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**FSE SERVICES GROUP LIMITED**

**豐盛服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 331)**

- (1) MAJOR AND CONNECTED TRANSACTION:  
PROPOSED ACQUISITION OF THE TARGET GROUP ENGAGED  
IN THE PROVISION OF SECURITY GUARDING & EVENT SERVICES,  
INSURANCE SOLUTIONS AND LANDSCAPING SERVICES;**
- (2) MAJOR AND CONNECTED TRANSACTION: DISPOSAL OF  
PROPERTIES;**
- (3) CONTINUING CONNECTED TRANSACTIONS: 2021 MASTER  
FACILITY AND RELATED SERVICES AGREEMENTS;  
AND**
- (4) PROPOSED CHANGE OF COMPANY NAME AND STOCK SHORT  
NAME**

**Sole Financial Adviser**



**BNP PARIBAS**

#### **THE PROPOSED ACQUISITION AND THE PROPOSED DISPOSAL**

On 26 February 2021 (after trading hours of the Stock Exchange), the Company, the Buyer Co and the Seller entered into a Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to nominate the Buyer Co to acquire from the Seller the Sale Share at a total consideration of HK\$840,600,000 (subject to adjustments, if any), comprising (i) a non-cash consideration of HK\$442,650,000 settled through the Proposed Disposal of the Disposal Property and the entire issued share capital in the Property Holdcos to the Seller Group; and (ii) a cash consideration of HK\$397,950,000 payable in cash by the Company.

The Target Group is principally engaged in the provision of Security Guarding & Event Services, Insurance Solutions and Landscaping Services.

Completion of the Proposed Acquisition and the Proposed Disposal shall take place simultaneously on the Completion Date, and the Completion is subject to the fulfilment (or, as the case may be, waiver) of the Conditions. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the Group will cease to hold any right, title and interest in the Property Holdcos and the Disposal Property and each of the Property Holdcos will cease to be a wholly-owned subsidiary of the Company.

The Buyer Co is a wholly-owned subsidiary of the Company. FSE Holdings, which holds 75% of the Ordinary Shares in issue in the Company as at the date of this announcement, is a controlling shareholder of the Company under the Listing Rules. The Seller, being a wholly-owned subsidiary of FSE Holdings, is an associate of FSE Holdings, and therefore a connected person of the Company.

The Proposed Acquisition thus constitutes a connected transaction for the Company. As some of the applicable Percentage Ratios for the Proposed Acquisition exceed 5%, the Proposed Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Further, as some of the applicable Percentage Ratios in respect of the Proposed Acquisition are 25% or more but all of those ratios are below 100%, the Proposed Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, the Proposed Disposal constitutes a connected transaction for the Company. As some of the applicable Percentage Ratios for the Proposed Disposal exceed 5%, the Proposed Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Further, as some of the applicable Percentage Ratios in respect of the Proposed Disposal are 25% or more but all of those ratios are below 100%, the Proposed Disposal also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **THE 2021 MASTER FACILITY AND RELATED SERVICES AGREEMENTS**

Members of the Target Group, in their ordinary course of business, regularly entered into continuing transactions in relation to facility and related services including Security Guarding & Event Services, Insurance Solutions and Landscaping Services:

- (1) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to and receipt of the rental and related services from the Doo's Associates Group;
- (2) the provision of the Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services to and receipt of IT Support Services and Rental Services from the NWD Group; and
- (3) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to members of each of the NWS Group, the CTFE Group and the CTFJ Group and receipt of the rental and related services from the NWS Group, the CTFE Group and the CTFJ Group and receipt of convention and exhibition facilities and related functions and services and food and beverage catering services from the NWS Group.

It is expected that the above continuing transactions will continue after the completion of the Proposed Transactions. As the Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Proposed Acquisition, the continuing transactions entered into or to be entered into between the Group on one side, and each of the Doo's Associate Group, the NWD Group, the NWS Group, the CTFE Group or the CTFJ Group on the other will respectively become continuing connected transactions of the Company under the Listing Rules.

In order to streamline these continuing connected transactions in relation to the provision and receipt of the Services and facilitate the compliance with relevant requirements under the Listing Rules, the Company proposes to enter into the 2021 Master Facility and Related Services Agreements upon completion of the Proposed Transactions, the principal terms and conditions of which are set out in this announcement.

