

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: THE 2023 ANNUAL CAP FOR THE LAUNDRY SERVICE AGREEMENT BEING EXCEEDED

Reference is made to the announcement (“**Previous Announcement**”) of Clifford Modern Living Holdings Limited (the “**Company**”) dated 15 September 2023 in relation to the connected transaction and continuing connected transactions entered into by the Group with GZ Qinle. Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Previous Announcement.

THE 2023 ANNUAL CAP FOR THE LAUNDRY SERVICE AGREEMENT BEING EXCEEDED AND ITS REASONS

During the process of preparing the annual results of the Company for FY2023, the Company noted that the actual transaction amounts of the Laundry Service Agreement for FY2023 amounted to approximately RMB1.9 million, which exceeded the relevant annual cap of RMB1.8 million for FY2023 (the “**2023 LSA Annual Cap**”) by about RMB0.1 million. The 2023 LSA Annual Cap was exceeded because of the unexpected increase in demand of the laundry services provided by our Group to GZ Qinle during the fourth quarter of 2023.

Save for the 2023 LSA Annual Cap being slightly exceeded, all other terms and conditions of the Laundry Service Agreement as disclosed in the Previous Announcement remain the same.

The actual transaction amounts under the Catering Service Agreement and the Cleaning and Gardening Service Agreement respectively did not exceed their respective annual cap amounts for FY2023. All terms and conditions of the said two agreements as disclosed in the Previous Announcement remain the same.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company must re-comply with the announcement requirement under Chapter 14A of the Listing Rules before the 2023 LSA Annual Cap is exceeded. The delay in publication of an announcement by the Company before the 2023 Annual Cap was exceeded constituted a breach of Rule 14A.54(1) of the Listing Rules. The delay was due to the inadvertent oversight of the Company in monitoring the transaction amounts incurred under the continuing connected transactions. This oversight was not discovered until during the course of preparing the annual results of the Company for FY2023. The Company has taken steps to rectify the breach as soon as practicable by way of this announcement.

As at the date of entering into the Laundry Service Agreement, (i) Ms. Ho Suk Mee (i.e. Ms. Ho) was then an executive Director and (ii) GZ Qinle was a direct wholly-owned company of a sister of Ms. Ho, and therefore, GZ Qinle was then a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. As all the then applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the historical transaction amounts under the Three CCT Agreements for FY2023 exceeds 0.1% but are less than 5%, and such aggregate amount is more than HK\$3,000,000, the transactions under the Three CCT Agreements are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company was informed that in February 2024, the entire equity interest in GZ Qinle was sold by Ms. Ho's sister to Ms. Zhi Minling (植敏玲女士), an Independent Third Party, therefore, GZ Qinle ceased to be a connected person of the Company after completion of such transfer.

For the continuing connected transactions under the Three CCT Agreements:

- the respective terms of both the Laundry Service Agreement and the Cleaning and Gardening Service Agreement expired on 31 December 2023; and
- for the Catering Service Agreement, as GZ Qinle ceased to be a connected person of the Company in February 2024, the transactions contemplated under the Catering Service Agreement no longer constitute continuing connected transactions of the Company since February 2024.

INFORMATION ABOUT THE PARTIES

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 catering services, property agency services, employment placement services and laundry services).

GZ Qinle is a company established in the PRC with limited liability which is principally engaged in the business of, among others, the general management of education institutions. As at the date of entering into the Laundry Service Agreement, GZ Qinle was directly wholly-owned by Ms. Ho Suk Han, a sister of Ms. Ho's. Since February 2024 and up to the date of this announcement, GZ Qinle has been directly wholly-owned by Ms. Zhi Minling, an Independent Third Party.

GENERAL

As GZ Qinle was directly wholly-owned by a sister of Ms. Ho as of the date of entering into the Laundry Service Agreement, Ms. Ho abstained from voting on the Board resolutions approving and rectifying the Laundry Service Agreement.

The Directors (including the independent non-executive Directors, but excluding Ms. Ho who has abstained from voting) consider that the continuing connected transactions under the Laundry Service Agreement have been conducted on normal commercial terms in the ordinary and usual course of business of the Group, the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the actual transaction amounts for the continuing connected transactions under the Laundry Service Agreement for FY2023 are fair and reasonable.

ENHANCED INTERNAL CONTROL MEASURES ADOPTED BY THE COMPANY

In order to avoid any recurrence of similar events in the future and to ensure the applicable Listing Rules requirements will be complied with going forward, the Company has taken the following steps to further strengthen its internal monitoring procedures:

- (I) enhancing supervision over and designating a dedicated personnel to closely monitor the actual transaction amounts incurred under the continuing connected transactions of the Company on a monthly basis. If the actual transaction amount reaches 70% or more of the relevant annual cap at any time of the year, the dedicated personnel will inform the Board as soon as possible. The Board would then consider taking appropriate measures in accordance with the requirements of the Listing Rules, including, but not limited to, re-complying with the announcement and shareholders' approval requirements (as the case may be) before annual cap is exceeded; if the actual transaction amount reaches 80% or more of the relevant annual cap at any time of the year, besides informing the Board as soon as possible, the dedicated personnel will closely monitor the actual transaction amounts incurred under the continuing connected transactions of the Company on a weekly basis;
- (II) the Company's internal control division will monitor the effectiveness and adequacy of the internal control procedures and will conduct random internal checks on the internal control measures of the Company quarterly to ensure that internal monitoring procedures in respect of all of the Group's continuing connected transactions remain complete and effective. The internal control division will report such random check results and make recommendations to the audit committee of the Board and the Board on a regular basis;
- (III) the Company will arrange additional trainings for its employees, including the business operation, finance, and legal and compliance departments, to enhance their awareness of the compliance with the relevant internal control procedures relating to the Group's continuing connected transactions; and

(IV) the Group will promote and facilitate effective communication between its different departments and between members of the Group, and specifying the data collection process, so as to assure all necessary requirements of the Listing Rules are complied with.

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

Hong Kong, 26 March 2024

As at the date of this announcement, the Board 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.