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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF 24.5% EQUITY INTEREST IN GUANGZHOU PANYU CLIFFORD PROPERTY MANAGEMENT LIMITED\***

The Board is pleased to announce that on 16 May 2017, the Vendor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the SP Agreement, pursuant to which the Vendor agreed (among other things) to transfer the Target Capital (i.e. 24.5% equity interest in Panyu PM Co (an indirect non-wholly owned subsidiary of the Company)) to the Purchaser.

As at the date of this announcement, Panyu PM Co is owned as to 75.5% by the Purchaser (an indirect wholly-owned subsidiary of the Company) and as to 24.5% by the Vendor. Following Completion, Panyu PM Co will become an indirect wholly-owned subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios in respect of the Target Capital Purchase exceed 5%, but all the applicable percentage ratios are less than 25%, the Target Capital Purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and reporting requirements.

As at the date of this announcement, the Vendor owns 24.5% equity interest in Panyu PM Co, an indirect non-wholly owned subsidiary of the Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level, and the Target Capital Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Target Capital Purchase as a connected transaction of the Company is only subject to the reporting and announcement requirements, but is exempt from (among others) the circular and independent shareholders' approval requirements.

## INTRODUCTION

The Board is pleased to announce that on 16 May 2017, the Vendor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the SP Agreement, pursuant to which the Vendor agreed (among other things) to transfer the 24.5% equity interest in Panyu PM Co (an indirect non-wholly owned subsidiary of the Company) to the Purchaser.

As at the date of this announcement, Panyu PM Co is owned as to 75.5% by the Purchaser (an indirect wholly-owned subsidiary of the Company) and as to 24.5% by the Vendor. Following Completion, Panyu PM Co will become an indirect wholly-owned subsidiary of the Company.

## THE SP AGREEMENT

The principal terms of the SP Agreement are as follows:

- Date** : 16 May 2017
- Parties** : (i) The Vendor, as vendor  
(ii) The Purchaser, as purchaser
- Assets to be acquired** : the Target Capital, which is a portion of Panyu PM Co's registered capital (the entirety of which amounted to RMB5.5 million), which has the nominal amount of RMB1,347,500 (which represents 24.5% equity interest in Panyu PM Co)
- Consideration and payment** : The Consideration payable by the Purchaser to the Vendor under the SP Agreement is RMB21,774,800.

Payment of a portion of the Consideration in the sum of RMB10,000,000 shall be made by the Purchaser within 5 working days after the signing of the SP Agreement, and payment of the remaining balance of the Consideration in the sum of RMB11,774,800 shall be made within 5 working days from Completion.

The Consideration is determined with reference to, among other things, the acquisition cost of approximately RMB20 million paid by the Vendor to the previous holder of 24.5% equity interest in Panyu PM Co in January 2017, the profitability of Panyu PM Co for the years ended 31 December 2015 and 2016 and the prospects of Panyu PM Co. The Consideration will be settled by cash payment, which will be funded by the Group's internal resources.

## **Conditions precedent**

Completion of the Target Capital Purchase is conditional upon (i) the applicable requirements under the Listing Rules being complied with by the Purchaser and the Company; (ii) (to the extent applicable) approval by shareholders of the Company in general meeting; and (iii) approval from the relevant Commerce Authority being obtained.

In the event that the conditions precedent under the SP Agreement as mentioned above are not fulfilled within three months from the date of the SP Agreement due to the default of the Vendor, such portion of the Consideration received by the Vendor shall be refunded by the Vendor to the Purchaser within four months from the date of the SP Agreement.

## **Completion**

Completion shall take place upon the relevant administration of industry and commerce completing registration of the change in the holder of the Target Capital from the Vendor to the Purchaser after the Target Capital Purchase is approved by the relevant Commerce Authority.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SP AGREEMENT**

Panyu PM Co is principally engaged in the provision of property management services for residential communities and commercial properties in Guangdong province. It manages residential communities including Clifford Estates, Clifford Brilliant Terrace and Clifford Waterfront, with total managed GFA of more than 3.7 million sq.m. (representing approximately 62.9% of the total GFA under management) as of 31 December 2016.

As at the date of this announcement, Panyu PM Co is owned as to 75.5% by the Purchaser (an indirect wholly-owned subsidiary of the Company) and as to 24.5% by the Vendor. Following Completion, Panyu PM Co will become an indirect wholly-owned subsidiary of the Company. The Group will thereby gain full control of Panyu PM Co, which will improve the management and operational efficiency of the Group in implementing business decisions and developing strategies and enhancing the competitiveness of the Group. The Board is of the view that the Target Capital Purchase is in line with the Group's business strategy.