As the highest of the applicable Percentage Ratios in respect of the proposed annual caps of each of the 2021 NWD Master Facility and Related Services Agreement and the 2021 NWS Master Facility and Related Services Agreement exceeds 5%, the transactions under these agreements and the proposed annual caps for the same are subject to the reporting, annual review and announcement requirements and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the proposed annual caps of each of the 2021 FSE Master Facility and Related Services Agreement, 2021 CTFE Master Facility and Related Services Agreement and the 2021 CTFJ Master Facility and Related Services Agreement exceeds 0.1% but is below 5%, the transactions under these agreements and the proposed annual caps for the same are subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Notwithstanding the above, the Company with a view to adhering to enhanced corporate governance practices will seek Independent Shareholders' approval for each of the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated thereunder and the proposed annual caps for the same, at the EGM.

### **PROPOSED CHANGE OF COMPANY NAME AND STOCK SHORT NAME**

The Board proposes to the Shareholders to change the English name of the Company from "FSE Services Group Limited" to "FSE Lifestyle Services Limited" and to adopt the Chinese name of "豐盛生活服務有限公司" as the dual foreign name of the Company in place of its existing Chinese name "豐盛服務集團有限公司", subject to the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of Company Name and the approval of the Proposed Change of Company Name by the Registrar of Companies in the Cayman Islands. The stock short name of the Company is also proposed to be changed accordingly after the Proposed Change of Company Name becoming effective.

## **EGM AND CIRCULAR**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Transactions, the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same, and for the Shareholders to consider and, if thought fit, approve the Proposed Change of Company Name.

The Independent Board Committee has been established to consider the terms of the Proposed Transactions, the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same, and to advise and provide recommendation to the Independent Shareholders as to whether the same are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ballas Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Transactions, the 2021 Master Facility and Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same.

A circular containing further details of the Proposed Transactions and other information as is required to be contained in it under the Listing Rules together with a notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 19 March 2021.

**Completion of the Proposed Transactions, the entering into of the 2021 Master Facility and Related Services Agreements and the Proposed Change of Company Name are subject to the fulfilment (or, as the case may be, waiver) of certain conditions precedent. As the Proposed Transactions, the 2021 Master Facility and Related Services Agreements and the Proposed Change of Company Name may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 26 February 2021 (after trading hours of the Stock Exchange), the Company, the Buyer Co and the Seller entered into a Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to nominate the Buyer Co to acquire from the Seller the Sale Share at the Consideration.

The Target Group is principally engaged in the provision of Security Guarding & Event Services, Insurance Solutions and Landscaping Services.

Completion of the Proposed Acquisition and the Proposed Disposal shall take place simultaneously on the Completion Date, and the Completion is subject to the fulfilment (or, as the case may, waiver) of the Conditions. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the Group will cease to hold any right, title and interest in the Property Holdcos and the Disposal Property.

Members of the Target Group, in their ordinary course of business, regularly entered into continuing transactions in relation to facility and related services including Security Guarding & Event Services, Insurance Solutions and Landscaping Services:

- (1) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to and receipt of the rental and related services from the Doo's Associates Group;
- (2) the provision of the Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services to and receipt of IT Support Services and Rental Services from the NWD Group; and
- (3) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to members of each of the NWS Group, the CTFE Group and the CTFJ Group and receipt of the rental and related services from the NWS Group, the CTFE Group and the CTFJ Group and receipt of convention and exhibition facilities and related functions and services and food and beverage catering services from the NWS Group.

It is expected that the above continuing transactions will continue after the completion of the Proposed Transactions. As the Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Proposed Acquisition, the continuing transactions entered into or to be entered into between the Group on one side, and each of the Doo's Associate Group, the NWD Group, the NWS Group, the CTFE Group or the CTFJ Group on the other will respectively become continuing connected transactions of the Company under the Listing Rules.

In order to streamline these continuing connected transactions in relation to the provision and receipt of the Services and facilitate the compliance with relevant requirements under the Listing Rules, the Company proposes to enter into the 2021 Master Facility and Related Services Agreements upon completion of the Proposed Transactions, the principal terms and conditions of which are set out in this announcement.

The Board also proposes to change the English and Chinese names of the Company in order to better identify the business of the Group. The stock short name of the Company is also proposed to be changed accordingly after the Proposed Change of Company Name becoming effective.

