a point in time	40,195	-	-	-	-	-	-	40,195
Over time	13,722	46,968	26,325	18,366	4,127	16,358	7,635	133,501
	53,917	46,968	26,325	18,366	4,127	16,358	7,635	173,696
<b>Segment results</b>	<b>9,210</b>	<b>11,683</b>	<b>16,835</b>	<b>6,585</b>	<b>2,171</b>	<b>6,382</b>	<b>1,934</b>	<b>54,800</b>
Other income								509
Other gains – net								1,009
Finance income – net								406
Unallocated expenses								(3,800)
Income tax expenses								(13,904)
<b>Profit from continuing operations for the period</b>								<b>39,020</b>
<b>Segment results include:</b>								
Depreciation and amortisation	1,012	266	48	250	2	-	343	1,921



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 Segment Information (continued)

The segment assets and liabilities and the reconciliation with total assets and liabilities of the Group as at 30 June 2019 and 31 December 2018 are as follows:

### Segment Assets

	As at	
	30 June 2019 RMB'000	31 December 2018 RMB'000
Retail services	39,110	21,013
Information technology services	61,672	33,818
Property management services	11,359	5,862
Off-campus training services	19,641	8,345
Property agency services	3,469	1,385
Renovation and fitting-out services	5,498	9,295
Others	14,187	12,653
<b>Total segment assets</b>	<b>154,936</b>	92,371
Assets classified as held for sale	–	10,807
Deferred income tax assets	2,162	1,743
Financial assets at fair value through profit or loss	11,214	40,448
Term deposits	66,552	86,857
Restricted cash	615	613
Cash and cash equivalents	302,521	209,362
<b>Total assets</b>	<b>538,000</b>	442,201



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 Segment Information (continued)

### Segment Liabilities

	As at	
	30 June 2019 RMB'000	31 December 2018 RMB'000
Retail services	61,404	34,096
Information technology services	41,314	22,099
Property management services	7,607	11,727
Off-campus training services	32,513	20,846
Property agency services	7,185	3,495
Renovation and fitting-out services	10,384	12,910
Others	7,219	5,083
<b>Total segment liabilities</b>	<b>167,626</b>	110,256
Liabilities directly associated with assets classified as held for sale	–	6,794
Deferred income tax liabilities	4,864	3,000
Dividend payables	19,569	–
<b>Total liabilities</b>	<b>192,059</b>	120,050

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



## 6 Segment Information (continued)

### Segment Liabilities (continued)

As at 30 June 2019, the balance of certain proceeds from the initial public offering of HK\$3.9 million, equivalent to RMB3.4 million (31 December 2018: of HK\$13.9 million, equivalent to RMB12.2 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 six months ended 30 June 2019, more than 90% of the Group's revenue were derived from activities carried out and from customers located in the PRC Mainland and no geographical segment analysis is prepared.

Clifford Estates (Panyu) Limited\* (廣州市番禺祈福新邨房地產有限公司), a company under significant influence of the spouse of Ms. MAN Lai Hung ("Ms. **Man**"), contributes more than 6% of the Group's revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 10%).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7 Expense by Nature Continuing Operations

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
		(Restated)
	<b>RMB'000</b>	RMB'000
Employee benefit expenses	<b>40,573</b>	35,660
Cost of goods sold for retail business	<b>25,779</b>	27,149
Construction cost for information technology services	<b>18,649</b>	28,053
Agency cost	<b>14,268</b>	222
Sub-contracting costs for renovation and fitting-out services	<b>8,275</b>	10,826
Depreciation and amortisation	<b>6,647</b>	1,921
Utilities – electricity, water and gas, etc.	<b>2,753</b>	2,675
Operating lease payments	<b>2,744</b>	5,427
Office expenses	<b>1,907</b>	1,804
Professional fee	<b>1,540</b>	1,498
Cost of raw materials and consumables	<b>1,373</b>	791
Auditor's remuneration	<b>750</b>	750
Others	<b>3,385</b>	5,920
	<b>128,643</b>	122,696



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8 Other Gains – Net Continuing Operations

	Six months ended 30 June	
	2019	2018 (Restated)
	RMB'000	RMB'000
Gains on disposal of right-of-use assets	5,916	–
Gains on foreign exchanges – net	590	173
Fair value gains on financial assets at fair value through profit or loss	275	114
Government grant	61	671
Others	484	51
	7,326	1,009



