

*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)**

### **(A) DISCLOSEABLE AND CONNECTED TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN, AND SHAREHOLDER'S LOANS TO, EASY SOUTH LIMITED AND (B) CONTINUING CONNECTED TRANSACTIONS**

#### **THE ACQUISITION**

On 16 October 2017, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor (being a Director and a substantial shareholder of the Company) entered into the SP Agreement. Pursuant to the SP Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Share and the Sale Debts at the Consideration of HK\$23 million.

As at the date of this announcement, Targetco PRC is a direct wholly-owned subsidiary of Targetco HK, which in turn is a direct wholly-owned subsidiary of Targetco BVI. The entire issued share capital of Targetco BVI is solely owned by the Vendor. Subject to and immediately after Completion taking place, members of the Target Group will become indirect wholly-owned subsidiaries of the Company.

Since some of the applicable percentage ratios in respect of the Acquisition exceed 5%, but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. The Vendor is a connected person of the Company by virtue of her being a Director and a substantial shareholder of the Company. As such, the Acquisition also constitutes a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon completion of the Acquisition, Targetco PRC will become an indirect wholly-owned subsidiary of the Company. Before the entering into of the SP Agreement, the Target Group has been engaged in the Target Business and providing information technology services, related engineering services, security systems and hardware and software integration to (among other persons) the Private Group and Ms. Wendy Man's Group. Such provision of services will continue after Completion and will be governed by the Master Engineering Service Agreement (or MES Agreement).

Brief particulars of the MES Agreement are set out in the section headed "Continuing Connected Transactions" below.

Subject to and following Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company. The transactions contemplated under the MES Agreement will constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. The relevant applicable percentage ratios for the aggregate amount of the transactions contemplated for FY2018 under the MES Agreement are expected to be more than 5% and the aggregate amount of the proposed annual cap for FY2018 is more than HK\$10 million. As such, the MES Agreement and the transactions contemplated under it will, subject to and upon Completion taking place, become subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of the SP Agreement, the MES Agreement and the respective transactions contemplated under such agreements (including the proposed annual cap for FY2018 relating to the MES Agreement).

A circular containing, among other matters, (i) further details of the SP Agreement, the MES Agreement and the respective transactions contemplated thereunder (including the proposed annual cap for FY2018 relating to the MES Agreement); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the SP Agreement, the MES Agreement and the transactions contemplated under them (including the proposed annual cap for FY2018 relating to the MES Agreement); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matter; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to all Shareholders. Such circular is expected to be despatched on or before 30 November 2017, as additional time is required to prepare and finalise certain information to be included in the circular.

## **INTRODUCTION**

On 16 October 2017, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor (being a Director and a substantial shareholder of the Company) entered into the SP Agreement. Pursuant to the SP Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Share and the Sale Debts at the Consideration of HK\$23 million.

As at the date of this announcement, Targetco PRC is a direct wholly-owned subsidiary of Targetco HK, which in turn is a direct wholly-owned subsidiary of Targetco BVI. The entire issued share capital of Targetco BVI is solely owned by the Vendor. Subject to and immediately after Completion taking place, members of the Target Group will become indirect wholly-owned subsidiaries of the Company.

## **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION – SP AGREEMENT**

**Date of SP Agreement:** 16 October 2017 (after trading hours)

### **Parties to the SP Agreement**

- (1) The Vendor (as vendor); and
- (2) the Purchaser (as purchaser), which is an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, the Vendor is the sole shareholder of Targetco BVI. Targetco BVI has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one (1) share has been issued and fully paid up and is beneficially owned by the Vendor.

The Vendor is a connected person of the Company by virtue of her being a Director and a substantial shareholder of the Company. She is also the Chairman of the Board.

### **Subject matters**

- (1) the Sale Share comprising one ordinary share having a par value of US\$1 in Targetco BVI, representing Targetco BVI's entire issued share capital; and
- (2) the Sale Debts, which amounted to approximately HK\$11.4 million (approximately RMB9.9 million) as at 31 August 2017, and which will (immediately before Completion) comprise the entire interest-free Shareholder Loans owing by members of the Target Group to the Vendor and her associates.

The Acquisition Price of the Sale Debts shall be an amount equal to the face value of the Sale Debts as at the Completion Date. The Acquisition Price of the Sale Share shall be an amount equal to the difference between the Consideration and the Acquisition Price of the Sale Debts.

