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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:**

- (i) THE 2018 SUPPLEMENTAL MASTER TENANCY AGREEMENT;**
- AND**
- (ii) THE 2018 MASTER COMPOSITE SERVICES AGREEMENT**

#### **THE 2018 SUPPLEMENTAL MASTER TENANCY AGREEMENT AND THE 2018 MASTER COMPOSITE SERVICES AGREEMENT**

Reference is made to the Prospectus, the April 2017 Announcement, the June 2017 Circular, the October 2017 Announcement and the November 2017 Circular in relation to, among other matters, the continuing connected transactions under the Existing Master Agreements.

On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2018 Supplemental Master Tenancy Agreement with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord), to revise certain terms of the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA).

On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as service providers) on one part, entered into the 2018 Master Composite Services Agreement with 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 Ms. Wendy Man's Group) (as receiving parties) on the other part, to continue the provision of procurement, property management, laundry, resident support and maintenance, employment placement, property agency services and expansion of engineering and maintenance services and telecommunication services to the receiving parties for the three years ending 31 December 2021 subject to the terms and conditions contained therein.

## **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. 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) and Ms. Wendy Man's Group (including Clifford Aged Home) is Ms. Wendy Man's Spouse and Ms. Wendy Man, respectively. As such, the Private Group (including Clifford Estates Panyu) and Ms. Wendy Man's Group (including Clifford Aged Home) are associates of Ms. Wendy Man. Accordingly, the entering into of the 2018 Supplemental MTA and the 2018 MCSA constitutes continuing connected transactions of the Company under Chapter 14A of 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 Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) is more than 5% (but less than 25%) and the annual consideration is more than HK\$10 million, the 2018 Supplemental Master Tenancy Agreement 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.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the 2018 Master Composite Services Agreement is more than 25% (but less than 75%), the 2018 Master Composite Services Agreement 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 EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolutions in respect of, among other matters, the 2018 Supplemental Master Tenancy Agreement and the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof).

A circular containing, among others, (i) further details of the 2018 Supplemental Master Tenancy Agreement and the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed 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 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 2018, as additional time is required to prepare and finalise certain information to be included in the circular.

## **BACKGROUND**

Reference is made to the Prospectus, the April 2017 Announcement, the June 2017 Circular, the October 2017 Announcement and the November 2017 Circular in relation to, among other matters, the continuing connected transactions under the Existing Master Agreements.

On 21 October 2016, the Company (on behalf of its subsidiaries) (as tenant) entered into the Master Tenancy Agreement with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord) to regulate the leasing arrangement of leased properties by the Group from the Private Group. On 28 April 2017, the 2017 Supplemental Master Tenancy Agreement was entered into between the same parties to revise certain terms of the Master Tenancy Agreement.

On 21 October 2016, the Company (for itself and on behalf of its subsidiaries) (as service providers) on the one part, entered into the Master Composite Services Agreement with 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 Ms. Wendy Man's Group) (as receiving parties) on the other part, pursuant to which the Company agreed to provide procurement, property management, laundry, resident support and maintenance, employment placement and property agency services to support the business activities and development of the receiving parties. On 28 April 2017, the 2017 Supplemental Master Composite Services Agreement was entered into between the same parties to revise certain terms of the Master Composite Services Agreement.

On 16 October 2017, Guangzhou Kejian (as service provider) on the one part, entered into the Master Engineering Service Agreement with 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 Ms. Wendy Man's Group) (both as receiving parties) on the other part, pursuant to which Guangzhou Kejian agreed to provide engineering and maintenance services (relating to information technology, security systems and hardware and software integration) to the receiving parties.

## THE 2018 SUPPLEMENTAL MASTER TENANCY AGREEMENT

On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2018 Supplemental Master Tenancy Agreement with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord), to revise certain terms of the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA). The changes contemplated under the 2018 Supplemental MTA were mainly to accommodate: (i) the expected increase in the lettable area to be leased by the Group from the Private Group for expansion of Ancillary Living Services (including off-campus training services and laundry services); (ii) future increments of annual rentals under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) to be determined by the parties subject to a cap of 7% per annum; and (iii) changes in leased premises as to be governed under the Master Tenancy Agreement arising from or in connection with the business development of the Group (which changes will be recorded under supplemental agreements or memoranda).

The principal terms of the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) are summarized as below:

Date of the 2018 Supplemental Master Tenancy Agreement:	18 October 2018 (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 2018 Supplemental Master Tenancy Agreement:	in accordance with the 2018 Supplemental Master Tenancy Agreement, the Group will be leasing from the Private Group premises with a total gross floor area of approximately 38,300 sq.m. in Panyu district, Huadu district and Foshan City. Details of the additional premises to be leased are set out below:

	<b>Number of additional leases</b>	<b>Total additional gross floor area (in sq.m.)</b>
Panyu district	1	1,436
Huadu district	1	4,000
<b>Total</b>	<b>2</b>	<b>5,436</b>

- Use: mainly operating as business outlets or office
- Term: the original term under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and 2018 Supplemental 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 provisions of the Listing Rules. No change in such connection is made under the 2018 Supplemental MTA.
- Rent: 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 the 2018 Supplemental Master Tenancy Agreement 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, and 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 (as to be governed under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA)) 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 the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA), 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.