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9 Income Tax Expenses

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	(Restated) RMB'000
Current income tax:		
– PRC Mainland corporate income tax	<b>13,128</b>	12,981
– Hong Kong profits tax	<b>43</b>	39
– PRC Mainland withholding income tax	<b>–</b>	3,264
<b>Total current income tax</b>	<b>13,171</b>	16,284
Deferred income tax:		
– PRC Mainland corporate income tax	<b>895</b>	(116)
– PRC Mainland withholding income tax	<b>550</b>	(2,264)
<b>Total deferred income tax</b>	<b>1,445</b>	(2,380)
<b>Income tax expenses</b>	<b>14,616</b>	13,904
Income tax expenses is attributable to:		
– Profit from continuing operations	<b>14,438</b>	13,904
– Profit from discontinued operation	<b>178</b>	–
	<b>14,616</b>	13,904



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9 Income Tax Expenses (continued)

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018 (Restated)
	<b>RMB'000</b>	RMB'000
Profit from continuing operations before income tax expense	<b>57,162</b>	52,924
Profit/(Loss) from discontinued operation before income tax expense	<b>813</b>	(968)
Profit before tax	<b>57,975</b>	51,956
Tax charge at effective rate applicable to profits in the respective group entities	<b>14,015</b>	12,596
Tax effects of:		
– Income not subject to tax	<b>(44)</b>	(58)
– Expenses not deductible for tax purposes	<b>46</b>	84
– Tax losses for which no deferred income tax asset was recognised	<b>49</b>	282
PRC Mainland withholding income tax	<b>14,066</b> <b>550</b>	12,904 1,000
Tax charge	<b>14,616</b>	13,904

The weighted average applicable tax rate was 24% for the six months ended 30 June 2019 (six months ended 30 June 2018: 25%).



## 9 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. During the year ended 31 December 2017, a subsidiary of the Company obtained the Certificate of "High and New Technology Enterprise" with valid period from 2018 to 2020. According to the Corporate Income Tax Law of the People's Republic of China, corporations which obtain the Certificate of "High and New Technology Enterprise" are entitled to enjoy a preferential corporate income rate of 15%.

### 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 2019, 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%.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 Income Tax Expenses (continued)

#### Hong Kong Profits Tax

The applicable Hong Kong profits tax rate is 16.5%.

#### Overseas Corporate Income Tax

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

### 10 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	
	2019	2018 (Restated)
Profit from continuing operations attributable to the ordinary equity holders of the Company (RMB)	<b>42,724,000</b>	39,020,000
Weighted average number of ordinary shares in issue	<b>1,015,200,000</b>	1,002,698,619
Basic earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company during the period (expressed in RMB per share)	<b>0.042</b>	0.039



## 10 Earnings Per Share (continued)

### (a) Basic (continued)

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
		(Restated)
Profit/(Loss) attributable to the ordinary equity holders of the Company (RMB)		
– From continuing operations	<b>42,724,000</b>	39,020,000
– From discontinued operation	<b>635,000</b>	(968,000)
	<b>43,359,000</b>	38,052,000
Weighted average number of ordinary shares in issue	<b>1,015,200,000</b>	1,002,698,619
Basic earnings per share for profit attributable to the ordinary equity holders of the Company during the period (expressed in RMB per share)	<b>0.043</b>	0.038

### (b) Diluted

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10 Earnings Per Share (continued)

### (b) Diluted (continued)

As stated in Note 19(c), Employees' Share Option Scheme was adopted on 8 November 2016 and became effective on the same day. Diluted earnings per share for the six months ended 30 June 2019 was calculated as below:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018 (Restated)
Profit from continuing operations attributable to the ordinary equity holders of the Company (RMB)	<b>42,724,000</b>	39,020,000
Weighted average number of ordinary shares in issue	<b>1,015,200,000</b>	1,002,698,619
Adjustment for:		
– Employees' share options	<b>1,819,072</b>	10,733,757
Weighted average number of ordinary shares for diluted earnings per share	<b>1,017,019,072</b>	1,013,432,376
Diluted earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company during the period (expressed in RMB per share)	<b>0.042</b>	0.039