### **Consideration**

The Consideration of HK\$23 million is to be paid by the Purchaser (or by other members of the Group on the Purchaser's behalf) to the Vendor (or her nominee) in the following instalments:

- (i) a deposit of HK\$5 million to be paid upon the signing of the SP Agreement;
- (ii) a sum of HK\$13 million to be paid upon Completion; and
- (iii) the remaining balance ("Withholding Balance") to be paid subject to and upon the satisfaction of the following conditions:

Following Completion, the Vendor and the Purchaser shall take all reasonable steps to liaise the PRC Tax Administration to ascertain as soon as possible the amount of income tax (if any) payable to the PRC Tax Administration by the Vendor in respect of any gain arising from or in connection with the Acquisition. If the full payment of Relevant Income Tax is made by the Vendor, the Purchaser shall release the entirety of the Withholding Balance to the Vendor. If, however, the Relevant Income Tax is fully or partially paid by the Purchaser, the Purchaser shall release such amount equivalent to the Withholding Balance less the Relevant Income Tax to the Vendor. If the portion of the Relevant Income Tax paid by the Purchaser is greater than the Withholding Balance, the Vendor has agreed to pay the Purchaser the difference between the Relevant Income Tax and the Withholding Balance within 20 Business Days from the date of the said payment by the Purchaser (or its agent). Under the SP Agreement, if the amount of relevant Income Tax is greater than Withholding Balance and such amount is paid by the Vendor, the Purchaser shall release only the entirety of the Withholding Balance to the Vendor, and is not obliged to pay any further amount to the Vendor.

The Consideration was determined after taking into consideration factors including the profitability of Target Group for the year ended 31 December 2016, the comparable price-earnings ratio applicable to companies which had similar businesses to those of the Target Group, the prospects of the Target Group and other factors which were considered to be appropriate by the Vendor and the Purchaser. The Consideration was reached after arm's length negotiations between the parties to the SP Agreement and reference to the valuation report issued by AVISTA Valuation Advisory Limited on 9 October 2017. The valuation result of the Target Group was estimated to approximately RMB32.6 million (approximately HK\$37.6 million) by market approach. The consideration will be paid from internally generated funds of the Group.

## **Conditions precedent to completion of the SP Agreement**

Completion of the Acquisition is subject to the following conditions precedent being fulfilled and remaining satisfied at Completion (or, where applicable, waived by the Purchaser in accordance with the terms of the SP Agreement):

- (A) the Purchaser having received from the Vendor a legal opinion on PRC laws, covering matters relating to Targetco PRC, in such form and substance to the Purchaser's satisfaction;
- (B) (if required) the approval by the Independent Shareholders at the EGM of the SP Agreement and the transactions contemplated by the SP Agreement, and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (C) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the SP Agreement having been obtained;
- (D) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational or other aspects that the Purchaser considers relevant) on the Group, the Target Business and related activities, businesses, assets, liabilities, operations, prospects and other status which the Purchaser, its agents or professional advisers think necessary and appropriate to conduct;
- (E) the Purchaser being reasonably satisfied, from the date of the SP Agreement and at any time before the Completion, that the warranties given by the Vendor under the SP Agreement remain true and accurate in all material respects and is not misleading and that there is no breach in any material respect of any such warranties or other provisions of the SP Agreement (including without limitation those concerning the Group) by the Vendor; and
- (F) all outstanding Shareholder Loans owing from members of the Target Group to the Vendor and her associates having been assigned to become loans owing by Targetco BVI to the Vendor immediately before Completion, and all necessary approvals, consents, authorisations and licences in relation thereto having been obtained from the relevant governmental authorities or parties concerned.

Under the SP Agreement, the Vendor has agreed to use all reasonable endeavours to satisfy the above conditions precedent on or before the Longstop Date (i.e. 29 December 2017 or such date as the Vendor and the Purchaser may agree in writing). The Purchaser has the right at any time to waive the above conditions precedent in writing (other than that set out in item (b) above which is not waivable) and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser.

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

If the above conditions precedent are not fulfilled or waived (to the extent waivable) on or before the Longstop Date, the SP Agreement shall lapse and be of no further effect except for certain clauses stated in the SP Agreement, and no party to the SP Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the SP Agreement.

