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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)

CONTINUING CONNECTED TRANSACTIONS:

(1) 2021 MASTER TENANCY AGREEMENTS; AND

(2) 2021 MASTER COMPOSITE SERVICES AGREEMENTS

(1) THE 2021 MASTER TENANCY AGREEMENTS

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions as provided under the Existing Consolidated MTA (i.e. the 2016 Master Tenancy Agreement, as supplemented by the 2017 & 2018 Supplemental MTAs).

On 29 October 2021, for the purpose of replacing the Existing Consolidated MTA, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2021 Master Tenancy Agreements, comprising:

- (i) 2021 MTA No.1 made with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord); and
- (ii) 2021 MTA No.2 made with Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) (as landlord),

pursuant to which the respective landlords agreed to lease certain properties to the Group, on and subject to the respective terms and conditions contained therein.

Implications of the Listing Rules regarding the 2021 MTAs

Ms. Wendy Man is an executive Director, the chairman of the Board and one of the controlling shareholders of the Company, and hence Ms. Wendy Man's associates are connected persons of the Company under Rule 14A.07 of the Listing Rules. As at the date of this announcement, the ultimate controlling shareholder of the Private Group (including Clifford Estates Panyu) is Ms. Wendy Man's Spouse, while that of the WM Healthcare Group (including Clifford Medical) is Ms. Wendy Man. As such, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are associates of Ms. Wendy Man, and hence connected persons of the Company under the Listing Rules.

The transactions contemplated under 2021 MTA No.1 and 2021 MTA No.2 are not aggregated under Rule 14A.81 of the Listing Rules, for the reasons that (i) the locations of the properties leased under 2021 MTA No.1 and 2021 MTA No.2 respectively are different; (ii) the nature and uses of the properties leased under the 2021 MTAs are different; and (iii) the properties leased under the 2021 MTAs are used as the Group's operating or business outlets, offices or warehouses, which are in the ordinary and usual course of its existing business, and hence will not lead to any involvement by the Group in a new business activity.

For 2021 MTA No.1, as all of the applicable percentage ratios (other than the profits ratio) in respect of the largest annual cap thereunder is more than 5% (but less than 25%) and such largest annual cap is more than HK\$10 million, 2021 MTA No.1 and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For 2021 MTA No.2, as all of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps thereunder are less than 5% and all of such annual caps are less than HK\$3 million, 2021 MTA No.2 and the transactions contemplated thereunder are therefore fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Considering the relevance of 2021 MTA No.1 and 2021 MTA No.2, brief details of 2021 MTA No.2 and the transactions contemplated thereunder are also included in this announcement for the Shareholder's information.

(2) THE 2021 MASTER COMPOSITE SERVICES AGREEMENTS

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions as provided under the 2018 MCSA.

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into the 2021 Master Composite Services Agreements, comprising:

- (i) 2021 MCSA No.1 made with Clifford Estates Panyu (for itself and on behalf of the other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of the other members of the WM Non-HC Group) (as receiving parties); and
- (ii) 2021 MCSA No.2 made with Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group) (as receiving parties),

pursuant to which the Group agreed to provide to the respective receiving parties (a) procurement, property management, laundry, resident support and maintenance, employment placement agency service and property agency services (collectively, living services); (b) engineering and maintenance services (relating to information technology, security systems and hardware and software integration); and (c) telecommunication services for the three years ending 31 December 2024, on and subject to the respective terms and conditions contained therein.

Implications of the Listing Rules regarding the 2021 MCSAs

For the reasons stated in the paragraph headed “Implications of the Listing Rules regarding the 2021 MTAs” above, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are connected persons of the Company under the Listing Rules. As for Clifford Xianhu Hotel and the WM Non-HC Group, their ultimate controlling shareholder is Ms. Wendy Man. For such reasons, the WM Non-HC Group (including Clifford Xianhu Hotel) are associates of Ms. Wendy Man, and hence connected persons of the Company under the Listing Rules. Accordingly, the entering into of the 2021 Master Composite Services Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under 2021 MCSA No.1 and 2021 MCSA No.2 are aggregated as if they were one transaction, on the basis that (i) both of them involve the provision of living services, engineering and maintenance services by the Group which are of similar nature, and (ii) the respective receiving parties, namely, the Private Group, the WM Non-HC Group and the WM Healthcare Group, are all connected persons (as defined under the Listing Rules). As more than one of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the two 2021 MCSAs is more than 25% (but less than 75%) and the annual consideration is more than HK\$10 million, the 2021 MCSAs and the transactions contemplated thereunder (including the proposed annual caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of, among other matters, the 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the proposed annual caps thereof).

A circular will be despatched to all Shareholders, and it will contain, among others, (i) further details of the 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matters; (iv) a notice of the EGM; and (v) such other information as required under the Listing Rules. The circular is expected to be despatched on or before 19 November 2021, as additional time is required to prepare and finalise certain information to be included in the circular.

(1) THE 2021 MASTER TENANCY AGREEMENTS

Introduction

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions provided under the existing 2016 Master Tenancy Agreement (as supplemented by the 2017 & 2018 Supplemental MTAs).

Pursuant to the Existing Consolidated MTA entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the then Private Group) (as landlord) and the Company (for itself and on behalf of its subsidiaries) (as tenant), Clifford Estates Panyu agreed to lease certain properties to the Company, on and subject to the respective terms and conditions contained therein.

The original term under the Existing Consolidated MTA commenced with effect from 1 January 2016 until the tenth anniversary of such commencement date, and may be renewed for a successive period of ten years by mutual consent upon the initial expiry, subject to compliance with the then applicable requirements of the Listing Rules. At the Company's extraordinary general meeting held on 28 January 2019, the then Independent Shareholders approved the annual caps in respect of the transactions contemplated under the MTA (as supplemented by the 2017 & 2018 Supplemental MTAs) for each of FY2019, FY2020 and FY2021. It is expected that the Company will continue to lease such properties under the Existing Consolidated MTA after 31 December 2021.