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**10 Earnings Per Share (continued)**  
**(b) Diluted (continued)**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
		(Restated)
Profit/(Loss) attributable to the ordinary equity holders of the Company (RMB)		
– From continuing operations	<b>42,724,000</b>	39,020,000
– From discontinued operation	<b>635,000</b>	(968,000)
	<b>43,359,000</b>	38,052,000
Weighted average number of ordinary shares in issue	<b>1,015,200,000</b>	1,002,698,619
Adjustment for:		
– Employees' share options	<b>1,819,072</b>	10,733,757
Weighted average number of ordinary shares for diluted earnings per share	<b>1,017,019,072</b>	1,013,432,376
Diluted earnings per share for profit attributable to the ordinary equity holders of the Company during the period (expressed in RMB per share)	<b>0.043</b>	0.038



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 Property, Plant and Equipment, Investment Properties and Intangible Assets

	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2018</b>			
Opening net book amount	18,638	–	590
Additions	2,991	–	66
Disposals	(292)	–	–
Depreciation and amortisation charge	(2,617)	–	(49)
<b>Closing net book amount</b>	<b>18,720</b>	<b>–</b>	<b>607</b>
<b>As at 30 June 2018</b>			
Cost	38,518	–	1,175
Accumulated depreciation and amortisation	(19,798)	–	(568)
<b>Net book amount</b>	<b>18,720</b>	<b>–</b>	<b>607</b>
<b>Six months ended 30 June 2019</b>			
Opening net book amount	<b>14,860</b>	–	<b>669</b>
Additions	<b>2,612</b>	–	<b>576</b>
Transfer from right-of-use assets	–	<b>11,033</b>	–
Disposals	<b>(326)</b>	–	–
Depreciation and amortisation charge	<b>(2,085)</b>	<b>(1,631)</b>	<b>(103)</b>
<b>Closing net book amount</b>	<b>15,061</b>	<b>9,402</b>	<b>1,142</b>
<b>As at 30 June 2019</b>			
Cost	<b>31,911</b>	<b>11,033</b>	<b>1,753</b>
Accumulated depreciation and amortisation	<b>(16,850)</b>	<b>(1,631)</b>	<b>(611)</b>
<b>Net book amount</b>	<b>15,061</b>	<b>9,402</b>	<b>1,142</b>



## 12 Financial Risk Management and Financial Instruments

### (a) Fair Value Hierarchy

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>Level 3</b>	Level 3
	<b>RMB'000</b>	RMB'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss ("FVPL")		
– Financial products with variable returns	<b>11,214</b>	40,448

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

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

**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.



## 12 Financial Risk Management and Financial Instruments (continued)

### (b) 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 2019:

	<b>Financial products at FVPL RMB'000</b>
<b>Opening balance as at 31 December 2018</b>	40,448
Acquisitions	1,000
Gains recognised in profit or loss	275
Disposals	(30,509)
<b>Closing balance as at 30 June 2019</b>	11,214
includes unrealised gains recognised in profit or loss attributable to balances held at 30 June 2019	(173)



## 12 Financial Risk Management and Financial Instruments (continued)

### (c) Valuation Inputs and Relationships to Fair Value

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2019 on a recurring basis:

Financial assets at fair value through profit or loss	Fair value at 30 June 2019 RMB'000	Valuation technique	Unobservable inputs*	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Financial products	11,214	Discounted cash flow	Expected interest rate per annum	3.00%-3.40%	A change expected interest rate per annum 100 basic points results in a change in FV by RMB110,000

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

As at 30 June 2019, financial assets at fair value through profit or loss represented unlisted financial products purchased from commercial banks.

### (d) Fair Values of Other Financial Instruments

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 Inventories

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Merchandise goods	<b>6,728</b>	6,991
Raw materials	<b>1,320</b>	1,514
Others	<b>163</b>	218
	<b>8,211</b>	8,723



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14 Trade and Other Receivables

