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祈福生活服務
CLIFFORD MODERN LIVING

CLIFFORD MODERN LIVING HOLDINGS LIMITED

祈福生活服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3686)

CONTINUING CONNECTED TRANSACTIONS:

(1) 2024 MASTER TENANCY AGREEMENTS; AND

(2) 2024 MASTER COMPOSITE SERVICES AGREEMENTS

(1) THE 2024 MASTER TENANCY AGREEMENTS

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions and connected transaction provided under the 2021 Master Tenancy Agreements, comprising 2021 MTA No.1 and 2021 MTA No.2.

On 16 October 2024, for the purpose of replacing the 2021 Master Tenancy Agreements, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2024 Master Tenancy Agreements, comprising:

- (i) 2024 MTA No.1 made with Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) (as landlord); and
- (ii) 2024 MTA No.2 made with Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) (as landlord),

pursuant to which the respective landlords agreed to lease certain premises to the Group, on and subject to the respective terms and conditions contained therein. Each of the 2024 Master Tenancy Agreements has a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Implications of the Listing Rules regarding the 2024 MTAs

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

The transactions contemplated under 2024 MTA No.1 and 2024 MTA No.2 are not aggregated under Rule 14A.81 of the Listing Rules, for the reasons that (i) the locations of the premises leased under 2024 MTA No.1 and 2024 MTA No.2 respectively are different; (ii) the nature and uses of the premises leased under the 2024 MTAs are different; and (iii) the premises leased under the 2024 MTAs are used as the Group's operation as business outlets, offices or warehouses and/or other related purposes, which are in the ordinary and usual course of its existing business, and hence will not lead to any involvement by the Group in a new business activity.

For 2024 MTA No.1, as at least one of the applicable percentage ratios (other than the profits ratio) in respect of the largest annual cap thereunder is more than 5% (but less than 25%) and such largest annual cap is more than HK\$10 million, 2024 MTA No.1 and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For 2024 MTA No.2, as all of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps thereunder are less than 5% and all of such annual caps are less than HK\$3 million, 2024 MTA No.2 and the transactions contemplated thereunder are therefore fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Considering the relevance of 2024 MTA No.1 and 2024 MTA No.2, brief details of 2024 MTA No.2 and the transactions contemplated thereunder are also included in this announcement for the Shareholder's information.

(2) THE 2024 MASTER COMPOSITE SERVICES AGREEMENTS

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions as provided under the 2021 Master Composite Services Agreements, comprising 2021 MCSA No.1 and 2021 MCSA No.2.

On 16 October 2024, for the purpose of replacing the 2021 Master Composite Services Agreements, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into the 2024 Master Composite Services Agreements, comprising:

- (i) 2024 MCSA No.1 made with Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of other members of the WM Non-HC Group) (as receiving parties); and
- (ii) 2024 MCSA No.2 made with Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) (as receiving parties),

pursuant to which the Group agreed to provide the following services to the respective receiving parties for a term of three years commencing from 1 January 2025 and ending on 31 December 2027: (a) procurement, property management, laundry, resident support, employment placement services and property agency services (i.e. living services); (b) engineering and maintenance services; and (c) telecommunication services, on and subject to the respective terms and conditions contained therein.

Implications of the Listing Rules regarding the 2024 MCSAs

For the reasons stated in the paragraph headed “(1) The 2024 Master Tenancy Agreements — Implications of the Listing Rules regarding the 2024 MTAs” above, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are connected persons of the Company under the Listing Rules.

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

Accordingly, the entering into of the 2024 MCSAs constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under 2024 MCSA No.1 and 2024 MCSA No.2 are aggregated as if they were one transaction, on the basis that (i) both of them involve the provision of living services, engineering and maintenance services and telecommunication services by the Group which are of similar nature and (ii) the respective receiving parties, namely, the Private Group, the WM Non-HC Group and the WM Healthcare Group, are all connected persons (as defined under the Listing Rules).

As at least one of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the 2024 MCSAs is more than 25% (but less than 75%) and the annual consideration is more than HK\$10 million, the 2024 MCSAs and the transactions contemplated thereunder (including the proposed annual caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of, among other matters, 2024 MTA No.1 and the 2024 MCSAs and the continuing connected transactions contemplated thereunder (including the proposed annual caps thereof).

A circular will be despatched to all Shareholders, and it will contain, among others, (i) further details of 2024 MTA No.1 and the 2024 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of 2024 MTA No.1 and the 2024 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matters; (iv) a notice of the EGM; and (v) such other information as required under the Listing Rules. The circular is expected to be despatched on or before 6 November 2024, as additional time is required to prepare and finalise certain information to be included in the circular.

(1) THE 2024 MASTER TENANCY AGREEMENTS

Introduction

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions and connected transaction provided under the 2021 Master Tenancy Agreements, comprising 2021 MTA No.1 and 2021 MTA No.2.

On 29 October 2021, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into (i) 2021 MTA No.1 with Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) (as landlord); and (ii) 2021 MTA No.2 with Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) (as landlord), pursuant to which the respective landlords agreed to lease certain premises to the Group, on and subject to the respective terms and conditions contained therein.

Each of the 2021 Master Tenancy Agreements has a term of three years commenced from 1 January 2022 and ending on 31 December 2024. It is expected that the Company will continue to lease such premises under the 2021 Master Tenancy Agreements after 31 December 2024.