During 2020 and 2021, corporate reorganisation is being implemented in respect of certain companies which are members of the then WM Group and members of the then Private Group, and which principally engage in the provision hospital/clinical, elderly and postpartum care services, healthcare and related services in the PRC. Upon the completion of such reorganisation ("**WM Healthcare Group Reorganisation**"), these companies will become the subsidiaries of Clifford Medical, and hence members of the WM Healthcare Group.

On 29 October 2021, for the purpose of replacing the Existing Consolidated MTA in order to streamline the management of the lease arrangements in the future, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2021 Master Tenancy Agreements, comprising:

- (i) 2021 MTA No.1 made with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord); and

- (ii) 2021 MTA No.2 made with Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) (as landlord),

pursuant to which the respective landlords agreed to lease certain properties to the Company, on and subject to the respective terms and conditions contained therein. Each of 2021 MTA No.1 and 2021 MTA No.2 has a term of three years commencing from 1 January 2022 to 31 December 2024.

Principal terms of the 2021 Master Tenancy Agreements

2021 MTA No.1

The principal terms of 2021 MTA No.1 are summarised below:

Date of 2021 MTA No.1:	29 October 2021 (after trading hours)
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as tenant)
	(ii) Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord)
Premises to be leased under the 2021 MTA No.1:	Under 2021 MTA No.1, the Group will lease from the Private Group premises with a total gross floor area of 23,880 sq.m. in Panyu district, Foshan district, Huadu district of Guangdong Province, the PRC and in Hong Kong. Brief details of the premises are set out below:

	Number of leases	Total gross floor area (sq.m.)
Panyu district	30	21,787
Foshan district	1	20
Huadu district	1	40
Hong Kong	<u>2</u>	<u>2,033</u>
Total	<u>34</u>	<u>23,880</u>

The construction of certain residential properties developed by the Private Group are expected to be completed and will be allowed to be occupied during FY2022, FY2023 and FY2024, respectively. Accordingly, 2021 MTA No. 1 also contains a term that upon the completion of construction and commencement of occupation of such properties, the Group will lease from the Private Group some of these newly developed premises with a total gross floor area of 2,900 sq.m. in Panyu district of Guangdong Province, the PRC. Brief details of the newly developed premises to be leased by the Group are set out below:

	FY2022	FY2023	FY2024
	Total	Total	Total
	gross	gross	gross
	floor	floor	floor
	area	area	area
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>
Panyu district	<u>2,000</u>	<u>2,700</u>	<u>2,900</u>

With respect to the properties leased under 2021 MTA No.1, individual members of the Group (as tenants) and individual members of the Private Group (as landlords) entered or will enter into individual tenancy agreements which prescribe specific lease terms and conditions (including rental, payment method and other terms). The terms of such individual tenancy agreements shall be consistent with those of the 2021 MTA No.1.

If any of the individual tenancy agreements expires before 31 December 2024 (being the expiry date of 2021 MTA No.1), the Company is entitled to renew such individual tenancy agreement with the relevant landlord (being a member of the Private Group) by giving three months' written notice, subject to the compliance with the then applicable provisions of the Listing Rules.

Use:

Mainly as operating or business outlets, offices, warehouses

Term: Three years commencing from 1 January 2022 to 31 December 2024

Rent: The annual rentals payable by the Group under the existing individual tenancy agreements have been determined by the Group with reference to the range of prevailing market rates for each of the premises under the existing individual tenancy agreements as at 31 December 2020 based on the valuation results of an independent property valuer and the management's assessment of the prevailing market rates for FY2021. As for new individual leases to be entered into regarding the newly developed premises, the Group agreed to engage an independent valuer to issue fair rent letter (before the commencement of the term of the relevant lease) as reference for determining the relevant annual rentals payable. The annual rental payable by the Group shall be increased by an amount not exceeding the lower of (i) 7%; and (ii) the prevailing GDP growth rate of the PRC in the immediately preceding year.

The annual rentals in respect of the premises to be leased by the Group under 2021 MTA No.1 were determined after arm's length negotiations between the relevant parties with reference to the prevailing market rates of local properties in the neighbourhood with a similar scale and quality and subject to the internal control measures of the Group and of the Private Group. The prevailing market rates of local properties are determined with reference to:

- (i) quotations of one or more similar comparable properties owned by Independent Third Parties in the neighbouring area provided by independent estate agency;
- (ii) the terms of at least one existing tenancy agreement entered into between the Private Group (as landlord) and Independent Third Party(ies) (as tenant) in relation to premises located near or next to the subject premises; and

- (iii) (where items (i) and (ii) are not available or applicable) at least two quotations provided by the Private Group to Independent Third Party(ies).

After collecting available data and market information (including quotations from Independent Third Parties), the Group compares such information to decide whether the quotation offered by the Private Group is no less favourable than those given by the Independent Third Party estate agency and whether the lease terms are fair and reasonable. Future increments will be determined based on the GDP growth rates (subject to a cap of 7% per annum).

Changes in leased premises:

where there are any changes in leased premises arising from or in connection with the business development of the Group, the parties may revise the list of premises to be leased by the Group by way of entering into supplemental agreements or memoranda to record such changes. To the extent that (i) the relevant changes (or cumulative changes) do not result in the annual cap for the relevant year (as approved by the then Independent Shareholders) being exceeded, and (ii) the manner of determining the rentals of such premises being made in compliance with the terms of 2021 MTA No.1, such changes will be considered as immaterial (unless the Stock Exchange or the majority of the INEDs consider otherwise). If any of the changes are considered to be material, these changes will take effect conditional upon the applicable requirements under the Listing Rules being complied with.