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Trade receivables (Note (a)):		
– Related parties (Note 24(d))	<b>29,302</b>	21,265
– Third parties	<b>34,652</b>	12,942
Total trade receivables	<b>63,954</b>	34,207
Less: allowance for impairment of trade receivables	<b>(1,433)</b>	(1,367)
	<b>62,521</b>	32,840
Amounts placed in Residents' Accounts (Note (b))	<b>3,147</b>	3,123
Other receivables:		
– Related parties (Note 24(d))	<b>4,896</b>	4,116
– Third parties	<b>16,910</b>	9,773
Total other receivables	<b>21,806</b>	13,889
Less: allowance for impairment of other receivables	<b>(165)</b>	(30)
	<b>21,641</b>	13,859
Prepayments:		
– Third parties	<b>3,398</b>	5,868
Less:		
– trade receivables included in non-current assets	<b>(3,865)</b>	–
– other receivables included in non-current assets	<b>(7,790)</b>	–
	<b>(11,655)</b>	–
	<b>79,052</b>	55,690



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14 Trade and Other Receivables (continued)

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

During the six months ended 30 June 2019 and 2018, the credit period granted to trade customers of information technology services and renovation and fitting-out services varies from one month to one year; the trading of retail services, catering services, off-campus training services, property agency services, employment placement services and laundry services are mainly carried out on a cash basis.

As at 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Up to 1 year	<b>59,057</b>	29,800
1 to 2 years	<b>2,917</b>	2,242
Over 2 years	<b>1,980</b>	2,165
	<b>63,954</b>	34,207



## 14 Trade and Other Receivables (continued)

- (b) Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened bank accounts on behalf of the residents (“**Residents’ Accounts**”). These Residents’ Accounts are used to collect the property management fee and resident support services fee from the residents. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts. As at 30 June 2019, amounts included in Residents’ Accounts of RMB3,147,000 represented the balances of the property management commission fee and resident support service fee entitled by the property management companies (31 December 2018: RMB3,123,000). As at 30 June 2019, amounts placed in Resident’s Accounts carry interest at prevailing rates from 0.30% to 2.10% per annum (31 December 2018: 0.50% to 2.10% per annum). The fair value of these balances approximates their carrying amounts.

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2019, a provision of RMB1,598,000 (31 December 2018: RMB1,397,000) was made against the gross amounts of trade and other receivables.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 Contract Assets

	As at	
	<b>30 June 2019 RMB'000</b>	31 December 2018 RMB'000
Amount due from customers for contract works		
– Related parties (Note 24(d))	<b>1,392</b>	738
– Third parties	<b>7,939</b>	11,691
	<b>9,331</b>	12,429

## 16 Cash and Bank Balances

### (a) Term Deposits

	As at	
	<b>30 June 2019 RMB'000</b>	31 December 2018 RMB'000
Matured over 3 months	<b>66,552</b>	86,857

As at 30 June 2019, the term deposits carry interest at prevailing deposit rates which range from 1.55% to 2.10% per annum (31 December 2018: 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.

### (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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**16 Cash and Bank Balances (continued)**  
**(c) Cash and Cash Equivalents**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Cash at bank and on hand	<b>272,789</b>	188,994
Short-term bank deposits	<b>29,732</b>	20,368
	<b>302,521</b>	209,362

As at 30 June 2019, short-term bank deposits carry interest at prevailing deposit rates which range from 0.30% to 1.35% per annum (31 December 2018: 0.50% to 1.50% per annum).

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Cash and cash equivalents denominated in:		
– RMB	<b>268,570</b>	188,153
– HK\$	<b>33,944</b>	21,202
– US\$	<b>7</b>	7
	<b>302,521</b>	209,362

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.



## 17 Assets Classified as Held for Sale

### (a) Description

In December 2018, the Group terminated operation of all its catering outlets under Guangzhou Clifford Farm Restaurant Catering Limited\* 廣州市祈福農家菜館餐飲有限公司, Guangzhou Clifford Big Brother Congee & Noodles Limited\* 廣州市祈福一哥雲吞麵有限公司, Guangzhou Clifford Herbal Cuisine Catering Limited\* 廣州市祈福藥膳坊餐飲有限公司, Guangzhou Mascot Catering Limited\* 廣州市福品餐飲有限公司 (together, the “**Catering Companies**”). According to the agreement dated 1 January 2019, major assets and liabilities of the outlets of the Catering Companies were sold to a third party. As at 30 June 2019, 6 of 15 outlets of the Catering Companies were deregistered.