On 16 October 2024, for the purpose of replacing the 2021 Master Tenancy Agreements, the Company (for itself and on behalf of its subsidiaries) (as tenant) entered into the 2024 Master Tenancy Agreements, comprising:

- (i) 2024 MTA No.1 made with Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) (as landlord); and
- (ii) 2024 MTA No.2 made with Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) (as landlord),

pursuant to which the respective landlords agreed to lease certain premises to the Group, on and subject to the respective terms and conditions contained therein. Each of the 2024 Master Tenancy Agreements has a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Principal terms of the 2024 Master Tenancy Agreements

2024 MTA No.1

The principal terms of 2024 MTA No.1 are summarised below:

Date of 2024 MTA No.1:	16 October 2024 (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 other members of the Private Group) (as landlord)
Premises to be leased under 2024 MTA No.1:	Under 2024 MTA No.1, the Group will lease from the Private Group premises with a total gross floor area of 33,395 sq.m. in Panyu district, Foshan district, Huadu district of Guangdong Province in mainland China and in Hong Kong, China. Brief details of the premises are set out below:

	Number of leases	Total gross floor area (sq.m.)	Range of monthly rental (RMB per sq.m.)
Panyu district	41	31,322	4-246
Foshan district	1	20	20
Huadu district	1	20	48
Hong Kong, China	<u>2</u>	<u>2,033</u>	<u>109</u>
Total	<u>45</u>	<u>33,395</u>	

The construction of certain residential properties developed by the Private Group are expected to be completed and will be allowed to be occupied during the period from FY2025 to FY2027. Accordingly, 2024 MTA No.1 also contains a term that upon the completion of construction and commencement of occupation of such properties, the Group will lease from the Private Group some of these newly developed premises with a total gross floor area of 6,338 sq.m. in Panyu district of Guangdong Province in mainland China. Brief details of the newly developed premises which are expected to be leased by the Group are set out below:

	Number of new leases	Total gross floor area (sq. m.)	Expected range of monthly rental ^(Note 2) (RMB per sq. m.)
FY2025	2	2,238	38–69
FY2026	1	2,000	69
FY2027	<u>4</u>	<u>2,100</u>	<u>69</u>
Total	<u>7</u>	<u>6,338^(Note 1)</u>	

Note 1: These figures are presented on accumulated basis and are inclusive of the total gross floor area of premises leased in previous financial year and are subsisting during the relevant financial year.

Note 2: These expected monthly rentals are estimated based on the rentals of similar premises in Panyu district taking into account the usage and location of the relevant premises. The Group will engage an independent valuer to issue fair rent letter as reference for determining the relevant annual rentals payable.

With respect to the premises leased under 2024 MTA No.1, individual members of the Group (as tenants) and individual members of the Private Group (as landlords) entered or will enter into individual tenancy agreements which prescribe specific lease terms and conditions (including rental, payment method and other terms). The terms of such individual tenancy agreements shall be consistent with those of 2024 MTA No.1.

If any of the individual tenancy agreements expires before 31 December 2027 (being the expiry date of 2024 MTA No.1), the Company is entitled to renew such individual tenancy agreement with the relevant landlord (being a member of the Private Group) by giving three months' written notice, subject to the compliance with the then applicable provisions of the Listing Rules.

Use:	Mainly operating as business outlets, offices, warehouses and/or other related purposes
Term:	Three years commencing from 1 January 2025 and ending on 31 December 2027
Rent:	The annual rentals payable by the Group under the existing individual tenancy agreements have been determined by the Group with reference to the range of prevailing market rates for each of the premises under the exiting individual tenancy agreements as at 31 August 2024 based on the valuation results of an independent property valuer contained in a fair rent report (the “ Fair Rent Report ”) and the management’s assessment of the prevailing market rates for FY2024. The Fair Rent Report provided an independent analysis on the rental levels of the premises (including those leased under the 45 existing individual tenancy agreements covered by 2024 MTA No.1) as of 31 August 2024, showing that the rental payable by the Group under such existing tenancy agreements are within the range of the rentals of similar properties.

As for new individual leases to be entered into regarding the newly developed premises, the Group agreed to engage an independent valuer to issue fair rent letter (before the commencement of the term of the relevant lease) as reference for determining the relevant annual rentals payable.

The annual rentals in respect of the premises to be leased by the Group under 2024 MTA No.1 were determined after arm's length negotiations between the relevant parties with reference to the prevailing market rates of local properties in the neighbourhood with a similar scale and quality and subject to the internal control measures of the Group and of the Private Group. The prevailing market rates of local properties are determined with reference to:

- (i) quotations of one or more similar comparable properties owned by Independent Third Parties in the neighbouring area provided by independent estate agency;
- (ii) the terms of at least one existing tenancy agreement entered into between the Private Group (as landlord) and Independent Third Party(ies) (as tenant) in relation to premises located near or next to the subject premises; and
- (iii) (where items (i) and (ii) are not available or applicable) at least two quotations provided by the Private Group to Independent Third Party(ies).

After the general manager of administration department has collected available data and market information (including quotations from Independent Third Parties), such information will first be passed to an executive Director (excluding Ms. Wendy Man) for checking the compliance with the pricing policy, and subsequently to the finance department for verification and review, the finance department will also decide whether the quotation offered by the Private Group is no less favourable to the Group than those available from Independent Third Party estate agency and whether the lease terms are fair and reasonable.

The annual rental payable by the Group shall be increased each year by a percentage not exceeding the lower of (i) 5% (which is determined with reference to the GDP growth rate of mainland China in 2023); and (ii) the prevailing GDP growth rate of mainland China in the immediately preceding year.

Payment of rent:

Annual rentals shall be payable in 12 equal instalments, on or before the first PRC bank working day of each month

Changes in leased premises:

Where there are any changes in leased premises arising from or in connection with the business development of the Group (including but not limited to, change in usage or gross floor area leased), the parties may enter 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 2024 MTA No.1, such changes will be considered as immaterial (unless the Stock Exchange or the majority of the INEDs consider otherwise). If any of the changes are considered to be material, such changes will take effect conditional upon the applicable requirements under the Listing Rules being complied with.