First right of refusal:

Pursuant to 2021 MTA No.1, Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) has granted first right of refusal to the Company (for itself and on behalf of its subsidiaries), such that at any time during the term of 2021 MTA No.1, if any relevant landlord(s) intends to sell, assign or transfer any premises leased by the Group (as tenants) under 2021 MTA No.1, such premises shall be first offered to the Group for purchase at a fair and reasonable price to be determined based on the valuation of an independent valuer.

If the first right of refusal is exercised, completion of the relevant sale and purchase of the premises concerned shall be made conditional upon the Group having complied with the then applicable requirements of the Listing Rules.

Conditions precedent to 2021 MTA No.1 becoming effective:

The transactions contemplated under 2021 MTA No.1 are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2021 MTA No.1 and the transactions contemplated thereunder, including (if so required) the approval from the Independent Shareholders being obtained, in accordance with the provisions of its articles of association and the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser).

As at the date of this announcement, save for the publication of this announcement, none of the conditions has been fulfilled.

2021 MTA No.2

The principal terms of 2021 MTA No.2 (including the term, rent, first right of refusal and conditions precedent) are essentially similar to those of 2021 MTA No.1, save and except that, under 2021 MTA No.2, the Group will only lease one premise from the WM Healthcare Group premises with a total gross floor area of 91 sq.m. in Panyu district of Guangdong Province, the PRC for its operation as a convenience store.

Historical transaction amounts

The initial annual caps in respect of the transactions contemplated under the 2016 Master Tenancy Agreement for each of FY2016, FY2017 and FY2018 were, as disclosed in the Company's prospectus dated 27 October 2016, RMB11.5 million, RMB12.0 million and RMB12.5 million, respectively. On 23 June 2017, the annual caps in respect of the transactions contemplated under the 2016 MTA (as supplemented by the 2017 Supplemental MTA) for each of FY2017 and FY2018 was approved by the then Independent Shareholders at the Company's extraordinary general meeting to be revised to RMB16.0 million and RMB20.0 million, respectively. On 28 January 2019, the annual caps in respect of the transactions contemplated under the 2016 MTA (as supplemented by the 2017 & 2018 Supplemental MTAs) for each of FY2019, FY2020 and FY2021 was approved by the then Independent Shareholders at the Company's extraordinary general meeting to RMB19.0 million, RMB20.0 million and RMB21.0 million, respectively.

The historical transaction amount in respect of the transactions contemplated under the Existing Consolidated MTA for each of FY2019 and FY2020 are set out below:

	FY2019	FY2020
	<i>(RMB million)</i>	<i>(RMB million)</i>
Rental paid or payable to landlords which are members of the Private Group	12.6	10.6
Rental paid or payable to landlords which are members of the WM Healthcare Group (which are members of the then WM Group or members of the then Private Group)	<u>0.1</u>	<u>0.1</u>
Total	<u><u>12.7</u></u>	<u><u>10.7</u></u>

So far as the Directors are aware, the annual caps in respect of the transactions contemplated under the Existing Consolidated MTA for FY2021 has not been exceeded as at the date of this announcement.

Proposed annual caps

According to Hong Kong Financial Reporting Standard (HKFRS) 16 “Leases”, the Group is required to recognise a right-of-use asset and a lease liability, which are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate in the year of entering into the leases where the Group acts as a lessee. Pursuant to the requirements of the Listing Rules, as the transactions contemplated under each of 2021 MTA No.1 and 2021 MTA No.2 will be recognised as the acquisitions of right-of-use assets, the Group is required to set annual caps on the total value of right-of-use assets relating to the leases to be entered into by the Group as a lessee for each of FY2022, FY2023 and FY2024 under the 2021 Master Tenancy Agreements.

The following table sets out the proposed annual caps, which represent the total value of right-of-use assets relating to the leases to be entered into by the Group under each of 2021 MTA No.1 and 2021 MTA No.2, for FY2022, FY2023, and FY2024:

	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>	FY2024 <i>(RMB million)</i>
Proposed annual caps for 2021 MTA No.1	57.1 <i>(note)</i>	13.6	19.7
Proposed annual caps for 2021 MTA No.2	0.4	0	0

Note: The proposed annual cap for the total value of the right-of-use assets for FY2022 include (i) the balance of the right-of-use assets representing the premises under the 34 leases as at 31 December 2021 and (ii) the addition of the right-of-use assets in relation to new leases to be entered into the Group under 2021 MTA No.1 during FY2022.

Basis of determination of the proposed annual caps

The proposed annual caps in respect of the transactions contemplated under the 2021 Master Tenancy Agreements have been determined with reference to:

- (i) the rentals payable by the Group;

- (ii) the gross floor area of premises (including the existing premises and the newly developed premises) to be leased from the Private Group and the WM Healthcare Group under the respective 2021 Master Tenancy Agreements;
- (iii) the market rent of the premises (including the existing premises and the newly developed premises) to be leased under the 2021 Master Tenancy Agreements based on the prevailing market conditions and the rental level of similar properties in the vicinity;
- (iv) the value of the Group's rights to use the underlying leased asset for the lease term which is initially measured on present value basis and calculated by discounting the non-cancellable lease payments for each lease to be entered into under the 2021 Master Tenancy Agreements, using the incremental borrowing rate as the discount rate; and
- (v) the expected growth of the unit rental or the prevailing GDP growth rate of the PRC, whichever is lower.

Implications of the Listing Rules

Ms. Wendy Man is an executive Director, the chairman of the Board and one of the controlling shareholders of the Company, and hence Ms. Wendy Man's associates are connected persons of the Company under Rule 14A.07 of the Listing Rules. As at the date of this announcement, the ultimate controlling shareholder of the Private Group (including Clifford Estates Panyu) is Ms. Wendy Man's Spouse, while that of the WM Healthcare Group (including Clifford Medical) is Ms. Wendy Man. As such, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are associates of Ms. Wendy Man, and hence connected persons of the Company under the Listing Rules.