Financial information of the Catering Companies is presented as a discontinued operation in the consolidated financial statements for the year ended 31 December 2018 and in the condensed consolidated financial information for and the six months ended 30 June 2019. Financial information of the Catering Companies is re-presented as a discontinued operation in the condensed consolidated financial information for the six months ended 30 June 2018. For further information about the discontinued operation please refer to note 19 in the Group’s annual report for the year ended 31 December 2018.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 Assets Classified as Held for Sale (continued)

### (b) Financial Performance and Cash Flow Information

The financial performance and cash flow information presented reflects the operation for the six months ended 30 June 2019 and 2018.

	Six months ended	
	30 June	
	2019	2018
	RMB'000	RMB'000
Revenue from contracts with customers	–	12,442
Cost of sales	–	(10,244)
<b>Gross profit</b>	–	2,198
Selling and marketing expenses	–	(166)
Administrative expenses	<b>(16)</b>	(3,043)
Other income	–	11
Other gains – net	–	32
Gain on sale of assets classified as held for sale and liabilities directly associated with assets classified as held for sale	<b>829</b>	–
<b>Profit/(Loss) before income tax</b>	<b>813</b>	(968)
Income tax expense	<b>(178)</b>	–
<b>Profit/(Loss) from discontinued operation</b>	<b>635</b>	(968)



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 Assets Classified as Held for Sale (continued)

### (b) Financial Performance and Cash Flow Information (continued)

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Net cash outflow from operating activities	(16)	(1,444)
Net cash inflow/(outflow) from investing activities	4,780	(25)
Net cash inflow from financing activities	–	–
<b>Net increase in cash generated/(used) by the Discontinued Operation</b>	<b>4,764</b>	<b>(1,469)</b>

### (c) Details of the Sale of Assets and Liabilities of the Catering Companies

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Consideration received	4,826	–
Carrying amount of net assets sold	(4,013)	–
<b>Gain on sale before income tax</b>	<b>813</b>	<b>–</b>
Income tax expense	(178)	–
<b>Gain on sale after income tax</b>	<b>635</b>	<b>–</b>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 Share Capital and Share Premium

	Number of ordinary shares		Share capital	Share premium	Total
	Shares	HK\$	Translated to RMB'000	RMB'000	RMB'000
<b>Authorised:</b>					
At 30 June 2018 and 2019	10,000,000,000	100,000,000	87,440		
<b>Issued and fully paid:</b>					
<b>Six months ended 30 June 2019</b>					
As at 1 January 2019 and as at 30 June 2019	<b>1,015,200,000</b>	<b>10,152,000</b>	<b>8,872</b>	<b>179,118</b>	<b>187,990</b>
<b>Six months ended 30 June 2018</b>					
As at 1 January 2018	1,001,950,000	10,019,500	8,761	184,674	193,435
Employees' share option scheme:					
– Proceeds from shares issued	6,750,000	67,500	56	2,832	2,888
Special dividends declared by the Company	–	–	–	(11,156)	(11,156)
As at 30 June 2018	1,008,700,000	10,087,000	8,817	176,350	185,167



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 Other Reserves

	Statutory reserve (Note (a)) RMB'000	Capital reserve (Note (b)) RMB'000	Share-based compensation reserve (Note (c)) RMB'000	Reserves for transactions with non- controlling interests RMB'000	Total RMB'000
<b>As at 1 January 2018</b>	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
<b>As at 30 June 2018</b>	20,176	(121,099)	1,039	(14,331)	(114,215)
<b>As at 1 January 2019</b>	<b>23,431</b>	<b>(121,099)</b>	<b>502</b>	<b>(14,331)</b>	<b>(111,497)</b>
Appropriation of statutory reserves	729	–	–	–	729
<b>As at 30 June 2019</b>	<b>24,160</b>	<b>(121,099)</b>	<b>502</b>	<b>(14,331)</b>	<b>(110,768)</b>

### (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.



## 19 Other Reserves (continued)

### (b) Capital Reserve

The amounts of RMB111,305,000 represented the difference between the carrying value of the listing business and the par value of shares issued by the Company to the then shareholders of the Group in exchange of the listing business during the reorganisation for the Listing. The remaining balance of RMB9,794,000 represented paid-in capital of the acquired subsidiary in a business combination under common control in 2018.

### (c) Employees' Share Option Scheme

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

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

During the six months ended 30 June 2019, no share option was exercised, and the number of share options outstanding remains 5,975,000 (31 December 2018: 5,975,000).