## **THE PROPOSED ACQUISITION AND THE PROPOSED DISPOSAL**

### **The Sale and Purchase Agreement**

Date : 26 February 2021

Parties

- Seller : FSE Management Company Limited
- Buyer : the Company
- Buyer Co : FSE City Essential Services Limited

The Buyer Co is a wholly-owned subsidiary of the Company. FSE Holdings, which holds 75% of the Ordinary Shares of the Company in issue as at the date of this announcement, is a controlling shareholder of the Company. The Seller, being a wholly-owned subsidiary of FSE Holdings, is an associate of FSE Holdings, and therefore a connected person of the Company.

### **Assets to be acquired by the Group under the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to nominate the Buyer Co to acquire from the Seller the Sale Share, representing the entire issued share capital of the Target Company.

The section below headed “INFORMATION ON THE TARGET GROUP” provides further information on the Target Group to be acquired by the Group.

### **Assets to be disposed of by the Group under the Sale and Purchase Agreement**

As part of the Consideration for the Proposed Acquisition, pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to procure the relevant members of the Group to sell the entire share capital in the Property Holdcos and all right, title and interest in the Disposal Property to the Seller.

The section below headed “INFORMATION ON THE PROPERTY HOLDCOS AND THE DISPOSAL PROPERTY AND THE FINANCIAL IMPACT OF THE PROPOSED DISPOSAL” provides further information on the Property Holdcos and the Disposal Property to be disposed of by the Group.

### **The Consideration, its payment term and adjustment**

The Consideration for the Proposed Acquisition is HK\$840,600,000 (subject to adjustments, if any), which is based on arm’s length negotiations between the Company and the Seller with reference to the Business Valuation. Pursuant to the business valuation report prepared by the independent professional valuer, the fair value of the Target Group (the “**Fair Value**”) is HK\$840,600,000 as at 31 December 2020 and was determined on basis of market approach. Such Consideration implies a P/E multiple of approximately 10.0x based on the normalized earnings of the Target Group for the financial year ended 30 June 2020.



The Target Group comprises three business segments, namely Security Guarding & Event Services, Insurance Solutions and Landscaping Services. The Board noted that the Fair Value was derived after due consideration of the following factors:

- (1) The normalized earnings of the Target Group was approximately HK\$83.7 million for the financial year ended 30 June 2020, which was composed of the normalized earnings of Security Guarding & Event Services, Insurance Solutions and Landscaping Services which respectively amounted to approximately HK\$47.6 million, HK\$34.0 million and HK\$2.1 million for the financial year ended 30 June 2020. Such amounts were determined based on the net profit attributable to equity holders of each of the business segments for the financial year ended 30 June 2020 after adjusting for non-recurring and non-operating charges and gains, and their tax effect from the respective segmental net profits, where appropriate, namely:
  - (a) the management fee charged by the Seller to each of the business segments for the financial year ended 30 June 2020. After Completion, the existing management functions provided by the Seller in consideration of the management fee will be performed by the senior management team of the Company;
  - (b) the donation made for the financial year ended 30 June 2020;
  - (c) the exchange gain or loss incurred during currency translation of assets and liabilities located in the PRC for the financial year ended 30 June 2020;
  - (d) the government grant including (i) one-off subsidy from the Anti-epidemic Fund, (ii) wage subsidies under Employment Support Scheme, and (iii) subsidy for phasing out pre-Euro IV diesel commercial vehicles under the Ex-gratia Payment Scheme for the financial year ended 30 June 2020;
  - (e) the bank interest income for the financial year ended 30 June 2020;
  - (f) the gain on disposal of property, plant and equipment for the financial year ended 30 June 2020; and
  - (g) the tax effect of the adjustment (a) to (b) above for the financial year ended 30 June 2020.
- (2) The implied P/E multiple of the Target Group is approximately 10.0x, which was the result of (i) the P/E multiples of Security Guarding & Event Services, Insurance Solutions and Landscaping Services segments adopted in the business valuation report prepared by the independent professional valuer, which was 10.7x, 15.3x and 9.1x, respectively. The selected comparable companies used in deriving the P/E multiples of each of the business segments were companies listed in mature stock markets; in the same industries as the business segments of Target Group being appraised; having positive earnings so as to infer meaningful multiples for comparison; and not being considered as observable outliers; (ii) the adjustments in NTAV of each of Security Guarding & Event Services, Insurance Solutions and Landscaping Services as at 31 December 2020, including adjustments on idle cash, loan, non-operating asset and non-

operating liabilities, where appropriate; (iii) applying a 30% discount for lack of marketability; and (iv) applying a 14.3% control premium based on a list of relevant disclosed precedent transactions in Hong Kong.