The transactions contemplated under 2021 MTA No.1 and 2021 MTA No.2 are not aggregated under Rule 14A.81 of the Listing Rules, for the reasons that (i) the locations of the properties leased under 2021 MTA No.1 and 2021 MTA No.2 respectively are different; (ii) the nature and uses of the properties leased under the 2021 MTAs are different; and (iii) the properties leased under the 2021 MTAs are used as the Group's operating or business outlets, offices or warehouses, which are in the ordinary and usual course of its existing business, and hence will not lead to any involvement by the Group in a new business activity.

For 2021 MTA No.1, as all of the applicable percentage ratios (other than the profits ratio) in respect of the largest annual cap thereunder is more than 5% (but less than 25%) and such largest annual cap is more than HK\$10 million, 2021 MTA No.1 and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For 2021 MTA No.2, as all of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps thereunder are less than 5% and all of such annual caps are less than HK\$3 million, 2021 MTA No.2 and the transactions contemplated thereunder are therefore fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Considering the relevance of 2021 MTA No.1 and 2021 MTA No.2, brief details of 2021 MTA No.2 and the transactions contemplated thereunder are also included in this announcement for the Shareholder's information.

(2) THE 2021 MASTER COMPOSITE SERVICES AGREEMENTS

Introduction

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions as provided under the existing 2018 MCSA.

On 18 October 2018, the 2018 MCSA was entered into between the Company (on behalf of its subsidiaries) (as service providers) on the one part, and Clifford Estates Panyu (for itself and on behalf of the other members of the then Private Group) and Clifford Elderly Home (for itself and on behalf of other members of the then WM Group) (as receiving parties) on the other part. Pursuant to the 2018 MCSA, the Company agreed to provide the following services to the respective receiving parties for a term of three years from 1 January 2019 to 31 December 2021:

- (a) procurement, property management, laundry, resident support and maintenance, employment placement agency service and property agency services (collectively, “**living services**”);
- (b) engineering and maintenance services (relating to information technology, security systems and hardware and software integration); and
- (c) telecommunication services.

It is expected that the continuing connected transactions under the 2018 MCSA will continue beyond their expiry on 31 December 2021. Further, during 2020 and 2021, the WM Healthcare Group Reorganisation is being implemented in respect of certain companies which (prior to the WM Healthcare Group Reorganisation being implemented) were members of the then WM Group or members of the then Private Group, upon the completion of which these companies will become members of the WM Healthcare Group.

On 29 October 2021, for the purpose of renewing the transactions as provided under the existing 2018 MCSA, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into the 2021 MCSAs, comprising:

- (i) 2021 MCSA No.1 made with Clifford Estates Panyu (for itself and on behalf of the other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of the other members of the WM Non-HC Group) (as receiving parties); and
- (ii) 2021 MCSA No.2 made with Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group) (as receiving parties),

pursuant to which the Group agreed to provide the following services to the respective receiving parties for a term of three years ending 31 December 2024: (a) living services; (b) engineering and maintenance services; and (c) telecommunication services, on and subject to the respective terms and conditions contained therein.

Principal terms of the 2021 Master Composite Services Agreements

2021 MCSA No.1

The principal terms of 2021 MCSA No.1 are summarised below:

Date of 2021 MCSA No.1: 29 October 2021 (after trading hours)

Parties:

- (i) the Company (for itself and on behalf of its subsidiaries) (as service providers)
- (ii) Clifford Estates Panyu (for itself and on behalf of the other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of the other members of the WM Non-HC Group) (both as receiving parties)

Term: Three years commencing 1 January 2022 and ending 31 December 2024

Both parties are entitled, by giving three months' written notice, to extend the term of 2021 MCSA No.1 for a period of three years after the expiry of the initial term on 31 December 2024, subject to compliance with the then applicable provisions of the Listing Rules.

- Services to be provided by the Group:
- (a) living services, i.e. procurement, property management, laundry, resident support and maintenance, employment placement agency services and property agency services;
 - (b) engineering and maintenance services (mainly relating to information technology, security systems and hardware and software integration); and
 - (c) telecommunication services.

Conditions precedent to 2021 MCSA No.1 becoming effective:

The transactions contemplated under 2021 MCSA No.1 (including the proposed annual caps thereof) are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2021 MCSA No.1 and the transactions contemplated thereunder, including (if required) the approval from the Independent Shareholders being obtained in accordance with the provisions of its articles of association and the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser).

As at the date of this announcement, save for the publication of this announcement, none of the conditions as set out above has been fulfilled.

2021 MCSA No.2

The principal terms of 2021 MCSA No.2 are summarized as below:

Date of 2021 MCSA No.2: 29 October 2021 (after trading hours)

- Parties:
- (i) the Company (for itself and on behalf of its subsidiaries) (as service providers)
 - (ii) Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group) (as receiving parties)

Term: Three years commencing 1 January 2022 and ending 31 December 2024

Both parties are entitled, by giving three months' written notice, to extend the term of 2021 MCSA No.2 for a period of three years after the expiry of the initial term on 31 December 2024, subject to compliance with the then applicable provisions of the Listing Rules.

Services to be provided by the Group: living services; engineering and maintenance services; and telecommunication services.

Conditions precedent to 2021 MCSA No.2 becoming effective: The transactions contemplated under 2021 MCSA No.2 (including the proposed annual caps thereof) are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2021 MCSA No.2 and the transactions contemplated thereunder, including (if required) the approval from the Independent Shareholders being obtained in accordance with the provisions of the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser).

As at the date of this announcement, save for the publication of this announcement, none of the conditions as set out above has been fulfilled.

