祈福生活服務
CLIFFORD MODERN LIVING

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3686)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Percentage
	2017	2016	**change**
	RMB'000	*RMB'000*	
Revenue	**152,890**	139,793	**+9.4%**
Gross profit	**68,016**	54,952	**+23.8%**
Operating profit	**31,777**	20,547	**+54.7%**
Profit before income tax	**32,058**	20,711	**+54.8%**
Profit for the period	**21,545**	11,983	**+79.8%**
Profit attributable to:			
Owners of the Company	**20,482**	10,618	**+92.9%**
Non-controlling interests	**1,063**	1,365	**-22.1%**
Gross profit margin (%)	**44%**	39%	**+12.8%**
Net profit margin (%)	**14%**	9%	**+55.6%**
Earnings per share ("EPS") attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic earnings per share	**0.020**	0.014	**+42.9%**
– Diluted earnings per share	**0.020**	0.014	**+42.9%**

The board of directors (individually, a "**Director**", or collectively, the "**Board**") of Clifford Modern Living Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results (the "**Interim Results**") of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**Reporting Period**"). The Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	Note	**2017**	2016
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**152,890**	139,793
Cost of sales		**(84,874)**	(84,841)
Gross profit		**68,016**	54,952
Selling and marketing expenses		**(13,367)**	(9,935)
Administrative expenses		**(21,436)**	(25,071)
Other income		**354**	204
Other (losses)/gains – net		**(1,790)**	397
Operating profit		**31,777**	20,547
Finance income		**281**	174
Share of loss from investment in an associate		**–**	(10)
Profit before income tax		**32,058**	20,711
Income tax expenses	*5*	**(10,513)**	(8,728)
Profit for the period		**21,545**	11,983
Profit attributable to:			
– Owners of the Company		**20,482**	10,618
– Non-controlling interests		**1,063**	1,365
		21,545	11,983
Earnings per share attributable to the owners of the Company during the period (expressed in RMB per share):			
– Basic earnings per share	*6(a)*	**0.020**	0.014
– Diluted earnings per share	*6(b)*	**0.020**	0.014

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**18,452**	19,477
Intangible assets		**443**	444
Deferred income tax assets		**327**	–
		19,222	19,921
Current assets			
Inventories		**11,147**	11,542
Trade and other receivables	*7*	**42,773**	41,564
Term deposits		**37,869**	27,544
Restricted cash		**609**	608
Cash and cash equivalents		**196,478**	181,853
		288,876	263,111
Total assets		**308,098**	283,032
EQUITY			
Equity attributable to owners of the Company			
Share capital	*8*	**8,757**	8,744
Share premium	*8*	**184,483**	183,824
Reserves		**(110,299)**	(98,535)
Retained earnings		**128,549**	109,288
		211,490	203,321
Non-controlling interests		**–**	6,381
Total equity		**211,490**	209,702
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,850**	1,200
Current liabilities			
Trade and other payables	*9*	**85,682**	64,712
Current income tax liabilities		**9,076**	7,418
		94,758	72,130
Total liabilities		**96,608**	73,330
Total equity and liabilities		**308,098**	283,032

NOTES

1 GENERAL INFORMATION

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

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 November 2016 (the "Listing"). The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are primarily engaged in the provision of services to residents in properties developed under the brand name of Clifford, including retail services, catering services, property management services, laundry services, off-campus training services, property agency services, employment placement services, etc. (the "Listing Business") in the People's Republic of China (the "PRC mainland").

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

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

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

(a) Amended Standards Adopted by the Group

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

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

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

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

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

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

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

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

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

4 SEGMENT INFORMATION

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

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

Segment Revenue and Results

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

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

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

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

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

Segment Assets

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

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

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

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

5 INCOME TAX EXPENSES

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

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

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

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

PRC Mainland Corporate Income Tax

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

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

PRC Mainland Withholding Income Tax

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

Hong Kong Profits Tax

The applicable Hong Kong profits tax rate is 16.5%.

Overseas Corporate Income Tax

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

6 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	
	2017	2016
Profit attributable to equity holders of the Company *(RMB)*	**20,482,000**	10,618,000
Weighted average number of ordinary shares in issue	**1,000,207,182**	750,000,000
Basic earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)	**0.020**	0.014

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

(b) Diluted

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

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

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

7 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

8 SHARE CAPITAL AND SHARE PREMIUM

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

9 TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

1. Property management services: We provide property management services to 15 residential communities and two pure commercial properties, with an aggregate contracted gross floor area ("**GFA**") of approximately 6,673,000 sq.m. as of 30 June 2017 (31 December 2016: 13 residential communities and two pure commercial properties, 5,951,000 sq.m.). The two new residential communities are "Clifford Wonderview (祈福繽紛匯)" and "The Green (果嶺天地)" respectively developed by the companies which are under the control of (or 30% or more of issued share capital of which are owned by) the spouse of Ms. MAN Lai Hung, our executive Director, (the "**Private Group**"). Property management services primarily include general property management services and resident support services;