Pursuant to the Sale and Purchase Agreement, the Consideration is subject to adjustment, if any, by reference to the amount of the NTAV of the Target Group as at the Completion Date as follows:

- (1) if the NTAV of the Target Group as at the Completion Date is greater than the NTAV of the Target Group as at 31 December 2020, 100% of the difference shall be payable in cash and added to the Consideration for the Sale Share; or
- (2) if the NTAV of the Target Group as at the Completion Date is smaller than the NTAV of the Target Group as at 31 December 2020, 100% of the difference shall be deducted from the cash portion of the Consideration for the Sale Share.

At Completion, the cash portion of the Consideration will be funded by the Group's internal resources. The amount of the non-cash portion through the Proposed Disposal was agreed after arm's length negotiations between the Company and the Seller having taken into consideration the Property Valuation and is not subject to any write-up or write-down based on the latest market value of the properties held by the Property Holdcos and the Disposal Property as at the Completion Date. The Directors believe that using the Proposed Disposal of the Property Holdcos and the Disposal Property as part of the Consideration would also provide the Group more flexibility in managing its cashflow, maintain a good capital structure and better utilize less liquid assets in its balance sheet.

### **Conditions precedent to Completion**

Pursuant to the Sale and Purchase Agreement, Completion is conditional upon:

- (1) all regulatory and corporate approvals of the Company and the Buyer Co as are necessary for the completion of the transaction contemplated under the Sale and Purchase Agreement, the Property Transfer Agreement and the 2021 Master Facility and Related Services Agreements having been obtained, including the approval by the Independent Shareholders at a general meeting of the Proposed Transactions and the approval by the Board of the 2021 Master Facility and Related Services Agreements;
- (2) the warranties provided by the Seller in the Sale and Purchase Agreement remaining true and accurate in all respects and not misleading in any respect as at Completion;
- (3) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Seller reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the consents from lenders of the relevant banking facilities) for its execution, implementation and completion of the Sale and Purchase Agreement and the property transfer agreement relating to the Disposal Property and the consents from counterparties of the relevant agreements having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Completion; and



- (4) all consents, approvals, permits, authorisations or clearances that the Company reasonably considers necessary for the execution, implementation and completion of the Sale and Purchase Agreement, the Property Transfer Agreement and the 2021 Master Facility and Related Services Agreements having been obtained and not having been revoked or withdrawn at any time before Completion.

The Company shall use its reasonable endeavours to convene a general meeting of the Company to enable to the satisfaction of Condition (1), and use its reasonable endeavours to achieve satisfaction of Condition (4), not later than 5:00 p.m. on the Longstop Date.

The Seller shall use its reasonable endeavours to achieve satisfaction of Condition (3) not later than 5:00 p.m. on the Longstop Date.

The Company may at any time on or before 5:00 p.m. on the Longstop Date by notice in writing to the Seller waive the above Conditions (2) and (3) in whole or in part.

If the Conditions shall not be fulfilled (or, as the case may be, waived) by the prescribed date and time, either the Seller or the Company may by notice to the other elect that the Sale and Purchase Agreement shall terminate with immediate effect.

### **Completion**

Subject to the fulfilment (or, as the case may be, waiver) of the Conditions, completion of the Proposed Acquisition and the Proposed Disposal shall take place simultaneously on the Completion Date.

Upon Completion, (i) the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated in the financial statements of the Company; and (ii) the Group will cease to hold any right, title and interest in the Property Holdcos and the Disposal Property and each of the Property Holdcos will cease to be a wholly-owned subsidiary of the Company.