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

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 20 Deferred Income Tax

The analysis of deferred income tax liabilities is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered within 12 months	<b>8</b>	–
– Deferred income tax assets to be recovered after more than 12 months	<b>2,154</b>	1,743
	<b>2,162</b>	1,743
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered within 12 months	<b>(3,840)</b>	(3,000)
– Deferred income tax liabilities to be recovered after more than 12 months	<b>(1,024)</b>	–
	<b>(4,864)</b>	(3,000)
Deferred income tax liabilities – net	<b>(2,702)</b>	(1,257)



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 20 Deferred Income Tax (continued)

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

	<b>Temporary difference relating to expenses not temporarily deductible</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
<b>Deferred income tax assets</b>		
As at 1 January	<b>1,743</b>	1,017
Credited to consolidated income statement (Note 9)	<b>419</b>	116
As at 30 June	<b>2,162</b>	1,133



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 20 Deferred Income Tax (continued)

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

	<b>Temporary difference relating to undistributed profit of subsidiaries</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
<b>Deferred income tax liabilities</b>		
As at 1 January	<b>(3,000)</b>	(3,264)
(Charged)/credited to consolidated income statement (Note 9)	<b>(1,864)</b>	2,264
As at 30 June	<b>(4,864)</b>	(1,000)

As at 30 June 2019, the Group did not recognise deferred income tax assets of RMB845,000 (31 December 2018: RMB1,041,000) in respect of tax losses of RMB4,331,000 (31 December 2018: RMB5,089,000). Tax losses of group entities operated in the PRC Mainland could be carried forward for a maximum of five years.

As at 30 June 2019, the Group has not recognised the provision of PRC Mainland withholding income tax of RMB5,930,000 (31 December 2018: RMB4,119,000) in relation to the undistributed profits of certain PRC Mainland group entities totalling RMB118,606,143 (2018: RMB82,380,000) as the Group does not have a plan to distribute these profits out of the PRC Mainland in the foreseeable future.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21 Trade and Other Payables

	<b>As at</b>	
	<b>30 June 2019 RMB'000</b>	31 December 2018 RMB'000
Trade payables (Note (a)):		
– Related parties (Note 24(d))	<b>7</b>	–
– Third parties	<b>45,187</b>	37,036
	<b>45,194</b>	37,036
Other payables:		
– Related parties (Note 24(d))	<b>8,138</b>	5,187
– Third parties	<b>22,326</b>	18,617
	<b>30,464</b>	23,804
Accrued payroll	<b>15,514</b>	15,130
Dividend payables (Note 23)	<b>19,569</b>	–
Other taxes payables	<b>5,497</b>	4,439
	<b>116,238</b>	80,409



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21 Trade and Other Payables (continued)

- (a) As at 30 June 2019 and 31 December 2018, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Up to 1 year	<b>40,211</b>	34,524
1 to 2 years	<b>3,935</b>	765
Over 2 years	<b>1,048</b>	1,747
	<b>45,194</b>	37,036

## 22 Contract Liabilities

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Advances from customers		
– Related parties (Note 24(d))	<b>1,216</b>	1,434
– Third parties	<b>19,199</b>	16,338
	<b>20,415</b>	17,772
Amounts due to customers for contract works		
– Related parties (Note 24(d))	<b>1,465</b>	1,046
– Third parties	<b>5,039</b>	438
	<b>6,504</b>	1,484
	<b>26,919</b>	19,256



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 23 Dividend

Pursuant to the approval at the annual general meeting of shareholders of the Company on 28 June 2019, a dividend of HK\$2.20 cents per share was declared out of the Company's retained earnings. The dividend amounting to HK\$22,334,000 (equivalent to RMB19,569,000) based on the total number of issued shares of the Company of 1,015,200,000 shares was recognised as a liability in the interim condensed consolidated statement of financial position.

No interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil) has been proposed by the board of directors of the Company.