### **Completion**

Completion of the Acquisition shall take place on the third Business Day after the fulfillment (or waiver) of the last of the above conditions precedent, or such other date as the Vendor and the Purchaser may agree in writing.

Immediately after Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated with those of the Group.

### **Financial information on the Target Group**

Set out below are the unaudited combined net profit before and after taxation of the Target Group based on the unaudited accounts of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for FY2015 and FY2016:

<b>(RMB million)</b>	<b>FY2015</b>	<b>FY2016</b>
Net profit before taxation	7.9	9.3
Net profit after taxation	5.9	7.3

As at 30 September 2017, the unaudited combined total asset value and net asset value of Target Group amounted to approximately RMB67.1 million and RMB10.3 million, respectively.

### **Other principal terms of the SP Agreement**

Under the SP Agreement, the Vendor has given the following representations and warranties to the Purchaser: as at the Completion Date, (a) there shall be no other borrowings, obligations or liabilities (whether actual or contingent) of the Target Group owing to any other party (whether the Vendor or its Associates or otherwise), otherwise than those trade payables whose accrual or occurrence are consented by the Purchaser by prior written notice, and which arise in the ordinary course of business of the Target Group; and (b) (otherwise than those as shown in the financial statements of the Target Group or those expressly disclosed to and agreed by the Purchaser prior to the signing of the SP Agreement) there are no guarantees given by any Group Company whatsoever and howsoever. If there occurs any breach of the above representations or warranties, the Acquisition Price shall be reduced by an amount equal to the aggregate amount of such additional liabilities.

Further, the Vendor has also given (conditional upon Completion having taken place) an indemnity in favour of the Purchaser (for itself and for trustee on behalf of members of the Target Group) against any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings which the Purchaser or such member of the Target Group may incur, suffer, accrue, directly or indirectly, from any act of such member arising from or in connection with any non-compliance of such member on or before the Completion Date.

## **REASONS FOR THE ACQUISITION**

The Target Group has been principally engaged in the Target Business in the PRC. It is expected that the Acquisition will facilitate the Group to provide better and more comprehensive property management services to the residents living in the residential communities under the management of the Group, and also expand the Group's source of income. The Directors believe that the Acquisition will bring positive returns to the 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 terms of the SP Agreement are fair and reasonable, and the Acquisition 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.

## **LISTING RULES IMPLICATIONS REGARDING THE SP AGREEMENT**

Since some of the applicable percentage ratios in respect of the Acquisition exceed 5%, but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Vendor is a connected person of the Company by virtue of her being a Director and a substantial shareholder of the Company. As such, the Acquisition also constitutes a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.



## CONTINUING CONNECTED TRANSACTIONS

### Background

Upon completion of the Acquisition, Targetco PRC will become an indirect wholly-owned subsidiary of the Company. Before the entering into of the SP Agreement, the Target Group has been engaged in the Target Business and providing information technology services, related engineering services, security systems and hardware and software integration to (among other persons) the Private Group (i.e. such companies which are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. Wendy Man's Spouse) and Ms. Wendy Man's Group (i.e. such companies which 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). Such provision of services will continue after Completion and will be governed by the MES Agreement.

Subject to and following Completion, members of the Target Group will become indirect wholly-owned subsidiaries of the Company. The transactions contemplated under the MES Agreement will constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

### MES Agreement

The principal terms of the MES Agreement are summarised as follows:

- Date: 16 October 2017
- Parties:
- (i) Clifford Estates Panyu (for itself and on behalf of other members of the Private Group);
  - (ii) Clifford Aged Home (for itself and on behalf of other members of Ms. Wendy Man's Group)
- on the one part, both as receiving parties; and
- (iii) Targetco PRC on the other part, as service provider
- Term: The initial term is for a period commencing on the Completion Date and expiring on 31 December 2018.

The term of the MES Agreement may be extended for a period of three years after the expiry of the initial term, subject to approval of such extension and the transactions contemplated thereunder (including the related annual cap) by the Independent Shareholders (if required) in accordance with the Listing Rules.



Subject matter: Provision of engineering and maintenance services (relating to information technology, security systems and hardware and software integration) to the Private Group and Ms. Wendy Man's Group

Pricing policy: In respect of engineering services, the prices are 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 30% to 45%, which is determined with reference to the service fees that the Group charges against Independent Third Parties.