### **Corporate guarantees and counter-indemnity**

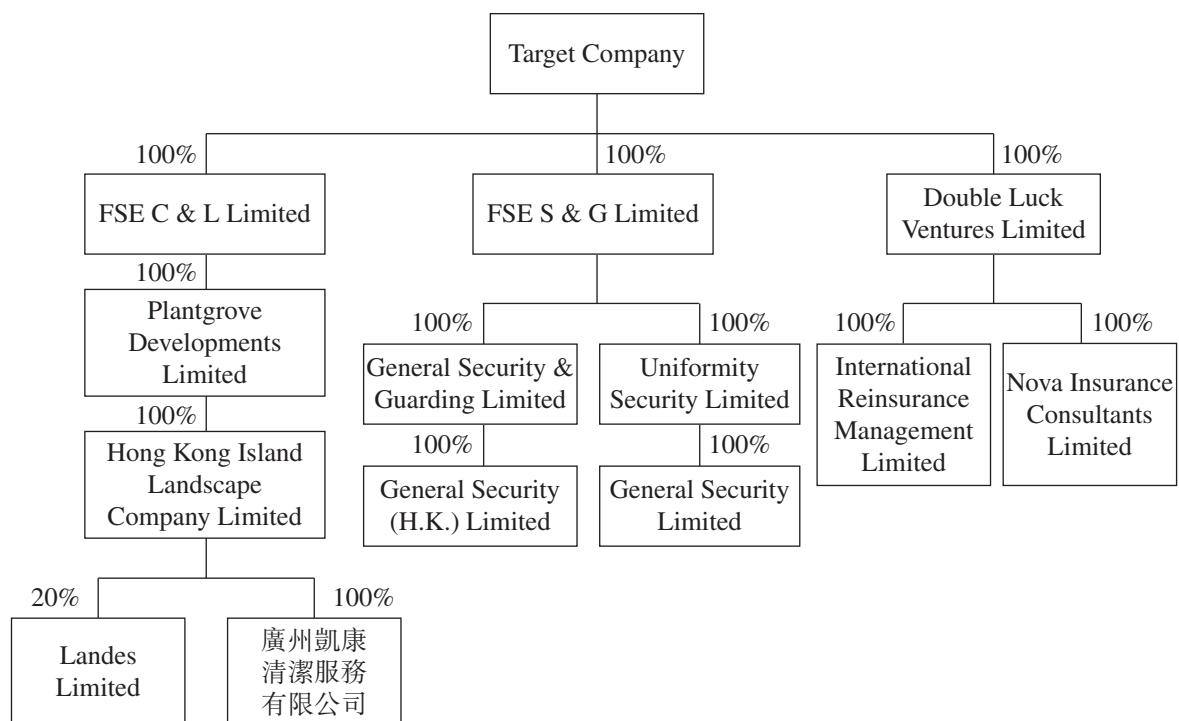
Prior to the execution of the Sale and Purchase Agreement, the Seller has provided certain corporate guarantees and undertaking for the performance of some obligations by certain members of the Target Group in favour of certain lending banks and contract counterparties of the Target Group. In order to allow time for the Company to replace the credit support required for the operation of the Target Group after Completion, pursuant to the Sale and Purchase Agreement, the existing corporate guarantees and undertaking provided by the Seller that are subsisting as at the Completion Date are to remain in place for a period of no longer than one year thereafter (or such other period as may be agreed between the Seller and the Company).

The Company shall use its reasonable endeavours to procure such existing corporate guarantees and undertaking provided by the Seller to be released and replaced by such new corporate guarantees provided by the Group as soon as practicable and not later than the expiration of the aforesaid one-year period or such other period as the Company and the Seller may agree.

At Completion, the Company and the Seller will enter into the deed of counter indemnity, pursuant to which the Company is to agree to counter-indemnify the Seller from and against any actions, claims, liabilities, damages, costs and expenses of whatever nature which may result or which the Seller may suffer, incur or sustain as a result of the enforcement of any of such existing corporate guarantees and undertaking after Completion until the earlier of (i) the expiry or release of the same; and (ii) the date which is one year from the date of the deed of counter indemnity.

## INFORMATION ON THE TARGET GROUP

The following is a simplified group structure chart of the Target Group immediately after the completion of the Reorganisation:



The Target Company is a limited company incorporated in the British Virgin Islands on 29 December 2020. The principal business of the Target Company is investment holding, and does not carry on any business other than its investment in the Target Entities as its sole investment upon completion of the Reorganisation.

As at the date of this announcement, the Reorganisation has been duly completed. Upon completion of the Reorganisation, the Target Group will continue to be engaged in the provision of three different segments namely Security Guarding & Event Services, Insurance Solutions and Landscaping Services.

## **The Security Guarding & Event Services arm**

The Target Group's Security Guarding & Event Services arm of business is ranked as the No. 2 in Type I securities services provider in Hong Kong in terms of revenue for the financial year ended 30 June 2020 according to Frost & Sullivan. It is operated through FSE S & G Limited and its subsidiaries, which is commonly known as "General Security" and mainly offers security guarding services such as physical guarding of property and person, security management and planning, and armoured transportation. Event services are also provided that combine security guarding services and customer services to optimize the guest experience without compromising the safety of event participants or the integrity of critical assets. Other related services include concierge services, alarm installation and maintenance.