Conditions: the transactions contemplated under the 2018 Supplemental Master Tenancy Agreement (including the proposed annual caps thereof) are conditional upon (i) 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 the obtaining of 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.

### **Proposed annual caps**

The initial annual caps in respect of the transactions contemplated under the Master Tenancy Agreement for each of the three years ending 31 December 2018 were, as disclosed in the Prospectus, RMB11.5 million, RMB12.0 million and RMB12.5 million, respectively. On 23 June 2017, the revision of the annual caps for each of the two years ending 31 December 2018 was approved by the then Independent Shareholders at the Company's extraordinary general meeting to RMB16.0 million and RMB20.0 million, respectively.

The historical transaction amount in respect of the transactions contemplated under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA) for each of the two years ended 31 December 2017 were approximately RMB7.5 million and RMB14.3 million, respectively.

So far as the Directors are aware, the annual cap in respect of the transactions contemplated under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA) for the year ending 31 December 2018 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 the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) for each of the three years ending 31 December 2021:

<i>(RMB million)</i>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Total rental</b>	19.0	20.0	21.0

### **Basis of determination of the proposed annual caps**

The proposed annual caps in respect of the transactions contemplated under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) have been determined with reference to:

- (i) the historical amount of rentals paid or payable by the Group;



- (ii) the gross floor area of premises to be leased from the Private Group under the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA);
- (iii) the prevailing property market conditions of Guangdong Province and Hong Kong; and
- (iv) the prevailing GDP growth rate of the PRC.

Save for the changes as contemplated by the 2018 Supplemental MTA, all other terms and conditions of the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA) remain unchanged and effective. Please refer to the section headed “Continuing Connected Transactions” in the Prospectus, the April 2017 Announcement and the June 2017 Circular for further details of the Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA).

## **THE 2018 MASTER COMPOSITE SERVICES AGREEMENT**

The Master Composite Services Agreement (as supplemented by the 2017 Supplemental MCSA) and the Master Engineering Service Agreement will expire on 31 December 2018. On 18 October 2018, the Company (for itself and on behalf of its subsidiaries) (as service providers) on one part, entered into the 2018 Master Composite Services Agreement with 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 Ms. Wendy Man’s Group) (as receiving parties) on the other part, to continue the provision of procurement, property management, laundry, resident support and maintenance, employment placement, property agency services and expansion of engineering and maintenance services and telecommunication services to the receiving parties for the three years ending 31 December 2021 subject to the terms and conditions contained therein. Upon the expiry of the term of the Master Engineering Service Agreement, the engineering and maintenance services will be provided under the 2018 Master Composite Services Agreement with effect from 1 January 2019.

The principal terms of the 2018 Master Composite Services Agreement are summarized as below:

Date of the 2018 Master Composite Services Agreement:	18 October 2018 (after trading hours)
Parties:	<ul style="list-style-type: none"> <li>(i) the Company (for itself and on behalf of its subsidiaries) (as service providers)</li> <li>(ii) 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) (both as receiving parties)</li> </ul>

Term: three years commencing from 1 January 2019 to 31 December 2021

the term of the 2018 Master Composite Services Agreement may be extended for a period of three years after the expiry of the initial term, subject to compliance with the then applicable provisions of the Listing Rules

Services to be provided by the Group: provision of procurement, property management, laundry, resident support and maintenance, employment placement and property agency services, engineering and maintenance services (relating to information technology, security systems and hardware and software integration) and telecommunication services.

Conditions: the transactions contemplated under the 2018 Master Composite Services Agreement (including the proposed annual caps thereof) are conditional upon (i) 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.

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 the 2018 MCSA follows that applicable to transactions of similar nature or types which is applicable to services rendered by the Group to Independent Third Parties. Such pricing policy is set out below:

- (i) Procurement purchase prices of relevant products provided by the Group are determined (a) based on the trading cost (including purchase price and other costs) of the relevant products plus a premium of approximately 4% (which is equivalent to the estimated administrative and/or miscellaneous expenses incurred in processing the orders plus a mark-up); or (b) through arm's length negotiation and having regard to the comparable market prices, depending on the size of the order to ensure that the terms offered by the Group shall be no more favourable than those available to Independent Third Parties.