In respect of maintenance services, the prices are determined by relevant parties on arm's length basis with reference to the prices offered to the Independent Third Parties. The prices shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties.

Conditions precedent to the MES Agreement becoming effective: The provision of services under the MES Agreement shall be subject to the fulfilment of the following conditions:

- (i) completion of the SP Agreement;
- (ii) the approval of the MES Agreement by Independent Shareholders by way of an ordinary resolution passed at an EGM having been obtained; and
- (iii) all other requirements under the Listing Rules being complied with (including the 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 above conditions have been fulfilled.

### **Pricing method and procedures**

Prior to the SP Agreement being entered into, the tendering team (which comprises senior management of the Target Group) would determine the price for the engineering services by conducting preliminary costing and pricing analysis when the Target 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.

Subject to and following Completion having taken place, the tendering team (which will comprise senior management of the Target Group and such other senior management as may be designated by the Company) would determine the price for the engineering services in accordance with the above established principles, and in respect of any engineering services to be rendered to the Private Group and/or Ms. Wendy Man's Group, such price and other terms are no less favourable than those of similar services rendered to Independent Third Parties.

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

- (i) approximately 8% 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 shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties.

Under the MES Agreement, the Group will, by the end of each calendar year during the term, consult the Private Group and Ms. Wendy Man's Group on, among others, potential projects which may be offered through tenders for the next calendar year and will (where applicable) give tenders for such projects when being invited.

### **Historical transaction records**

The total fees charged by the Group in relation to the provision of similar engineering and maintenance services by the Target Group to the Private Group and Ms. Wendy Man's Group for each of FY2014, FY2015 and FY2016 are as follows:

<b>Year</b>	<b>Amount of service fees RMB (million)</b>
FY2015	20.5
FY2016	31.9
FY2017 ( <i>Up to 31 August 2017; see note below</i> )	24.8

*Note:* Up to 31 August 2017, the service fees accrued for engineering and maintenance services by the Target Group to the Private Group and Ms. Wendy Man's Group amounted to about RMB24.8 million. Based on the outstanding engineering and maintenance service contracts which are expected to be completed on or before 31 December 2017, the expected service fees for engineering and maintenance services by the Target Group to the Private Group and Ms. Wendy Man's Group is about RMB33.4 million for the entire FY2017. As Completion is expected to take place in mid- or late December 2017, the amount of such service fees attributable to the Private Group and Ms. Wendy Man's Group is expected to be less than RMB1.3 million.

## **Propose annual cap**

The following table sets out the proposed annual cap in respect of the transactions contemplated under the MES Agreement for FY2018:

<b>Financial Year</b>	<b><i>RMB (million)</i></b>
FY2018	75.0

The proposed annual cap for the transactions contemplated under the MES Agreement for FY2018 as set out above are determined by reference to the following factors:

- (A) the contractual amount of approximately RMB11.9 million and RMB31.1 million expected for FY2016 and FY2017, respectively, in respect of the tenders awarded to the Group through tender process of the Private Group and Ms. Wendy Man's Group, and the outstanding services which are expected to be performed in FY2017 and FY2018;
- (B) the estimated transaction amount as a result of any variation orders made by the Private Group and Ms. Wendy Man's Group in the course of project implementation;
- (C) the maintenance service required for the projects implemented and completed in the past three years;
- (D) the estimated success rate of the Target Group tendering for the engineering works, based upon the historical tendering success rate and participation rate of the Target Group over the past three years; and
- (E) an estimate for possible projects indicated to be subject to tender, but not yet invited and/or awarded.

The Directors (excluding the INEDs whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that:

- (A) the terms and conditions of the MES Agreement are normal commercial terms and are fair and reasonable, and the transactions contemplated under the MES Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and
- (B) the proposed annual cap for the transactions contemplated under the MES Agreement for FY2018 are fair and reasonable.

## **Reasons for and benefits of entering into the MES Agreement**

In its ordinary course of business, the Target Group has been providing engineering and maintenance services to (among other parties) the Private Group and Ms. Wendy Man's Group. The Directors consider that following Completion, the continuation of providing such services by the Target Group to the Private Group and Ms. Wendy Man's Group will not prejudice the interests of the Company or its shareholders.