Pricing policy

The pricing policy applicable to services provided under each of 2021 MCSA No.1 and 2021 MCSA No.2 follows that applicable to transactions of similar nature or types which are applicable to services rendered by the Group. Such pricing policy is summarized below:

- (i) Procurement Purchase prices of relevant products provided by the Group are determined (a) through arm's length negotiation and having regard to the comparable market prices (including the terms of at least one procurement service agreement entered into between the Group (as service providers) and Independent Third Party(ies) (as receiving parties) with similar purchase volume); or (b) if item (a) is not available, based on the trading cost (including purchase price and other costs) of the relevant products plus a premium of approximately 5% to 10% (which is equivalent to the estimated administrative and/or miscellaneous expenses incurred in processing the orders plus a mark-up), to ensure that the terms offered by the Group shall be no more favourable than those available to Independent Third Parties (subject to, in respect of the Group's provision of such services to the WM Healthcare Group under 2021 MCSA No.2, the terms offered by the Group being no less favourable than those available to the WM Healthcare Group from Independent Third Parties ("**Mutually Fair Arrangement**").

- (ii) Property management services The Group determines the property management fee based on the regulations promulgated by the PRC government with reference to the prices charged by at least two property management companies (which are Independent Third Parties) in the neighbourhood to ensure that the prices offered by the Group shall be no more favourable than those available from such companies (subject to, in respect of the Group's provision of services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement).

(iii) Laundry Laundry service fee is determined by the relevant parties through arm's length negotiation, with reference to the laundry service fees charged by at least one Independent Third Party laundry service provider for services of a similar nature in the neighbourhood to ensure that the terms offered by the Group shall be no more favourable than those available from Independent Third Party laundry service providers (subject to, in respect of the Group's provision of such services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement).

(iv) Resident support In respect of renovation and property fitting services, the prices are determined by relevant parties on arm's length basis, having regard to (i) the nature and value of the relevant services rendered by the Group; (ii) the actual costs and expenses incurred plus a mark-up ranging from approximately 30% to 45% which is determined with reference to the service fees that the Group charges Independent Third Parties (most of whom are local residents); (iii) (in respect of the Group's provision of such services to the WM Healthcare Group under 2021 MCSA No.2) the renovation and property fitting service fees charged by at least one Independent Third Party services provider for services of a similar nature in the neighbourhood to ensure that the terms offered by the Group are in compliance with the Mutually Fair Arrangement.

In respect of the home cleaning services, the prices are determined by relevant parties on arm's length basis with reference to:

- (a) the prices offered to at least one Independent Third Parties (most of whom are local residents) (The prices offered by the Group are readily available market information made known to (among others) unrelated third party users and potential users. Such prices shall be no more favourable than prices of similar services rendered by the Group to Independent Third Parties); and

- (b) (in respect of the Group’s provision of such services to the WM Healthcare Group under 2021 MCSA No.2) the home cleaning service fees charged by at least one Independent Third Party services provider for services of a similar nature in the neighbourhood to ensure that the terms offered by the Group are in compliance with the Mutually Fair Arrangement.
- (v) Employment placement agency services
- The prices are determined by relevant parties on arm’s length basis having regard to the type of care helper which is fixed with reference to the prices charged by at least one Independent Third Party employment placement agency providing services of a similar nature in the neighbourhood to ensure that the prices offered by the Group are no more favourable than those available from Independent Third Party employment placement agencies (subject to, in respect of the Group’s provision of such services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement).
- (vi) Property agency services
- The property agency fees are determined by relevant parties on arm’s length basis with reference to the historical fees paid by the Group and the prevailing market rates of at least one local property agency (which are Independent Third Parties) in the neighbourhood with a similar scale and quality (which are determined with reference to publicly available information) to ensure that the fees offered by the Group are no more favourable than those available from Independent Third Party local property agencies (subject to, in respect of the Group’s provision of such services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement).

(vii) Engineering and maintenance

The prices are generally determined by relevant parties on a project-by-project basis through tendering process, having regard to the nature and complexity of the projects and the actual costs and expenses incurred for procurement of materials, staff remuneration and other service fees payable to third parties, plus a mark-up ranging from approximately 10% to 45%, which is determined with reference to tendering specifications of each project and service fees that the Group charges against Independent Third Parties.

After receiving the tendering specifications of the engineering projects, members of the tendering team would analyse and calculate the costs involved (including estimated manpower, qualified persons (e.g. engineers or other experts) and materials to be used), complexity of the engineering services involved and estimated project duration. The general manager of Guangzhou Kejian will then compare the profitability of the projects with (a) the engineering works of similar size and complexity provided to other Independent Third Parties and (b) (in respect of the provision of such services by the Group to the WM Healthcare Group under 2021 MCSA No.2) the engineering works of similar size and complexity provided by other Independent Third Parties, and the compliance officer of the Company will review such profit estimate to ensure that the terms to be charged to the connected person are no less favourable than those charged to Independent Third Parties (subject to, in respect of the Group's provision of engineering services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement). The mark-up range for the Group's engineering service fees charged against Independent Third Parties is approximately 10% to 45%; and the mark-up range for engineering service fees charged by Independent Third Party services providers is approximately 10% to 45%.

In respect of maintenance services, the prices are determined by relevant parties on arm's length basis with reference to (i) the prices offered to the Independent Third Parties and (ii) (in respect of the Group's provision of such services to the WM Healthcare Group under 2021 MCSA No.2) the prices offered by Independent Third Party services providers. The prices shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties (subject to, in respect of the Group's provision of maintenance services to the WM Healthcare Group under 2021 MCSA No.2, the Mutually Fair Arrangement). The percentage range of maintenance service fees charged for relevant engineering service contract sum provided to Independent Third Parties is approximately 3% to 15%; for the provision of similar maintenance services by Independent Third Party services providers, the percentage range of maintenance service fees charged for relevant engineering service contract sum is approximately 3% to 15%.