First right of refusal:

Pursuant to 2024 MTA No.1, Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) has granted first right of refusal to the Company (for itself and on behalf of its subsidiaries), such that at any time during the term of 2024 MTA No.1, if any relevant landlord(s) intends to sell, assign or transfer any premises leased by the Group (as tenants) under 2024 MTA No.1, such premises shall be first offered to the Group for purchase at a fair and reasonable price to be determined based on the valuation of an independent valuer.

The first right of refusal shall be exercisable at the sole discretion of the Group. If the Group chooses to exercise the first right of refusal, completion of the relevant sale and purchase of the premises concerned shall be made conditional upon the Group having complied with the then applicable requirements of the Listing Rules.

Conditions precedent to 2024 MTA No.1 becoming effective:

The transactions contemplated under 2024 MTA No.1 are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2024 MTA No.1 and the transactions contemplated thereunder, including (if so required) the approval from the Independent Shareholders being obtained, in accordance with the provisions of the Articles of Association and the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser, if so required).

Each of the conditions set out above is not waivable under any circumstances. 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.

Each of 2024 MTA No.1, 2024 MTA No.2, 2024 MCSA No.1 and 2024 MCSA No.2 are not inter-conditional to each other.

2024 MTA No.2

The principal terms of 2024 MTA No.2 are summarised below:

Date of 2024 MTA No.2:	16 October 2024 (after trading hours)
Parties:	(i) the Company (for itself and on behalf of its subsidiaries) (as tenant) (ii) Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) (as landlord)
Premises to be leased under 2024 MTA No.2:	Under 2024 MTA No.2, the Group will lease from the WM Healthcare Group two premises with a total gross floor area of 202 sq.m. in Panyu district of Guangdong Province with monthly rental of RMB62 per sq.m.

With respect to the premises leased under 2024 MTA No.2, individual members of the Group (as tenants) and individual members of the WM Healthcare Group (as landlords) entered or will enter into individual tenancy agreements which prescribe specific lease terms and conditions (including rental, payment method and other terms). The terms of such individual tenancy agreements shall be consistent with those of 2024 MTA No.2.

If any of the individual tenancy agreements expires before 31 December 2027 (being the expiry date of 2024 MTA No.2), the Company is entitled to renew such individual tenancy agreement with the relevant landlord (being a member of the WM Healthcare Group) by giving three months' written notice, subject to the compliance with the then applicable provisions of the Listing Rules.

Use: Mainly operating as convenience stores

Term: Three years commencing from 1 January 2025 and ending on 31 December 2027

Other principal terms of 2024 MTA No.2 (including the rent, payment of rent, changes in leased premises, first right of refusal and conditions precedent) are substantially similar to those of 2024 MTA No.1.

Historical transaction amounts

2021 MTA No.1

During FY2022, FY2023 and FY2024, the addition of right-of-use assets under 2021 MTA No.1 are set out below:

	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>	FY2024 (up to 31 August 2024) <i>(RMB million)</i>
Addition of right-of-use assets	<u>10.2</u>	<u>2.0</u>	<u>16.2</u>

So far as the Directors are aware, the annual cap in respect of the transactions contemplated under 2021 MTA No.1 for FY2024 has not been exceeded as at the date of this announcement.

2021 MTA No.2

During FY2022, FY2023 and FY2024, the addition of right-of-use assets under 2021 MTA No.2 are set out below:

	FY2022 <i>(RMB million)</i>	FY2023 <i>(RMB million)</i>	FY2024 (up to 31 August 2024) <i>(RMB million)</i>
Addition of right-of-use assets	<u>0.4</u>	<u>0.2</u>	<u>0.0</u>

Proposed annual caps

According to Hong Kong Financial Reporting Standard (HKFRS) 16 “Leases”, the Group is required to recognise a right-of-use asset and a lease liability, which are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate in the year of entering into the leases where the Group acts as a lessee. Pursuant to the requirements of the Listing Rules, as the transactions contemplated under each of 2024 MTA No.1 and 2024 MTA No.2 will be recognised as the acquisitions of right-of-use assets, the Group is required to set annual caps in respect of the total value of right-of-use assets relating to the leases to be entered into by the Group as a lessee for each of FY2025, FY2026 and FY2027 under each of 2024 MTA No.1 and 2024 MTA No.2.

2024 MTA No.1

The following table sets out the proposed annual caps, which represent the total value of right-of-use assets relating to the leases to be entered into by the Group under 2024 MTA No.1, for each of FY2025, FY2026, and FY2027:

	FY2025 <i>(RMB million)</i>	FY2026 <i>(RMB million)</i>	FY2027 <i>(RMB million)</i>
Proposed annual caps for 2024 MTA No.1	<u>15.8</u> <i>(Note)</i>	<u>18.2</u>	<u>8.6</u>

Note: The proposed annual cap for the total value of the right-of-use assets for FY2025 include (i) the estimated balance of the right-of-use assets representing the premises under the existing 45 leases as at 31 December 2024; and (ii) the addition of the right-of-use assets in relation to new leases to be entered into the Group under 2024 MTA No.1 during FY2025.

2024 MTA No.2

The Group will lease from the WM Healthcare Group two premises under 2024 MTA No.2. The following table sets out the annual caps, which represent the total value of right-of-use assets relating to the two leases to be entered into by the Group under 2024 MTA No.2, for each of FY2025, FY2026, and FY2027:

	FY2025 <i>(RMB million)</i>	FY2026 <i>(RMB million)</i>	FY2027 <i>(RMB million)</i>
Annual caps for 2024 MTA No.2	<u>0.2</u>	<u>–</u>	<u>–</u>

Basis of determination of the proposed annual caps

The proposed annual caps in respect of the transactions contemplated under each of 2024 MTA No.1 and 2024 MTA No.2 have been determined with reference to:

- (i) the rentals payable by the Group;
- (ii) the gross floor area of premises (including the existing premises and the newly developed premises, details which are set out in the paragraphs headed “Principal terms of the 2024 Master Tenancy Agreements – 2024 MTA No.1” and “Principal terms of the 2024 Master Tenancy Agreements – 2024 MTA No.2” in this section above) to be leased from the Private Group under each of 2024 MTA No.1 and 2024 MTA No.2;
- (iii) the market rent and the range of monthly rental (details which are set out in the paragraphs headed “Principal terms of the 2024 Master Tenancy Agreements – 2024 MTA No.1” and “Principal terms of the 2024 Master Tenancy Agreements – 2024 MTA No.2” in this section above) of the premises (including the existing premises and the newly developed premises) to be leased under each of 2024 MTA No.1 and 2024 MTA No.2 based on the prevailing market conditions and the rental level of similar properties in the vicinity;
- (iv) the value of the Group’s rights to use the underlying leased asset for the lease term which is initially measured on present value basis and calculated by discounting the non-cancellable lease payments for each lease to be entered into under the 2024 Master Tenancy Agreements, using the incremental borrowing rate as the discount rate; and
- (v) the expected increment of annual rental each year at the lower of (a) 5% (which is determined with reference to the GDP growth rate of mainland China in 2023); and (b) the prevailing GDP growth rate of mainland China in the immediately preceding year.

Implications of the Listing Rules regarding the 2024 MTAs

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

The transactions contemplated under 2024 MTA No.1 and 2024 MTA No.2 are not aggregated under Rule 14A.81 of the Listing Rules, for the reasons that (i) the locations of the premises leased under 2024 MTA No.1 and 2024 MTA No.2 respectively are different; (ii) the nature and uses of the premises leased under the 2024 MTAs are different; and (iii) the premises leased under the 2024 MTAs are used as the Group's operation as business outlets, offices or warehouses and/or other related purposes, which are in the ordinary and usual course of its existing business, and hence will not lead to any involvement by the Group in a new business activity.

For 2024 MTA No.1, as at least one of the applicable percentage ratios (other than the profits ratio) in respect of the largest annual cap thereunder is more than 5% (but less than 25%) and such largest annual cap is more than HK\$10 million, 2024 MTA No.1 and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For 2024 MTA No.2, as all of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps thereunder are less than 5% and all of such annual caps are less than HK\$3 million, 2024 MTA No.2 and the transactions contemplated thereunder are therefore fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Considering the relevance of 2024 MTA No.1 and 2024 MTA No.2, brief details of 2024 MTA No.2 and the transactions contemplated thereunder are also included in this announcement for the Shareholder's information.

(2) THE 2024 MASTER COMPOSITE SERVICES AGREEMENTS

Introduction

Reference is made to the Previously Published Documents in relation to, among other matters, the continuing connected transactions as provided under the 2021 Master Composite Services Agreements, comprising 2021 MCSA No.1 and 2021 MCSA No.2.

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

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

pursuant to which the Group agreed to provide the following services to the respective receiving parties for a term of three years ending 31 December 2024: (a) procurement, property management, laundry, resident support, employment placement agency and property agency services; (b) engineering and maintenance services; and (c) telecommunication services, on and subject to the respective terms and conditions contained therein. It is expected that the continuing connected transactions contemplated under the 2021 Master Composite Services Agreements will continue beyond their expiry on 31 December 2024.

On 16 October 2024, for the purpose of replacing the 2021 Master Composite Services Agreements, the Company (for itself and on behalf of its subsidiaries) (as service providers) entered into the 2024 Master Composite Services Agreements, comprising:

- (i) 2024 MCSA No.1 made with Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of other members of the WM Non-HC Group) (as receiving parties); and
- (ii) 2024 MCSA No.2 made with Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) (as receiving parties),

pursuant to which the Group agreed to provide the following services to the respective receiving parties for a term of three years commencing from 1 January 2025 and ending on 31 December 2027: (a) procurement, property management, laundry, resident support, employment placement services and property agency services (collectively “**living services**”); (b) engineering and maintenance services; and (c) telecommunication services, on and subject to the respective terms and conditions contained therein.

Principal terms of the 2024 Master Composite Services Agreements

2024 MCSA No.1

The principal terms of 2024 MCSA No.1 are summarised below:

Date of 2024 MCSA No.1: 16 October 2024 (after trading hours)

Parties:

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

Term: Three years commencing from 1 January 2025 and ending on 31 December 2027

Both parties are entitled, by giving three months’ written notice, to extend the term of 2024 MCSA No.1 for a maximum of three years after the expiry of the initial term on 31 December 2027, subject to compliance with the then applicable provisions of the Listing Rules.

Services to be provided by the Group:

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

Conditions precedent to 2024 MCSA No.1 becoming effective:

The transactions contemplated under 2024 MCSA No.1 are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2024 MCSA No.1 and the transactions contemplated thereunder, including (if so required) the approval from the Independent Shareholders being obtained, in accordance with the provisions of the Articles of Association and the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser, if so required).

Each of the conditions set out above is not waivable under any circumstances. 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.

Each of 2024 MTA No.1, 2024 MTA No.2, 2024 MCSA No.1 and 2024 MCSA No.2 are not inter-conditional to each other.

2024 MCSA No.2

The principal terms of 2024 MCSA No.2 are summarised as below:

Date of 2024 MCSA No.2: 16 October 2024 (after trading hours)

Parties:

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

Term: Three years commencing from 1 January 2025 and ending on 31 December 2027

Both parties are entitled, by giving three months' written notice, to extend the term of 2024 MCSA No.2 for a maximum of three years after the expiry of the initial term on 31 December 2027, subject to compliance with the then applicable provisions of the Listing Rules.

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

Conditions precedent to 2024 MCSA No.2 becoming effective: The transactions contemplated under 2024 MCSA No.2 are conditional upon (i) the Company having complied with its obligations regarding the disclosure and approval of 2024 MCSA No.2 and the transactions contemplated thereunder, including (if so required) the approval from the Independent Shareholders being obtained, in accordance with the provisions of the Articles of Association and the Listing Rules; and (ii) all other requirements under the Listing Rules being complied with (including obtaining the advice of the Independent Financial Adviser, if so required).