## **The Insurance Solutions arm**

The Target Group's Insurance Solutions arm of business is ranked as the No. 1 (among local insurance brokers) and No. 5 (among local and international insurance brokers) general insurance brokers in Hong Kong in terms of gross insurance brokerage income for the financial year ended 30 June 2020 according to Frost & Sullivan. It is operated through Double Luck Ventures Limited and its subsidiaries, which is more commonly known as "Nova Insurance" and mainly offers general insurances brokerage services related to property and casualty, construction projects and employee benefits. Other insurance brokerage services include director and officers liability, prospectus liability, cyber risk liabilities.

## **The Landscaping Services arm**

The Target Group's Landscaping Services arm of business is a leading player in the landscaping services industry in Hong Kong. It is operated through FSE C & L Limited and its subsidiaries, which is more commonly known as "Hong Kong Island Landscape" and offers services related to planting and maintenance of landscapes and sales of plants and related materials.

## **Financial information of the Target Group**

Set out below is a summary of key combined financial information of the Target Group for the two financial years ended 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020 respectively, which has been prepared in accordance with the accounting policies in compliance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountant.

	<b>For the financial year ended</b>		<b>For the six months ended</b>
	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
	(unaudited)	(unaudited)	(unaudited)
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	740,368	777,169	396,883
Profit before taxation	93,344	117,089	151,308
Profit for the year/period	78,006	102,598	142,340

As of 31 December 2020, the unaudited and combined net asset value of the Target Group was approximately HK\$77.7 million. The fair value of the Target Group as at 31 December 2020 was HK\$840,600,000, according to the Business Valuation based on historical financial performance of the Target Group.

### **INFORMATION ON THE PROPERTY HOLDCOS AND THE DISPOSAL PROPERTY AND THE FINANCIAL IMPACT OF THE PROPOSED DISPOSAL**

The following table sets out the details of the properties directly or indirectly held by the Property Holdcos and the Disposal Property to be disposed of by the Group as part of the Consideration for the Proposed Acquisition:

#### **Properties held by the Property Holdcos to be transferred:**

<b>No.</b>	<b>Location of the property in Hong Kong</b>	<b>Property owner as at the date of this announcement</b>	<b>Gross floor area <i>(square feet)</i></b>	<b>Property use</b>
1.	Unit A on 8/F, Chai Wan Industrial Centre, No. 20 Lee Chung Street, Hong Kong	Top Line Investment	9,944	Industrial
2.	Unit A on 19/F, Chai Wan Industrial Centre, No. 20 Lee Chung Street, Hong Kong	Fultech Development	9,944	Industrial
3.	Portion B on 6/F, Hop Shi Factory Building, Nos. 29–31 Lee Chung Street & Nos. 22–24 Cheung Lee Street, Hong Kong	FSE Property (Hong Kong) Limited, which is wholly owned by Heritage Star	5,000	Industrial

<b>No.</b>	<b>Location of the property in Hong Kong</b>	<b>Property owner as at the date of this announcement</b>	<b>Gross floor area (square feet)</b>	<b>Property use</b>
4.	17/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong	Ocean Front Investments Limited, which is wholly owned by Optimum Result	31,400	Office

<b>No.</b>	<b>Location of the property in Macao</b>	<b>Property owner as at the date of this announcement</b>	<b>Saleable area (square feet)</b>	<b>Property use</b>
5.	Em Macao, Rua Nova da Areia Preta No 456, Edf. Tong Wa Block XII, Rés-Do-Chão A	Prime Star Investment Limited, which is wholly owned by Best Culture	1,962	Commercial
6.	Em Macao, Rua do Almirante Costa Cabral No S 17-17-A, Holland Garden (Phase 4), Rés-Do-Chão A (Com Sobreloja)	Prime Star Investment Limited, which is wholly owned by Best Culture	2,843	Commercial
7.	Em Macao, Rua do Ouvidor Arriaga No 39, Holland Garden (Phase 4), 1o Andar A	Prime Star Investment Limited, which is wholly owned by Best Culture	613	Residential

The properties shown in the table above are directly or indirectly held by the Property Holdcos and will be transferred by the Group to the Seller Group by way of transfer of the entire share capital of the Property Holdcos (being the ultimate owner of such properties) pursuant to the Sale and Purchase Agreement.