- (viii) Telecommunication The prices, which the Group charges receiving parties on a monthly basis, are determined by relevant parties on arm's length basis having regard to the actual costs and expenses incurred, plus a mark-up ranging from approximately 10% to 40%, which is determined with reference to (i) the Group's policy on the service fees that the Group charges or will charge the Independent Third Parties and (ii) (in respect of the Group's provision of telecommunication services to the WM Healthcare Group under 2021 MCSA No.2) the service fees charged by Independent Third Party services providers.

Pricing methods and procedures

In respect of (i) living services (procurement, property management, laundry, resident support, employment placement agency services and property agency services) and (ii) telecommunication services, the general manager of the respective operations will provide a quotation in accordance with the pricing policy which will then be reviewed by the Executive Director (excluding Ms. Wendy Man) of the Company. The general manager will also enquire the receiving party(ies) the expected amount of services required, and obtain their preliminary view on the quotation. The quotation and the relevant comparable information will then be passed to the finance department for verification and second review. The prices (to be received by the Group) shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties and (in respect of the Group's provision of such services to the WM Healthcare Group under 2021 MCSA No.2) the prices (to be charged and received by the Group) shall also be no less favourable than prices of similar services rendered by Independent Third Party services providers to the WM Healthcare Group.

In respect of engineering services, the tendering team (which will comprise senior management of the Group) will determine the prices by conducting preliminary costing and pricing analysis when the Group is invited to participate in the tendering process to ensure that terms in the tender are normal commercial terms in the ordinary course of business, and for services to be rendered to the Private Group and/or the WM Non-HC Group, such price and other terms are no less favourable than those of similar services rendered to Independent Third Parties; and (in respect of the Group's provision of engineering services to the WM Healthcare Group under 2021 MCSA No.2) such prices and other terms shall also be no less favourable than those of similar services rendered by Independent Third Party services providers to the WM Healthcare Group.

In respect of maintenance services, the prices are determined by:

- (i) approximately 3% to 15% of the relevant engineering services contract sum; and
- (ii) relevant parties on arm's length basis with reference to the prices offered to the Independent Third Parties. The prices (to be received by the Group) shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties; and (in respect of the Group's provision of services to the WM Healthcare Group under 2021 MCSA No.2) the prices (to be charged and received by the Group) shall also be no less favourable than prices of similar services rendered by Independent Third Party services providers to the WM Healthcare Group.

Under the 2021 MCSAs, the finance manager will assess whether the annual caps will be exceeded on a monthly basis, and whether the terms of services are within the scope of and in compliance with the 2021 MCSAs. The executive Directors will then review and approve the service fees in respect of the services to be charged to the Private Group or the WM Non-HC Group. The executive Directors will closely monitor the service fees charged to the Private Group, the WM Non-HC Group and the WM Healthcare Group pursuant to the 2021 MCSAs on a monthly basis to ensure that the annual caps are not exceeded and to ensure the implementation of the relevant internal control measures on pricing policy.

Historical transaction amounts and proposed annual caps

The annual caps in respect of the transactions contemplated under the 2018 MCSA for each of FY2019, FY2020 and FY2021 are RMB126.0 million, RMB129.0 million and RMB138.0 million, respectively.

The historical transaction amount in respect of the transactions contemplated under the 2018 MCSA for each of FY2019 and FY2020 are set out below:

	FY2019 <i>(RMB million)</i>	FY2020 <i>(RMB million)</i>
Aggregate service fees paid or payable by members of the Private Group and the WM Non-HC Group	58.8	80.6
Service fees paid or payable by members of the WM Healthcare Group (which are members of the then WM Group or members of the then Private Group)	<u>11.5</u>	<u>7.7</u>
Total	<u><u>70.3</u></u>	<u><u>88.3</u></u>

So far as the Directors are aware, the annual cap in respect of the transactions contemplated under the 2018 MCSA for FY2021 has not been exceeded as at the date of this announcement.

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of 2021 MCSA No.1 and 2021 MCSA No.2 for each of FY2022, FY2023 and FY2024:

	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>	FY2024 <i>(RMB million)</i>
Proposed annual caps for 2021 MCSA No.1	132	129	139
Proposed annual caps for 2021 MCSA No.2	<u>34</u>	<u>41</u>	<u>44</u>
Total	<u><u>166</u></u>	<u><u>170</u></u>	<u><u>183</u></u>

Basis of determination of the proposed annual caps

The proposed annual caps in respect of the transactions contemplated under the 2021 MCSAs have been determined with reference to:

- (i) the historical amount of the service fees charged by the Group;
- (ii) the expected increase in service fee or goods price in the PRC in the years from 1 January 2022 and up to 31 December 2024;
- (iii) the additional volume of property management services, resident support services and ancillary living services (which consists of property agency services, employment placement agency services and laundry services to be provided by the Group in connection with the completion of development of some property projects in the next three years;
- (iv) the contractual amount of approximately RMB73.2 million, RMB88.3 million and RMB43.3 million for FY2019, FY2020 and for the six months ended 30 June 2021 in respect of the tenders awarded to the Group through tender process of the Private Group, the WM Non-HC Group and the WM Healthcare Group, and the outstanding services which are expected to be performed in FY2022, FY2023 and FY 2024;
- (v) the estimated transaction amount as a result of any variation orders made by the Private Group, the WM Non-HC Group and the WM Healthcare Group in the course of project implementation;

- (vi) the maintenance service required for the projects implemented and completed in the past three years;
- (vii) the estimated success rate of the Group tendering for the engineering works based upon the historical tendering success rate and participation rate of the Group over the past three years;
- (viii) an estimate for possible projects indicated to be subject to tender, but not yet invited and/or awarded; and
- (ix) the prevailing GDP growth rate of the PRC.