Each of the conditions set out above is not waivable under any circumstances. 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.

Each of 2024 MTA No.1, 2024 MTA No.2, 2024 MCSA No.1 and 2024 MCSA No.2 are not inter-conditional to each other.

Pricing policy

Pursuant to 2024 MCSA No.1, service fees charged by the Group and the terms set out thereunder shall be no less favourable to the Group than terms available to Independent Third Parties.

Pursuant to 2024 MCSA No.2, (i) service fees charged to WM Healthcare Group and the terms set out thereunder shall be no less favourable to the WM Healthcare Group than terms available from independent third parties (to WM Healthcare Group), but in any event, (ii) service fees charged by the Group and the terms set out thereunder shall be no less favourable to the Group than terms available to Independent Third Parties (“**Mutually Fair Arrangement**”).

Service fees charged by the Group pursuant to each of 2024 MCSA No.1 and 2024 MCSA No.2 shall be determined through arm’s length negotiations, having regard to the above terms regarding service fees and other terms, and in accordance with the following pricing policy based on the nature or type of services provided by the Group:

- (i) Procurement Procurement prices of relevant products charged by the Group are determined (a) having regard to the market prices of comparable products by taking into consideration the terms of procurement service agreement entered into between the Group (as service providers) and at least one Independent Third Party (as receiving parties) with similar procurement volume; or (b) if item (a) is not available, based on the trading cost (including purchase cost and other costs) of the relevant products plus a premium of approximately 3% to 40% with reference to the nature of certain products which are consumables and the market demand (the administrative and miscellaneous expenses incurred in the process is generally around 1% to 2% of the trading cost).

- (ii) Property management services
- Property management fees charged by the Group are determined (a) based on the applicable laws and regulations of mainland China and guidelines promulgated by mainland China government from time to time in relation to, among other things, the applicability and range of government-guided pricing for property management fee, which includes the Management Measures on the Charges of Property Service (《物業服務收費管理辦法》), the Interim Measures for Property Management in Guangzhou City (《廣州市物業管理暫行辦法》) and the notices issued by the Price Bureau of Guangzhou City (廣州市物價局) and the Land and Resources and Housing Administrative Bureau of Guangzhou City (廣州市國土資源和房屋管理局), and (b) having regard to the fees charged by our Group (as service provider) to at least two Independent Third Parties (as receiving parties) for the provision of property management services for properties in the neighbouring area.
- (iii) Laundry
- Laundry service fees charged by the Group are determined with reference to the laundry service fees charged by our Group (as service provider) to at least one Independent Third Party (as receiving party) for laundry services of a similar nature in the neighbouring area.
- (iv) Resident support
- In respect of renovation and property fitting services, service fees charged by the Group are determined having regard to (i) the nature and value of the relevant services provided by the Group; and (ii) the actual costs and expenses incurred in connection with the provision of relevant services plus a mark-up ranging from approximately 18% to 45%, which is determined with reference to the service fees charged by the Group (as service provider) to Independent Third Parties for the provision of renovation and property fitting services in the neighbouring areas.

In respect of home cleaning services, service fees charged by the Group are determined with reference to the service fees charged by the Group (as service provider) to at least one Independent Third Party (as receiving party) for the provision of home cleaning services of a similar nature in the neighbouring area, which are standard fees readily accessible to Independent Third Party customers.

- (v) Employment placement services

Agency fees charged by our Group are determined having regard to (a) the nature and type of positions being placed; and (b) the agency or management fees charged by our Group (as service provider) to at least one Independent Third Party (as receiving party) for provision of employment placement services of a similar nature in the neighbouring areas.

- (vi) Property agency services

Property agency fees charged by our Group are determined with reference to the property agency fees charged by the Group (as service provider) to at least one Independent Third Party (as receiving party) for provision of agency services for properties located in the neighbouring areas with a similar scale and quality.

- (vii) Engineering and maintenance

In respect of engineering services, fees charged by the Group are generally determined by relevant parties on a project-by-project basis through open tender or by arm's length negotiations, with reference to the actual costs and expenses incurred for procurement of materials, staff remuneration and other service fees payable to third parties involved in the engineering project, plus a mark-up ranging from approximately 10% to 45% having regard to the nature and complexity of the engineering work involved in the project, which is in line with (a) the mark-up range charged by the Group (as service provider) to Independent Third Parties (as receiving parties); and (b) the mark-up range charged by Independent Third Party service providers, for provision of engineering services of similar specifications.

In respect of maintenance services, service fees charged by the Group are determined by relevant parties with reference to the actual costs and expenses incurred for procurement of materials, staff remuneration and other service fees payable to third parties involved in the provision of maintenance services, plus a mark-up ranging from approximately 10% to 45% having regard to the nature and complexity of the maintenance work involved.

(viii) Telecommunication

The monthly service fees charged by the Group are determined having regard to the actual costs and expenses incurred, plus a mark-up ranging from approximately 10% to 40%, which is determined based on the Group's policy on the standard service fees that the Group charges or will charge the Independent Third Parties.

Pricing methods and procedures

Living services and telecommunication services

In respect of (i) living services (procurement, property management, laundry, resident support, employment placement services and property agency services) and (ii) telecommunication services, the general manager of the relevant subsidiary of the Company will enquire with potential customers as to the nature and volume of services required. The general manager will then prepare a fee quotation in accordance with the pricing policy, which will then be reviewed by an executive Director (excluding Ms. Wendy Man). The quotation and the relevant supporting information will then be passed to the finance department of the Group for verification and approval, in order to ensure that (i) (for 2024 MCSA No.1) service fees charged by the Group and the terms set out in 2024 MCSA No.1 shall be no less favourable to the Group than terms available to Independent Third Parties; and (ii) (for 2024 MCSA No.2) service fees charged and the terms set out in 2024 MCSA No.2 shall be subject to the Mutually Fair Arrangement.