### 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



## 24 Related Party Transactions (continued)

### (a) Name and Relationship with Related Parties: (continued)

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



## 24 Related Party Transactions (continued)

### (a) Name and Relationship with Related Parties: (continued)

Name	Relationship
Guangzhou Zhan Sheng Commercial Property Management Company Limited* 廣州市展盛商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Commercial Property Management Company Limited* 廣州市祈福繽紛世界商業地產經營管理有限公司	Company under control of the spouse of Ms. Man
Guangzhou Clifford Wonderland Company Limited* 廣州市祈福繽紛樂園有限公司	Company under control of the spouse of Ms. Man
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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 24 Related Party Transactions (continued)

### (a) Name and Relationship with Related Parties: (continued)

Name	Relationship
Guangzhou Panyu Clifford English Experimental Primary School* 廣州市番禺區祈福英語實驗小學	Company under joint control of the spouse of Ms. Man and independent third parties
Guangzhou Panyu Clifford Estates Resort Club Company Limited* 廣州市番禺祈福新邨渡假俱樂部有限公司	Company under significant influence of the spouse of Ms. Man
Clifford Estates (Panyu) Limited* 廣州市番禺祈福新邨房地產有限公司	Company under significant influence of the spouse of Ms. Man
Guangzhou Clifford Estates School* 廣州市番禺區祈福新邨學校	Company under significant influence of the spouse of Ms. Man
Guangzhou Panyu Clifford English Experimental Kindergarten* 廣州市番禺區祈福英語實驗幼兒園	Company under significant influence of the spouse of Ms. Man

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 24 Related Party Transactions (continued)

### (b) The Following Transactions were Carried out with Related Parties:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Sales of goods to:		
Companies under control of the spouse of Ms. Man	364	441
Companies under control of Ms. Man	110	45
Companies under significant influence of the spouse of Ms. Man	109	166
A company under joint control of the spouse of Ms. Man and independent third parties	54	37
	<b>637</b>	689
Provision of services to:		
Companies under control of the spouse of Ms. Man	20,948	8,318
Companies under significant influence of the spouse of Ms. Man	13,054	47,931
A company under joint control of the spouse of Ms. Man and independent third parties	415	232
Companies under control of Ms. Man	50	30
	<b>34,467</b>	56,511
Rental expenses charged by:		
Companies under significant influence of the spouse of Ms. Man	2,708	2,701
Companies under control of the spouse of Ms. Man	2,369	3,340
	<b>5,077</b>	6,041



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 24 Related Party Transactions (continued)

### (c) Key Management Compensation

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Salaries and other employee benefits	<b>2,237</b>	2,148

### (d) Balances with Related Parties

	As at	
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
Receivables from related parties		
– Trade receivables (Note (i))		
Companies under significant influence of the spouse of Ms. Man	<b>16,660</b>	11,672
Companies under control of the spouse of Ms. Man	<b>12,394</b>	9,498
A company under joint control of the spouse of Ms. Man and independent third parties	<b>224</b>	88
Companies under control of Ms. Man	<b>24</b>	7
	<b>29,302</b>	21,265



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**24 Related Party Transactions (continued)**  
**(d) Balances with Related Parties (continued)**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
– Other receivables (Note (ii))		
Companies under control of the spouse of Ms. Man	<b>3,703</b>	3,244
Companies under significant influence of the spouse of Ms. Man	<b>1,141</b>	725
Companies under control of Ms. Man	<b>44</b>	67
A company under joint control of the spouse of Ms. Man and independent third parties	<b>8</b>	80
	<b>4,896</b>	4,116
– Contract assets		
Companies under control of the spouse of Ms. Man	<b>1,176</b>	26
Companies under significant influence of the spouse of Ms. Man	<b>216</b>	712
	<b>1,392</b>	738
Total receivables from related parties	<b>35,590</b>	26,119



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 24 Related Party Transactions (continued)

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

	As at	
	30 June 2019 RMB'000	31 December 2018 RMB'000
Payables to related parties		
– Trade payables (Note (i))		
Companies under significant influence of the spouse of Ms. Man	7	–
– Other payables (Note (ii))		
Companies under significant influence of the spouse of Ms. Man	4,346	1,534
Companies under control of the spouse of Ms. Man	3,792	3,639
A company under joint control of the spouse of Ms. Man and independent third parties	–	14
	<b>8,138</b>	5,187



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**24 Related Party Transactions (continued)**  
**(d) Balances with Related Parties (continued)**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
– Contract liabilities		
Companies under control of the spouse of Ms. Man	<b>2,039</b>	1,809
Companies under significant influence of the spouse of Ms. Man	<b>642</b>	535
A company under joint control of the spouse of Ms. Man and independent third parties	–	136
	<b>2,681</b>	2,480
<b>Total payables to related parties</b>	<b>10,826</b>	7,667

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