## **IMPLICATION OF THE LISTING RULES**

Subject to and after completion of the Acquisition having taken place, members of the Target Group will become indirect wholly-owned subsidiaries of the Company. The transactions contemplated under the MES Agreement will constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

The relevant applicable percentage ratios for the aggregate amount of the transactions contemplated for FY2018 under the MES Agreement are expected to be more than 5% and the aggregate amount of the proposed annual cap for FY2018 is more than HK\$10 million. As such, the MES Agreement and the transactions contemplated under it will, subject to and upon Completion taking place, become subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

## **INFORMATION ON THE GROUP, TARGET GROUP AND OTHERS**

The Group is principally engaged in the provision of four main service segments in the PRC: property management services, retail services, catering services and ancillary living services (i.e. off-campus training services, property agency services, employment placement services and laundry services).

The Target Group is principally engaged in the Target Business. The ultimate beneficial owner of the Target Group is Ms. Wendy Man. The original investment cost of the Vendor in the Target Group amounted to about RMB8 million, which is substantially equivalent to the registered capital in Targetco PRC.

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

Ms. Wendy Man's Group is principally engaged in the businesses of (among others) aged, maternal and infant care and information technology in the PRC. Its ultimate controlling shareholder is Ms. Wendy Man.

## GENERAL

In view of Ms. Wendy Man (and/or her associates') interests in the SP Agreement and the MES Agreement, Ms. Wendy Man has abstained from voting in respect of the relevant resolutions at the Board meeting held on 16 October 2017 for considering such agreements.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of the SP Agreement, the MES Agreement and the respective transactions contemplated under such agreements (including the proposed annual cap for FY2018 relating to the MES Agreement).

By virtue of Ms. Wendy Man's (or, as the case may be, her associates') interests in the SP Agreement and the MES Agreement, Ms. Wendy Man 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 wholly-owned company (namely, Elland Holdings Limited) held 750,000,000 Shares, representing 74.9% 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 SP Agreement, the MES Agreement Agreements and the respective transactions contemplated under them (including the proposed annual cap for FY2018 relating to the MES Agreement), and no other Shareholders are required to abstain from voting on the ordinary resolutions in relation to the said matters to be proposed at the EGM.

The Independent Board Committee has been formed, comprising all the INEDs (namely, Mr. HO Cham, Ms. LAW Elizabeth and Mr. MAK Ping Leung). It will make recommendations to the Independent Shareholders in respect of the terms of the SP Agreement, the MES Agreement and the respective transactions contemplated thereunder (including the proposed annual cap for FY2018 relating to the MES Agreement). The Independent Financial Adviser, namely Sorrento Capital Limited has been appointed to advise the Independent Board Committee in this regard.

A circular containing, among other matters, (i) further details of the SP Agreement, the MES Agreement and the respective transactions contemplated thereunder (including the proposed annual cap for FY2018 relating to the MES Agreement); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the SP Agreement, the MES Agreement and the transactions contemplated under them (including the proposed annual cap for FY2018 relating to the MES agreement); (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) other information as required under the Listing Rules, will be despatched to all Shareholders. Such circular is expected to be despatched on or before 30 November 2017, 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, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Sale Share and the Sale Debts by the Purchaser from the Vendor in accordance with the terms and conditions of the SP Agreement
“Acquisition Price of the Sale Debts”	the price for the Sale Debts payable by the Purchaser to the Vendor
“Acquisition Price of the Sale Share”	the price for the Sale Share payable by the Purchaser to the Vendor
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Clifford Aged Home”	Clifford Aged Home Company Limited* (廣州市祈福護老公寓有限公司), a company established in the PRC and a member of Ms. Wendy Man’s 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
“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
“Completion Date”	the third Business Day after the fulfillment (or waiver) of the last of the conditions precedent mentioned in the section headed “Discloseable Transaction And Connected Transaction – SP Agreement – Conditions precedent to completion of the SP Agreement” (both inclusive) or such other date as the parties hereto may agree in writing, on which date Completion will take place
“connected person(s)”	has the same meaning ascribed to such term under the Listing Rules
“Consideration”	initially HK\$23 million, being the total consideration payable by the Purchaser to the Vendor for the Acquisition, particulars of which are summarised in the section headed “Consideration” above
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving (1) the SP Agreement and the transactions contemplated under it, and (2) the MES Agreement and the transactions contemplated hereunder it (including the proposed annual cap for FY2018 relating thereto) by the Independent Shareholders
“FY2014”, “FY2015” and “FY2016”	each of the financial years ended 31 December 2014, 2015 and 2016, respectively
“FY2017”, “FY2018” and “FY2019”	each of the financial years ending 31 December 2017, 2018 and 2019, respectively
“Group”	collectively, the Company and its subsidiaries from time to time, which (i) before Completion, does not include the Target Group, and (ii) after Completion, will include the Target Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