Engineering and maintenance services

In respect of engineering services, when the Group is invited to participate in tenders for engineering projects, upon receipt of the tender specifications, members of the tendering team, which includes senior management of the Group, will determine the fee quotation by (a) estimating the costs involved, including costs relating to manpower and qualified persons such as engineers or other experts and materials to be used; and (b) assessing the complexity of the engineering services involved; and (c) estimating the time required for the engineering project.

The general manager of the relevant subsidiary of the Company will then compare the profitability of the projects with (i) the engineering works of similar size and complexity provided to other Independent Third Parties; and (ii) (in respect of the provision of such services by the Group to the WM Healthcare Group under 2024 MCSA No.2) the engineering works of similar size and complexity provided by other Independent Third Parties, and the finance manager of the Company will review such profit estimate to ensure that:

- (1) for 2024 MCSA No.1, engineering service fees charged by the Group to the Private Group or WM Non-HC Group shall be no less favourable to the Group than terms available to Independent Third Parties; and
- (2) for 2024 MCSA No.2, engineering service fees charged by the Group to WM Healthcare Group shall be subject to the Mutually Fair Arrangement.

In respect of maintenance services, the general manager of the relevant subsidiary of the Group will enquire with potential customers as to the nature and volume of maintenance services required. The general manager will then assess the nature and complexity of the maintenance services to be provided, costs and expenses incurred in relation to the required equipment and spare parts, staff remuneration and estimated time required and frequency of maintenance services required, and a mark-up ranging from approximately 10% to 45% having regard to the nature and complexity of the maintenance work involved will be charged for the maintenance service fees. In determining the maintenance service fees, the general manager of the relevant subsidiary shall ensure that:

- (1) for 2024 MCSA No.1, maintenance service fees charged by the Group to the Private Group or WM Non-HC Group shall be no less favourable to the Group than terms available to Independent Third Parties; and
- (2) for 2024 MCSA No.2, maintenance service fees charged by the Group to WM Healthcare Group shall be subject to the Mutually Fair Arrangement.

The Company has adopted stringent internal control procedures to ensure the annual caps set under the 2024 MCSAs are not exceeded and the terms of services provided by the Group are within the scope of and in compliance with the terms of the 2024 MCSAs:

The finance manager of the Group will monitor the actual transaction amounts of the continuing connected transactions incurred under the 2024 MCSAs on a monthly basis. If the actual transaction amount reaches 70% or more of the relevant annual cap at any time of the year, the finance manager will inform the Board, which will then assess the need to take appropriate measures in accordance with the requirements of the Listing Rules before annual cap is exceeded. If the actual transaction amount further reaches 80% or more of the relevant annual cap at any time of the year, the chief financial officer of the Company will closely monitor the actual transaction amounts on a weekly basis.

Historical transaction amounts and proposed annual caps

The historical transaction amount in respect of the transactions contemplated under the 2021 Master Composite Services Agreements for each of FY2022, FY2023 and FY2024 (up to 31 August 2024) are set out below:

	FY2022	FY2023	FY2024 (up to 31 August 2024)
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Aggregate service fees paid or payable by the Private Group and the WM Non-HC Group under 2021 MCSA No.1	59.3	45.6	25.1
Aggregate service fees paid or payable by the WM Healthcare Group under 2021 MCSA No.2	7.6	11.2	4.3
Total	66.9	56.8	29.4

So far as the Directors are aware, the annual cap in respect of the transactions contemplated under each of the 2021 Master Composite Services Agreements for FY2024 has not been exceeded as at the date of this announcement.

The following table sets out the proposed annual caps in respect of the transactions contemplated under each of 2024 Master Composite Services Agreements for each of FY2025, FY2026 and FY2027:

	FY2025 <i>(RMB million)</i>	FY2026 <i>(RMB million)</i>	FY2027 <i>(RMB million)</i>
Proposed annual caps for 2024 MCSA No.1	79.3	82.4	86.0
Proposed annual caps for 2024 MCSA No.2	<u>46.7</u>	<u>47.8</u>	<u>49.5</u>
Total	<u><u>126.0</u></u>	<u><u>130.2</u></u>	<u><u>135.5</u></u>

Basis of determination of the proposed annual caps

The proposed annual caps in respect of the transactions contemplated under each of 2024 MCSA No.1 and 2024 MCSA No.2 have been determined based on the following factors and assumptions:

- (i) For living services (except for property management services):
 - (a) the historical transaction amounts for living services (excluding property management services) under the 2021 MCSAs, which amounted to approximately RMB45.4 million, RMB33.2 million and RMB14.0 million. for FY2022, FY2023 and for the eight months ended 31 August 2024 respectively;
 - (b) the expected service fees charged by the Group for each of the living services (except for property management services), which are determined based on the pricing policy as set out in the paragraph headed “The 2024 Master Composite Services Agreements — Pricing policy” above;
 - (c) the expected transaction amounts in respect of the ongoing living services (except for property management services) which are expected to carry on throughout FY2025, FY2026 and FY2027; and
 - (d) the expected annual growth rate of 5%, which is estimated with reference to the GDP growth rate of mainland China in 2023 and the average historical figure from the past five years.

- (ii) For property management services:
 - (a) the historical property management fees paid under the 2021 MCSAs; and
 - (b) the ongoing property management engagements (covering the total rentable floor area of approximately 3,358,000 sq.m.) and their respective managements fees.