## **DIRECTORS' CONFIRMATION**

The Directors (including all the independent non-executive Directors) are of the view that the terms of the SP Agreement are fair and reasonable, and the Target Capital Purchase is on normal commercial terms or better (having such meaning as ascribed to such expression under Chapter 14A of the Listing Rules) and in the interests of the Company and its shareholders as a whole.

None of the Directors have any material interest in the SP Agreement or are required to abstain from voting on any resolutions considered and passed at the Board meeting held on 16 May 2017.

## INFORMATION ABOUT PANYU PM CO

Panyu PM Co is a company incorporated under the PRC laws with limited liability. As at the date of this announcement, Panyu PM Co is an indirect non-wholly owned subsidiary of the Company and is owned as to 75.5% by the Purchaser (an indirect wholly-owned subsidiary of the Company) and as to 24.5% by the Vendor.

Panyu PM Co is principally engaged in the provision of property management services for residential communities and commercial properties in Guangdong province.

To the best of the Company's knowledge and after making reasonable enquiries, the Vendor acquired the Target Capital on 6 January 2017 at the acquisition cost of approximately RMB20.0 million.

Following Completion, Panyu PM Co will become a wholly-owned subsidiary of the Company.

### Financial information of Panyu PM Co

Based on the unaudited accounts of Panyu PM Co prepared in accordance with the Hong Kong Financial Reporting Standards, the unaudited profit before and after taxation of Panyu PM Co for the years ended 31 December 2015 and 2016 were as follows:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Net profit before taxation</b>	14,278	15,276
<b>Net profit after taxation</b>	10,708	11,458

As at 31 March 2017, the unaudited total asset value and net asset value of Panyu PM Co amounted to approximately RMB38.0 million and RMB34.4 million, respectively.

## **INFORMATION ABOUT THE GROUP AND PARTIES INVOLVED IN THE SP AGREEMENT**

The Group is principally engaged in the provision of four main service segments: property management services, retail services, catering services and Ancillary Living Services.

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

The Vendor is a company incorporated in the PRC with limited liability and is principally engaged in the provision of food catering services. To the best of the Company's knowledge and after making reasonable enquiries, the Vendor and its sole equity-owner are Independent Third Parties (other than the Vendor being the current holder of the Target Capital and its sole equity-owner being a director of Panyu PM Co).

## **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios in respect of the Target Capital Purchase exceed 5%, but all the applicable percentage ratios are less than 25%, the Target Capital Purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to announcement and reporting requirements.

As at the date of this announcement, the Vendor owns 24.5% equity interest in Panyu PM Co, an indirect non-wholly owned subsidiary of the Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level, and the Target Capital Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Target Capital Purchase as a connected transaction of the Company is only subject to the reporting and announcement requirements, but is exempt from (among others) the circular and independent shareholders' approval requirements.

## **DEFINITIONS**

Unless the context requires otherwise, the following terms and expressions in this announcement have the following meanings:

“Ancillary Living Services”	off-campus training services, property agency services, employment placement services and laundry services
“Board”	board of Directors
“Commerce Authority”	Ministry of Commerce of the PRC (中華人民共和國商務部) or its delegated authority at local levels

“Company”	Clifford Modern Living Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 3686)
“Completion”	completion of the SP Agreement in accordance with the terms and conditions as set out in the SP Agreement
“connected person(s)”	has the same meaning ascribed to such term under the Listing Rules
“Consideration”	the purchase price payable by the Purchaser to the Vendor for acquiring the Target Capital
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) who is not or are not a connected person(s) (within the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Panyu PM Co”	Guangzhou Panyu Clifford Property Management Limited* (廣州市番禺祈福物業管理有限公司), a company incorporated in the PRC with limited liability, and currently an indirect non-wholly owned subsidiary of the Company
“PRC”	People’s Republic of China
“Purchaser”	Treasure Forever Limited (寶都花華有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company (which is currently the holder of 75.5% equity interest in Panyu PM Co)
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company

“SP Agreement”	the equity transfer agreement dated 16 May 2017 and entered into between the Purchaser and the Vendor in relation to the Target Capital Purchase
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to such term under the Listing Rules
“Target Capital”	the 24.5% equity interest in Panyu PM Co held by the Vendor
“Target Capital Purchase”	the transaction of purchase of the Target Capital from the Vendor by the Purchaser, as contemplated by the SP Agreement
“Vendor”	廣州市寰宇美食餐飲有限公司, a company incorporated in the PRC with limited liability, whose sole equity-owner is an Independent Third Party (other than the sole equity-owner being a director of Panyu PM Co)

\* *For identification purposes only*

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

Hong Kong, 16 May 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.*