“Independent Board Committee”	the independent board committee, comprising all the INEDs (namely Mr. HO Cham, Ms. LAW Elizabeth and Mr. MAK Ping Leung) established to make recommendations to the Independent Shareholders with regard to (i) the SP Agreement and the transactions contemplated thereunder; and (ii) the MES Agreement and the transaction contemplated thereunder (including the proposed annual cap relating thereto)
“Independent Financial Adviser”	Sorrento Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the SP Agreement, the MES Agreement and the respective transactions contemplated thereunder (including the proposed annual cap relating to the MES Agreement)
“Independent Shareholders”	Shareholder(s) who are not required to abstain from voting at the EGM to approve (among other matters) the SP Agreement, the MES Agreement and the respective transactions contemplated thereunder (including the proposed annual cap for FY2018 relating to the MES Agreement)
“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) of the Company
“INED(s)”	independent non-executive Director(s)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	29 December 2017 at 5:00 p.m., or such later time and date as the Vendor and the Purchaser may agree in writing
“Master Engineering Service Agreement” or “MES Agreement”	the agreement dated 16 October 2017 and entered into between the Company on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Aged Home (for itself and on behalf of other members of Ms. Wendy Man’s Group) on the other part, pursuant to which the terms of provision of certain engineering and maintenance services stated therein by the Target Group to the Private Group and Ms. Wendy Man’s Group are regulated

“Ms. Wendy Man” or “Vendor”	Ms. Man Lai Hung, an executive Director the chairman of the Board and one of the controlling shareholders of the Company
“Ms. Wendy Man’s Group”	such companies which 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
“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 which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Tax Administration”	State Administration of the PRC (國家稅務總局) or its delegated authority
“Private Group”	such companies which are under the control of (or 30% or more of the issued share capital of which are owned by) Ms. Wendy Man’s Spouse
“Purchaser”	Green Charm Enterprises Limited (青美企業有限公司), a company incorporated in Hong Kong on 13 November 2015 with limited liability and an indirect wholly-owned subsidiary of the Company
“Relevant Income Tax”	such amount of income tax payable to 國家稅務總局 (State Administration of Taxation) of the PRC or its delegated authority pursuant to “關於非居民企業間接轉讓財產企業所得稅若干問題的公告” (國家稅務總局公告2015年第7號) and/or other regulations as promulgated by the said State Administration of Taxation in respect of any gain arising from or in connection with the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Debts”	the Shareholder Loans to be assigned by the Vendor to the Purchaser at Completion, which equals to the face value of the loans outstanding as at Completion made by or on behalf of the Vendor (or her associates) to the Target Group, on and subject to the terms and conditions set out in the SP Agreement

“Sale Share”	one share of US\$1 each in, and representing the entire issued share capital of the Targetco BVI
“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)
“Shareholder Loans”	the interest-free loans owing by members of the Target Group to the Vendor and her associates, which amounted to about HK\$11.4 million as at 31 August 2017
“SP Agreement”	the sale and purchase agreement dated 16 October 2017 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to such term under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Business”	the businesses of providing information technology services, related engineering services, security systems and hardware and software integration, most of which are delivered on project basis by the Target Group
“Target Group”	collectively, Targetco BVI, Targetco HK and Targetco PRC
“Targetco BVI”	Easy South Limited (怡南有限公司), company incorporated in BVI on 3 April 2013 with limited liability and solely owned by Ms. Wendy Man
“Targetco HK”	Diamond Ray Limited (暉躍有限公司), a company incorporated in Hong Kong on 26 November 2012 with limited liability and a wholly-owned subsidiary of Target BVI