- (iii) For engineering and maintenance work and telecommunication services:
 - (a) the historical contractual amount of approximately RMB63.8million, RMB56.5 million and RMB31.8 million for FY2022, FY2023 and the eight months ended 31 August 2024 in respect of the tenders awarded to the Group through tender process of the Private Group, the WM Non-HC Group and the WM Healthcare Group, and the outstanding services which are expected to be performed in FY2025, FY2026 and FY2027;
 - (b) the estimated success rate of the Group tendering for the engineering works, based upon the historical tendering success rate and participation rate of the Group over the past three years, which for FY2022, FY2023 and the eight months ended 31 August 2024 which were close to 100%;
 - (c) the total contract sum for the ongoing engineering and maintenance work and telecommunication services and the relevant tenders submitted by the Group to the Private Group, the WM Non-HC Group or the WM Healthcare Group (but results of the tenders have not finalised), which, for FY2025, amounted to approximately RMB2.9 million;
 - (d) the estimated transaction amount as a result of any variation orders made by the Private Group, the WM Non-HC Group and the WM Healthcare Group in the course of project implementation; and
 - (e) the maintenance service required for the projects implemented and completed in the past three years; an estimate for possible projects indicated to be subject to tender, but not yet invited and/or awarded.

Implications of the Listing Rules regarding the 2024 MCSAs

For the reasons stated in the paragraph headed “(1) The 2024 Master Tenancy Agreements – Implications of the Listing Rules regarding the 2024 MTAs” above, both the Private Group (including Clifford Estates Panyu) and the WM Healthcare Group (including Clifford Medical) are connected persons of the Company under the Listing Rules.

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

Accordingly, the entering into of the 2024 MCSAs constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under 2024 MCSA No.1 and 2024 MCSA No.2 are aggregated as if they were one transaction, on the basis that (i) both of them involve the provision of living services, engineering and maintenance services and telecommunication services by the Group which are of similar nature and (ii) the respective receiving parties, namely, the Private Group, the WM Non-HC Group and the WM Healthcare Group, are all connected persons (as defined under the Listing Rules).

As at least one of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate amount of the proposed annual caps under the 2024 MCSAs is more than 25% (but less than 75%) and the annual consideration is more than HK\$10 million, the 2024 MCSAs and the transactions contemplated thereunder (including the proposed annual caps thereof) are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE 2024 MTAs AND THE 2024 MCSAs

As regards the 2024 Master Tenancy Agreements, the Group has been leasing certain properties from the Private Group and the WM Healthcare Group during FY2022, FY2023 and FY2024, and these properties have been used as the Group’s operation of business outlets, offices, warehouses, etc. As the Group’s businesses have been carried out or situated at the relevant leased properties, it is considered appropriate (in terms of cost, time and operational stability) to continue leasing such properties from the Private Group or the WM Healthcare Group (as the case may be). In addition, relocating any of such leased properties will also incur unnecessary expenses. Accordingly, the Board considered that entering into the 2024 Master Tenancy Agreements is fair and reasonable in order to avoid any material disruptions in the Group’s operations.

As regards the 2024 Master Composite Services Agreements, since the Group generally understands the business needs of the Private Group, the WM Non-HC Group and the WM Healthcare Group, it is expected that the Group will, in its ordinary course of business continue to supply such services to the Private Group, the WM Non-HC Group and the WM Healthcare Group.

The Directors (excluding the INEDs (except for 2024 MTA No.2) 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 2024 MTAs and the 2024 MCSAs have been conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the proposed annual caps for the continuing connected transactions contemplated under the 2024 MTAs and the 2024 MCSAs are fair and reasonable.

INFORMATION ABOUT THE PARTIES

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

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

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

The WM Healthcare Group is principally engaged in the operation of (among others) hospital and certain ancillary healthcare facilities such as postnatal care centre, elderly care service centre, dental clinic and pharmacy in mainland China. Its ultimate controlling shareholder is Ms. Wendy Man.

GENERAL

In view of her (and/or her associate's) interests in the 2024 MTAs and the 2024 MCSAs, Ms. Wendy Man has abstained from voting in respect of the relevant resolutions at the Board meeting held on 16 October 2024 for considering the 2024 MTAs and the 2024 MCSAs.

The Company will convene an EGM to seek approval from the Independent Shareholders in respect of, among other matters, 2024 MTA No.1 and the 2024 MCSAs and the continuing connected transactions contemplated thereunder (including the proposed annual caps thereof).

By virtue of Ms. Wendy Man's (or, as the case may be, her associate's) interests in 2024 MTA No.1 and the 2024 MCSAs, Ms. Wendy Man's and her associates are required to abstain from voting on the relevant resolutions to be proposed at the EGM. As at the date of this announcement, Ms. Wendy Man, directly and indirectly through her solely-owned company (namely Elland Holdings Limited), held an aggregate of 741,170,000 Shares, representing approximately 72.97% 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 2024 MTA No.1, the 2024 MCSAs and the transactions contemplated thereunder, and no other Shareholders are required to abstain from voting on the ordinary resolutions in relation to the respective 2024 MTA No.1 and the 2024 MCSAs and the transactions contemplated thereunder (including the respective proposed annual caps) to be proposed at the EGM.

An Independent Board Committee has been established (comprising all the INEDs, namely, Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung) to advise the Independent Shareholders in relation to 2024 MTA No.1 and the 2024 MCSAs, the transactions contemplated thereunder and the proposed annual caps. Altus Capital Limited, the Independent Financial Adviser, was appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular will be despatched to all Shareholders, and it will contain, among others, (i) further details of 2024 MTA No.1 and the 2024 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of 2024 MTA No.1 and the 2024 MCSAs and the transactions contemplated thereunder (including the respective annual caps thereof); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matters; (iv) a notice of the EGM; and (v) such other information as required under the Listing Rules. The circular is expected to be despatched on or before 6 November 2024, 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:

“2021 Master Composite Services Agreements” or “2021 MCSAs” collectively, 2021 MCSA No.1 and 2021 MCSA No.2