Implications of the Listing Rules

For the reasons stated in the paragraph headed “(I) The 2021 Master Tenancy Agreements – Implications of the Listing Rules” above, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are connected persons of the Company under the Listing Rules.

As for Clifford Xianhu Hotel and the WM Non-HC Group, the ultimate controlling shareholder of the WM Non-HC Group (including Clifford Xianhu Hotel) is Ms. Wendy Man. As such, the WM Non-HC Group (including Clifford Xianhu Hotel) are also associates of Ms. Wendy Man, and hence connected persons of the Company under the Listing Rules.

Accordingly, the entering into of the 2021 MCSAs constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under 2021 MCSA No.1 and 2021 MCSA No.2 are aggregated as if they were one transaction, on the basis that (i) both of them involve the provision of living services, engineering and maintenance services by the Group which are of similar nature and (ii) the respective receiving parties, namely, the Private Group, the WM Non-HC Group and the WM Healthcare Group, are all connected persons (as defined under the Listing Rules). As more than one of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the two 2021 MCSAs is more than 25% (but less than 75%) and the annual consideration is more than HK\$10 million, the 2021 MCSAs and the transactions contemplated thereunder (including the proposed annual caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE 2021 MTAs AND THE 2021 MCSAs

The Group is principally engaged in the provision of six main service segments: property management services, renovation and fitting-out services, retail services, off-campus training services, information technology services and ancillary living services (which consists of property agency services, employment placement agency services and laundry services).

The Private Group is principally engaged in the businesses of (among others) property development, property investment, hotel investment and management and education in the PRC. Its ultimate controlling shareholder is Ms. Wendy Man's Spouse.

The WM Non-HC Group is principally engaged in the businesses of (among others) hotel operation and information technology in the PRC. Its ultimate controlling shareholder is Ms. Wendy Man.

The WM Healthcare Group is principally engaged in the businesses of (among others) the provision hospital/clinical, elderly and postpartum care services, healthcare and related services in the PRC. Its ultimate controlling shareholder is Ms. Wendy Man.

As regards the 2021 Master Tenancy Agreements, the Group has been leasing certain properties from the Private Group (some members of which will become members of the WM Healthcare Group as part of the WM Healthcare Reorganisation in 2020 and 2021), and these properties have been used as the Group's operating or business outlets, offices, warehouses, etc. As the Group's businesses have been carried out or situated at the relevant leased properties, it is considered appropriate (in terms of cost, time and operational stability) to continue leasing such properties from the Private Group or the WM Healthcare Group (as the case may be). In addition, relocating any of such leased properties will also incur unnecessary expenses. Accordingly, the Board considered that the renewal of their tenancy is fair and reasonable in order to avoid any material disruptions in the Group's operations.

As regards the 2021 Master Composite Services Agreements, since the Group generally understands the business needs of the Private Group, the WM Non-HC Group and the WM Healthcare Group, it is expected that the Group will, in its ordinary course of business continue to supply such services to the Private Group, the WM Non-HC Group and the WM Healthcare Group.

The Directors (excluding the INEDs whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that the continuing connected transactions contemplated under the 2021 MTAs and the 2021 MCSAs have been conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the proposed annual caps for the continuing connected transactions contemplated under the 2021 MTAs and the 2021 MCSAs are fair and reasonable.

GENERAL

In view of her (and/or her associates') interests in the 2021 MTAs and the 2021 MCSAs, Ms. Wendy Man has abstained from voting in respect of the relevant resolutions at the Board meeting held on 29 October 2021 for considering these agreements.

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of, among other matters, the 2021 MTA No.1 and the 2021 MCSAs and the continuing connected transactions contemplated thereunder (including the proposed annual caps thereof).

By virtue of Ms. Wendy Man's (or, as the case may be, her associates') interests in the 2021 MTA No.1 and the 2021 MCSAs, Ms. Wendy Man's and her associates are required to abstain from voting on the relevant resolutions to be proposed at the EGM. As at the date of this announcement, Ms. Wendy Man, through her solely-owned company (namely Elland Holdings Limited), held 740,840,000 Shares, representing approximately 72.94% of the entire issued share capital of the Company.

To the best of the Directors' knowledge and information, no Shareholders (other than Ms. Wendy Man and her associates) have a material interest in the 2021 MTA No.1, the 2021 MCSAs and the transactions contemplated thereunder, and no other Shareholders are required to abstain from voting on the ordinary resolutions in relation to the respective 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the respective proposed annual caps) to be proposed at the EGM.

An Independent Board Committee has been established (comprising all the INEDs, namely, Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung) to advise the Independent Shareholders in relation to the 2021 MTA No.1 and the 2021 MCSAs, the transactions contemplated thereunder and the proposed annual caps. Altus Capital Limited, the Independent Financial Adviser, was appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular will be despatched to all Shareholders, and it will contain, among others, (i) further details of the 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2021 MTA No.1 and the 2021 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matters; (iv) a notice of the EGM; and (v) such other information as required under the Listing Rules. The circular is expected to be despatched on or before 19 November 2021, as additional time is required to prepare and finalise certain information to be included in the circular.