- (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 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.
- (iii) Laundry laundry service fee is determined by the relevant parties through arm's length negotiation, with reference to the laundry fees charged by Independent Third Party laundry service providers 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.
- (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 the nature and value of the relevant services rendered by the Group and 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).
- In respect of the home cleaning services, the prices are determined by relevant parties on arm's length basis with reference to the prices offered to the 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.
- (v) Employment placement 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 Independent Third Party employment placement agencies 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.

(vi) Property agency

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 local property agencies (which are Independent Third Parties) in the neighbourhood with a similar scale and quality to ensure that the fees offered by the Group are no more favourable than those available from Independent Third Party local property agencies.

(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 30% 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 analyze 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 the engineering works of similar size and complexity provided to 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. The mark-up range for the Target Group's engineering service fees charged against Independent Third Parties is approximately 25% to 45%.

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. The percentage range of maintenance service fees charged for relevant engineering service contract sum provided to Independent Third Parties is approximately 8% 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 the service fees that the Group charges the Independent Third Parties.

### **Pricing method and procedures**

In respect of the procurement, property management, laundry, resident support, employment placement, property agency and 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 chief operating officer 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.

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 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 (to be received by the Group) shall be no less favourable than prices of similar services rendered by the Group to Independent Third Parties.

Under the 2018 MCSA, 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 2018 Master Composite Services Agreement. The executive Directors will then review and approve the service fees in respect of the services to be charged to the Private Group or Ms. Wendy Man's Group. The executive Directors will closely monitor the service fees charged to the Private Group and Ms. Wendy Man's Group pursuant to the 2018 Master Composite Services Agreement 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.

## Proposed annual caps

The initial annual caps in respect of the transactions contemplated under the Master Composite Services Agreement for each of the three years ending 31 December 2018 were, as disclosed in the Prospectus, RMB23.0 million, RMB23.0 million and RMB23.0 million, respectively. On 23 June 2017, the revision of the annual caps for each of the two years ending 31 December 2018 was approved by the then Independent Shareholders at the Company's extraordinary general meeting to RMB37.0 million and RMB41.0 million, respectively.

The historical transaction amount in respect of the transactions contemplated under the Master Composite Services Agreement (as supplemented by the 2017 Supplemental Master Composite Services Agreement) for each of the two years ended 31 December 2017 were approximately RMB22.6 million and RMB23.0 million, respectively.

So far as the Directors are aware, the annual caps in respect of the transactions contemplated under (i) the Master Composite Services Agreement (as supplemented by the 2017 Supplemental MCSA); and (ii) the Master Engineering Service Agreement for the year ending 31 December 2018 have 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 the 2018 Master Composite Services Agreement for each of the three years ending 31 December 2021:

<i>(RMB million)</i>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
<b>Total</b>	126.0	129.0	138.0

### **Basis of determination of the proposed annual caps**

The proposed annual caps in respect of the transactions contemplated under the 2018 Master Composite Services Agreement have been determined with reference to:

- (i) the historical amount of the service fees charged by the Group;
- (ii) the additional volume of services to be provided by the Group in connection with the completion of development and sales of some property projects in the next three years;
- (iii) the maintenance service required for the projects implemented and completed in the past three years; and
- (iv) the prevailing GDP growth rate of the PRC.

## **REASONS FOR AND BENEFITS OF THE 2018 SUPPLEMENTAL MTA AND THE 2018 MCSA**

The Group is principally engaged in the provision of six main service segments: property management services, renovation and fitting-out services, retail services, catering services, information technology services and Ancillary Living Services.

The Private Group is principally engaged in the businesses of (among others) property development, property investment, hotel investment and management, education, hospital and medical services in the PRC. Its ultimate controlling shareholder is 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.

As regards the 2018 Supplemental MTA, there is expected increase in the gross floor area to be leased by the Group for expansion of the Group's Ancillary Living Services (including off-campus training services and laundry services).

As regards the 2018 MCSA, as the Group generally understands the business needs of the Private Group and Ms. Wendy Man's Group, it is expected that the Group will, in its ordinary course of business continue to supply such services to the Private Group and Ms. Wendy Man's Group. The Group's provision of additional volume of services mainly arises as a result of more property projects to be completed and sold, which are located in Pauyu district, Huadu district, Foshan city and Zhaoqing city. The basis of services fees to be charged by the Group for additional volume of services will be the same as that provided under the MCSA.

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 2018 Supplemental MTA and the 2018 MCSA 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 2018 Supplemental MTA and the 2018 MCSA are fair and reasonable.