<p>“2021 Master Tenancy Agreements” or “2021 MTAs”</p>	<p>collectively, 2021 MTA No.1 and 2021 MTA No.2</p>
<p>“2021 MCSA No.1”</p>	<p>the master composite services agreement dated 29 October 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of other members of the WM Non-HC Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Xianhu Hotel</p>
<p>“2021 MCSA No.2”</p>	<p>the master composite services agreement dated 29 October 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group), pursuant to which the Company agreed to provide services stated therein to Clifford Medical</p>
<p>“2021 MTA No.1”</p>	<p>the master tenancy agreement dated 29 October 2021 and entered into between Clifford Estates Panyu (for itself and on behalf of the other property owners which are members of the Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to lease certain properties to the Company</p>
<p>“2021 MTA No.2”</p>	<p>the master tenancy agreement dated 29 October 2021 and entered into between Clifford Medical (for itself and on behalf of certain members of the WM Healthcare Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Medical agreed to lease certain properties to the Company</p>
<p>“2024 Master Composite Services Agreements” or “2024 MCSAs”</p>	<p>collectively, 2024 MCSA No.1 and 2024 MCSA No.2</p>
<p>“2024 Master Tenancy Agreements” or “2024 MTAs”</p>	<p>collectively, 2024 MTA No.1 and 2024 MTA No.2</p>

“2024 MCSA No.1”	the master composite services agreement dated 16 October 2024 and entered into between the Company (for itself and on behalf of its subsidiaries) on the one part, and Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and Clifford Xianhu Hotel (for itself and on behalf of other members of the WM Non-HC Group) on the other part, pursuant to which the Company agreed to provide services stated therein to Clifford Estates Panyu and Clifford Xianhu Hotel
“2024 MCSA No.2”	the master composite services agreement dated 16 October 2024 and entered into between the Company (for itself and on behalf of its subsidiaries) and Clifford Medical (for itself and on behalf of the other members of the WM Healthcare Group), pursuant to which the Company agreed to provide services stated therein to Clifford Medical
“2024 MTA No.1”	the master tenancy agreement dated 16 October 2024 and entered into between Clifford Estates Panyu (for itself and on behalf of other members of the Private Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Estates Panyu agreed to lease certain premises to the Company
“2024 MTA No.2”	the master tenancy agreement dated 16 October 2024 and entered into between Clifford Medical (for itself and on behalf of other members of the WM Healthcare Group) and the Company (for itself and on behalf of its subsidiaries), pursuant to which Clifford Medical agreed to lease certain premises to the Company
“Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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 mainland China with limited liability and a member of the Private Group

“Clifford Medical”	Clifford Medical Group Limited (祈福醫療集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the holding company of the WM Healthcare Group, which is indirectly and wholly owned by Ms. Wendy Man
“Clifford Xianhu Hotel”	Foshan City Nanhai Clifford Xianhu Hotel Company Limited* (佛山市南海祈福仙湖酒店有限公司), a company established in mainland China with limited liability and a member of the WM Non-HC Group
“Company”	Clifford Modern Living Holdings Limited (祈福生活服務控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 3686)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution(s) in respect of (i) 2024 MTA No.1; and (ii) the 2024 MCSAs, and the respective transactions contemplated thereunder (including the respective annual caps thereof)
“FY2021”, “FY2022” and “FY2023”	each financial year ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively
“FY2024”, “FY2025”, “FY2026” and “FY2027”	each financial year ending 31 December 2024, 31 December 2025, 31 December 2026, and 31 December 2027, 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong, China”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors (namely Ms. LAW Elizabeth, Mr. HO Cham and Mr. MAK Ping Leung) established to make recommendations to the Independent Shareholders with regard to 2024 MTA No.1, the 2024 Master Composite Services Agreements and the respective transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM to approve (among other matters) 2024 MTA No.1, the 2024 Master Composite Services Agreements and the respective transactions contemplated thereunder (including the respective proposed annual caps thereof)
“Independent Third Party(ies)”	individual(s) or company(ies) who is not (or are not) a connected person(s) (as defined under the Listing Rules) of the Company
“INED(s)”	independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“mainland China”	the mainland of the People’s Republic of China
“Ms. Wendy Man”	Ms. Man Lai Hung (孟麗紅女士), an executive Director, the chief executive officer of the Company, the chairman of the Board and one of the controlling shareholders
“Ms. Wendy Man’s Spouse”	Mr. PANG Lun Kee Clifford (彭磷基先生), the spouse of Ms. Wendy Man

“Previously Published Documents”	the following documents published by the Company: (i) the Company’s announcement dated 29 October 2021 in relation to the 2021 MTAs and the 2021 MCSAs; (ii) the Company’s circular dated 9 December 2021 in relation to the 2021 MTAs and the 2021 MCSAs; and (iii) the Company’s announcement dated 30 December 2021 in relation to the poll results of the extraordinary general meeting held on the same date for approving the respective transactions contemplated under 2021 MTA No.1 and the 2021 MCSAs, and the respective annual caps proposed thereunder for each of FY2022, FY2023 and FY2024
“Private Group”	such companies where 30% or more of their respective issued share capital/registered capital are owned by Ms. Wendy Man’s Spouse
“RMB”	Renminbi, the lawful currency of mainland China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WM Group”	collectively, the WM Healthcare Group and the WM Non-HC Group
“WM Healthcare Group”	such companies where 30% or more of their respective issued share capital/registered capital are owned by Ms. Wendy Man (other than the Group and WM Non-HC Group), which are principally engaging in the operation of (among others) hospital and certain ancillary healthcare facilities such as postnatal care centre, elderly care service centre, dental clinic and pharmacy in mainland China

“WM Non-HC Group” such companies where 30% or more of their respective issued share capital/registered capital of which are owned by Ms. Wendy Man, other than the Group and the WM Healthcare Group

“%” per cent.

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

Hong Kong, 16 October 2024

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