DEFINITIONS

In this announcement, the following expressions shall have (unless the context otherwise requires) the following meanings:

“2016 Master Tenancy Agreement” or “2016 MTA”	the master tenancy agreement dated 21 October 2016 and entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the then Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to lease certain properties to the Company
“2017 & 2018 Supplemental MTAs”	collectively, the 2017 Supplemental MTA and the 2018 Supplemental MTA
“2017 Supplemental MTA”	the supplemental master tenancy agreement dated 28 April 2017 and entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the then Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which the parties thereto agreed to revise certain terms of the 2016 MTA
“2018 Master Composite Services Agreement” or “2018 MCSA”	the master composite services agreement dated 18 October 2018 and entered into between the Company (on behalf of its subsidiaries) on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the then Private Group) and Clifford Elderly Home (for itself and on behalf of other members of the then WM Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Elderly Home

“2018 Supplemental MTA”	the supplemental master tenancy agreement dated 18 October 2018 and entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the then Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which the parties thereto agreed to revise certain terms of the 2016 MTA (as supplemented by the 2017 Supplemental MTA)
“2019 Circular”	the Company’s circular dated 11 January 2019 in relation to, among other things, the 2018 Supplemental MTA and the 2018 MCSA
“2021 Master Composite Services Agreements” or “2021 MCSAs”	collectively, 2021 MCSA No.1 and 2021 MCSA No.2, which shall renew the transactions as provided under the 2018 MCSA
“2021 Master Tenancy Agreements” or “2021 MTAs”	collectively, 2021 MTA No.1 and 2021 MTA No.2, which shall replace the Existing Consolidated MTA
“2021 MCSA No.1”	the master composite services agreement dated 29 October 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of other members of the WM Non-HC Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Xianhu Hotel
“2021 MCSA No.2”	the master composite services agreement dated 29 October 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group), pursuant to which the Company agreed to provide services stated therein to Clifford Medical

“2021 MTA No.1”	the master tenancy agreement dated 29 October 2021 and entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to lease certain properties to the Company
“2021 MTA No.2”	the master tenancy agreement dated 29 October 2021 and entered into between Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Medical agreed to lease certain properties to the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Clifford Elderly Home”	Guangzhou City Clifford Elderly Home Company Limited* (廣州市祈福護老公寓有限公司), a company established in the PRC, which (as part of the WM Healthcare Group Reorganisation being implemented during 2020 and 2021) has become a wholly-owned subsidiary of Clifford Medical, hence a member of the WM Healthcare Group
“Clifford Estates Panyu”	Clifford Estates (Panyu) Limited* (廣州市番禺祈福新邨房地產有限公司), a company established in the PRC with limited liability and a member of the Private Group
“Clifford Medical”	Clifford Medical Group Limited (祈福醫療集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the holding company of the WM Healthcare Group, which (as at the date of this announcement) is indirectly and wholly owned by Ms. Wendy Man
“Clifford Xianhu Hotel”	Foshan City Nanhai Clifford Xianhu Hotel Company Limited* (佛山市南海祈福仙湖酒店有限公司), a company established in the PRC with limited liability and a member of the WM Non-HC Group

“Company”	Clifford Modern Living Holdings Limited (祈福生活服務控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 3686)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution(s) in respect of (i) the 2021 MTA No.1 and (ii) the 2021 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof)
“Existing Consolidated MTA”	the 2016 MTA, as supplemented by the 2017 & 2018 Supplemental MTAs
“FY2016”, “FY2017”, “FY2018”, “FY2019” and “FY2020”	each financial year ended 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020, respectively
“FY2021”, “FY2022”, “FY2023” and “FY2024”	each financial year ending 31 December 2021, 31 December 2022, 31 December 2023, and 31 December 2024, respectively
“GDP”	gross domestic product (and all references to GDP growth rates are real as opposed to nominal rates of GDP growth)
“Group”	the Company and its subsidiaries
“Guangzhou Kejian”	Guangzhou Kejian Computer Technology Co., Limited* (廣州市科健計算機技術有限公司), a company established in the PRC on 24 August 2007 and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors (namely Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung) established to make recommendations to the Independent Shareholders with regard to the 2021 MTA No.1, the 2021 Master Composite Services Agreements and the transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM to approve (among other matters) the 2021 MTA No.1, the 2021 Master Composite Services Agreements and the transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Independent Third Party(ies)”	individual(s) or company(ies) who is not (or are not) a connected person(s) (as defined under the Listing Rules) of the Company
“INED(s)”	independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Wendy Man”	Ms. Man Lai Hung (孟麗紅女士), an executive Director, chairman of the Board and one of the controlling shareholders

“Ms. Wendy Man’s Spouse”	Mr. PANG Lun Kee Clifford (彭磷基先生), the spouse of Ms. Wendy Man
“PRC”	The People’s Republic of China
“Previously Published Documents”	the following documents published by the Company: (i) the prospectus dated 27 October 2016, (ii) the Company’s announcement dated 28 April 2017 (in relation to, among other things, the 2017 Supplemental MTA), (iii) the circular dated 7 June 2017 (in relation to, among other things, the 2017 Supplemental MTA), (iv) the announcement dated 18 October 2018 (in relation to, among other things, the 2018 Supplemental MTA and the 2018 MCSA) and (v) the 2019 Circular
“Private Group”	such companies which were or are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. Wendy Man’s Spouse
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WM Group”	collectively, the WM Healthcare Group and the WM Non-HC Group

“WM Healthcare Group”	such companies which were/are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. Wendy Man, which are principally engaging in the provision hospital/clinical, elderly and postpartum care services, healthcare and related services in the PRC (some of which are former members of the Private Group and will become members of the WM Healthcare Group upon the completion of the WM Healthcare Group Reorganisation being implemented during 2020 and 2021)
“WM Healthcare Group Reorganisation”	has the meaning ascribed to it in the paragraph headed “(I) The 2021 Master Tenancy Agreements — Introduction” in this announcement
“WM Non-HC Group”	such companies which were or are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. Wendy Man, other than the Group and the WM Healthcare Group
“%”	per cent.

By order of the Board
Clifford Modern Living Holdings Limited
MAN Lai Hung
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 October 2021

As at the date of this announcement, the board of directors of the Company comprises Ms. MAN Lai Hung, Ms. HO Suk Mee and Mr. LIU Xing as executive Directors; Ms. LIANG Yuhua as non-executive Director; and Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung (alias Mr. MAK Wah Cheung) as independent non-executive Directors.