## **LISTING RULES IMPLICATIONS**

Ms. Wendy Man is an executive Director, the chairman of the Board and one of the controlling shareholders of the Company. 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) and Ms. Wendy Man's Group (including Clifford Aged Home) is Ms. Wendy Man's Spouse and Ms. Wendy Man, respectively. As such, the Private Group (including Clifford Estates Panyu) and Ms. Wendy Man's Group (including Clifford Aged Home) are associates of Ms. Wendy Man. Accordingly, the entering into of the 2018 Supplemental MTA and the 2018 MCSA constitutes continuing connected transactions of the Company under Chapter 14A of 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 Master Tenancy Agreement (as supplemented by the 2017 Supplemental MTA and the 2018 Supplemental MTA) is more than 5% (but less than 25%) and the annual consideration is more than HK\$10 million, the 2018 Supplemental Master Tenancy Agreement 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.

As all of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the 2018 Master Composite Services Agreement is more than 25% (but less than 75%), the 2018 Master Composite Services Agreement 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**

In view of her and/or her associates' interests in the 2018 Supplemental Master Tenancy Agreement and the 2018 Master Composite Services Agreement, Ms. Wendy Man has abstained from voting in respect of the relevant resolutions at the Board meeting held on 18 October 2018 for considering these 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, among other matters, the 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof).

By virtue of Ms. Wendy Man's (or, as the case may be, her associates') interests in the 2018 Supplemental Master Tenancy Agreement and the 2018 Master Composite Services Agreement, 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 wholly-owned company (namely Elland Holdings Limited) held 735,840,000 Shares, representing approximately 72.48% of the entire issued share capital of the Company and was interested in 5,000,000 Shares, representing approximately 0.49% 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 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder and no other Shareholders are required to abstain from voting on the ordinary resolutions in relation to the 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof) to be proposed at the EGM.

The 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 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof). Astrum Capital Management Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the 2018 Supplemental Master Tenancy Agreement and the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed 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 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 2018, 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:

“2017 Supplemental Master Composite Services Agreement” or “2017 Supplemental MCSA”	the supplemental master composite services agreement dated 28 April 2017 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 Aged Home (for itself and on behalf of Ms. Wendy Man’s Group) on the other part, pursuant to which the Company agreed to revise certain terms of the Master Composite Services Agreement
“2017 Supplemental Master Tenancy Agreement” or “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 Private Group) and the Company (on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to revise certain terms of the Master Tenancy Agreement
“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 Private Group) and Clifford Aged Home (for itself and on behalf of Ms. Wendy Man’s Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Aged Home
“2018 Supplemental Master Tenancy Agreement” or “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 Private Group) and the Company (on behalf of its subsidiaries), pursuant to which the parties thereto agreed to revise certain terms of the MTA (as supplemented by the 2017 Supplemental MTA)
“Ancillary Living Services”	off-campus training services, property agency services, employment placement services and laundry services
“April 2017 Announcement”	the Company’s announcement dated 28 April 2017
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“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 (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 the 2018 Supplemental MTA, 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Existing Master Agreements”	collectively, the MTA (as supplemented by the 2017 Supplemental MTA), the MCSA (as supplemented by the 2017 Supplemental MCSA) and the MES Agreement
“FY2015”, “FY2016” and “FY2017”	each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017, respectively
“FY2018”, “FY2019”, “FY2020” and “FY2021”	each of the financial years ending 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021, 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 INEDs (namely Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung) established to make recommendations to the Independent Shareholders with regards to the 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement and the transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Independent Financial Adviser”	Astrum Capital Management Limited, a corporation licensed to carry out type 6 (advising on corporate finance) 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 2018 Supplemental Master Tenancy Agreement, the 2018 Master Composite Services Agreement 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) (within the meaning ascribed to it under the Listing Rules) of the Company
“INED(s)”	independent non-executive Director.(s)
“June 2017 Circular”	the Company’s circular dated 7 June 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Composite Services Agreement” or “MCSA”	the master composite services agreement dated 21 October 2016 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 Aged Home (for itself and on behalf of Ms. Wendy Man’s Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Aged Home
“Master Engineering Service Agreement” or “MES Agreement”	the master engineering service agreement dated 16 October 2017 and entered into between Guangzhou Kejian 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 Group to the Private Group and Ms. Wendy Man’s Group are regulated
“Master Tenancy Agreement” or “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 Private Group) and the Company (on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to lease certain properties to the Company
“Ms. Wendy Man”	Ms. Man Lai Hung, an executive Director, chairman of the Board and one of the controlling shareholders
“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
“November 2017 Circular”	the Company’s circular dated 29 November 2017
“October 2017 Announcement”	the Company’s announcement dated 16 October 2017
“PRC”	People’s Republic of China

“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
“Prospectus”	the Company’s prospectus dated 27 October 2016
“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
“%”	per cent.

By order of the Board  
**Clifford Modern Living Holdings Limited**  
**LIANG Yuhua**  
*Executive Director*

Hong Kong, 18 October 2018

*As at the date of this announcement, the board of directors of the Company comprises Ms. MAN Lai Hung, 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 (alias Mr. MAK Wah Cheung) as independent non-executive Directors.*