2. Retail services: We primarily operate 17 retail outlets (two supermarkets, one wet market, 13 convenience stores and one imported goods specialty store) of different scales mainly located in "Clifford Estates (祈福新邨)" and other areas in proximity, covering a total GFA of approximately 12,000 sq.m. as of 30 June 2017 (31 December 2016: 17 retail outlets, covering a total of approximately 10,000 sq.m.). As of 30 June 2017, we have upgraded one of our convenience stores to a supermarket;

3. Catering services: We primarily operate 16 catering outlets (five Chinese restaurants, six casual dining restaurants, four East Asian and Western restaurants and one café) serving different types of cuisines and in different dining styles mainly located in Clifford Estates and other areas in proximity, covering a total GFA of approximately 6,000 sq.m. as of 30 June 2017 (31 December 2016: 17 catering outlets, covering a total GFA of approximately 6,000 sq.m.); and

4. Ancillary living services: We primarily provide off-campus training services, property agency services, employment placement services and laundry services (collectively, "**Ancillary Living Services**").

Property Management Services

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

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

Retail Services

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

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

Catering Services

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

Ancillary Living Services

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

Off-campus Training Services

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

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

Property Agency Services

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

Employment Placement Services

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

Laundry Services

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

Revision of annual cap for continuing connected transactions

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

PROSPECTS AND FUTURE PLANS

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

Property Management

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

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

Accelerate our business growth through acquisitions of property management companies

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

Retail and Catering

Further expand our retail network and catering network

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

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

Further Expand our Ancillary Services

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

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

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

Develop Online Marketing and Build Online Distribution Channels

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

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

FINANCIAL REVIEW

Revenue

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

Property management services

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

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

Retail services

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

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

Catering services

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

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

Ancillary Living Services

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

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

Cost of Sales

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

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

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

Gross Profit and Gross Profit Margin

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

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

Our gross profit increased from RMB55.0 million for the six months ended 30 June 2016 to RMB68.0 million for the six months ended 30 June 2017, representing an increase of RMB13.0 million or 23.8%. Meanwhile, our gross profit margin improved from 39% for the six months ended 30 June 2016 to 44% for the six months ended 30 June 2017. The increase in gross profit was mainly due to the contribution of our property management services, retail services, catering services and Ancillary Living Services segments. The increase in gross profit margin was mainly attributable to change of tax policy by the PRC mainland government from business tax to value-added tax effective from 1 May 2016. All of our business segments revenue are recorded at net basis after excluding of value-added tax of 6% for the six months ended 30 June 2017 while revenue were recorded at gross basis including business tax of 5% before 1 May 2016 for the six months ended 30 June 2016. Except for direct sales of our retail services which have been adopting value-added tax for both periods, gross profit margin of other business segments increased due to such tax policy change. In addition, the increase in gross profit margin of our property management services segment from 59% for the six months ended 30 June 2016 to 62% for the six months ended 30 June 2017 was mainly attributable to the increase in the number of large scale renovation and fitting-out projects which have higher profit margin.

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

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

Selling and Marketing Expenses

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

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

Administrative Expenses

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

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

Other Gains or Losses – Net

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

Other Income

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

Finance Income

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

Income Tax Expenses

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

Net Profit and Adjusted Profit for the Period

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

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

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

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

Property, Plant and Equipment

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

Inventories

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

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

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

Trade and Other Receivables

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

Trade receivables

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

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

Other receivables

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

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

Trade and Other Payables

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

Trade payables

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

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

Other payables

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

Advances from customers

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

Accrued payroll

Our accrued payroll decreased by 12.7% from RMB14.5 million to RMB12.7 million as at 31 December 2016 and 30 June 2017, respectively. This was primarily due to the decrease in number of employees in our property management services during the period.

INTERIM DIVIDEND

The Board has resolved not to recommend any interim dividend in respect of the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

LIQUIDITY AND CAPITAL RESOURCES

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

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

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code for the period throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Ms. LAW Elizabeth (Chairman), Mr. HO Cham and Mr. MAK Ping Leung and one non-executive Director, namely Mr. LIU Xing (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). The unaudited interim financial information for the six months ended 30 June 2017 has been reviewed with no disagreement by the Audit Committee of the Company. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2017 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cliffordmodernliving.com). The 2017 interim report of the Company for the six months ended 30 June 2017 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

By Order of the Board
Clifford Modern Living Holdings Limited
MAN Lai Hung
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the board of directors of the Company comprises Ms. MAN Lai Hung, Mr. SUN Derek Wei Kong, Mr. LEONG Chew Kuan and Ms. LIANG Yuhua as executive Directors; Mr. LIU Xing as non-executive Director; and Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung as independent non-executive Directors.

* *for identification purpose only*