Each of the Property Holdcos (namely, Top Line Investment, Fultech Development, Heritage Star, Optimum Result and Best Culture) is an indirect wholly-owned subsidiary of the Company. Each of these Property Holdcos is principally engaged in investment holding.

## Disposal Property to be transferred:

No.	Location of the property in Hong Kong	Property owner as at the date of this announcement	Gross floor area (square feet)	Property use
1.	Unit D on 2/F including Flat Roof, Golden Bear Industrial Centre, Nos. 66–82 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	Tridant Engineering Company Limited which is an indirect wholly owned subsidiary of the Company	5,930	Industrial

The Disposal Property will be transferred by the Group to the Seller Group by way of a transfer of asset pursuant to the Sale and Purchase Agreement.

As disclosed in the section headed “THE PROPOSED ACQUISITION AND THE PROPOSED DISPOSAL” above, the Proposed Disposal of the entire issued share capital in the Property Holdcos and the Disposal Property is used for settling part of the Consideration for the Proposed Acquisition.

The net book value (netted with related deferred tax) of the properties directly or indirectly held by the Property Holdcos and the Disposal Property as at 31 December 2020 amounted to approximately HK\$294.7 million. The difference between the fair value and the net book value of the properties directly or indirectly held by the Property Holdcos and the Disposal Property is expected to be approximately HK\$148.0 million. The carrying values of the Property Holdcos and Disposal Property amounted to approximately HK\$294.7 million and the cash consideration of approximately HK\$397.9 million, totalling approximately HK\$692.6 million, will be recorded in the merger reserve of the Group as this is linked to the Proposed Acquisition, which is considered as a business combination under common control and will be accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants.

Shareholders and potential investors should note that the exact amount to be recorded in the consolidated financial statements of the Group for the financial year ending 30 June 2021 remains subject to audit and may therefore differ from the estimated amount set out above.

## INFORMATION ON THE SELLER

The Seller is a limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of FSE Holdings. To the best knowledge of the Directors, the principal business of the Seller is investment holding.



FSE Holdings, which holds 75% of Ordinary Shares in issue in the Company as at the date of this announcement, is a controlling shareholder of the Company. The Seller, being a wholly-owned subsidiary of FSE Holdings, is an associate of FSE Holdings, and therefore a connected person of the Company.

## **REASONS FOR AND THE BENEFITS OF THE PROPOSED TRANSACTIONS**

The Group consistently seeks opportunities to increase its scale and profitability with the aim to optimize return for its Shareholders. The Directors believe that the Proposed Transactions would increase the Group's overall competitiveness and add to its growth momentum by expanding its service line offerings to meet the ever-changing demands which is crucial amid increasing competitions.

As a long-term development strategy, the Group has decided to re-position its business into a large scale and unique lifestyle services company which has the capability to offer a comprehensive range of services (e.g. property management services, essential services, technical and management services, etc.) to our clients including corporates and households, and become their "go-to" services provider whereby the Group can directly service their needs or provide them guidance to immediate solutions. Hence, the Directors believe that the Proposed Transactions would be a good complementary add on to such initiative and strengthen its service line offerings. Below sets forth the reasons for and the benefits of the Proposed Transaction:

### **Increase the Group's scale and profit, providing higher return to shareholders**

- The Group has achieved progressive growth in net profit through organic and acquisition growth which allowed it to distribute an increasing level of dividend for the Shareholders of the Company over the past few years. The Directors believe that the Proposed Acquisition will increase the Company's profit scale and expect to maintain the Company's dividend payout ratio of not less than 30%.
- Throughout the years of successful integration from the previous acquisitions, the Group has shown a proven track record in utilizing its capital to invest in attractive acquisitions to increase Shareholder's return. The Directors believe that the Proposed Acquisition represents a good investment for the Group by utilizing its existing cash on hand, and leveraging on the Proposed Disposal of the Property Holdcos and the Disposal Property, which will allow the Group to engage in businesses that could enhance recurring profit in long term and lead to an accretion to the Company's earnings per share. The benefits of using the Proposed Disposal of the Property Holdcos and the Disposal Property as part of the Consideration would also provide the Group more flexibility in managing its cashflow, maintain a good capital structure and better utilize less liquid assets in its balance sheet.
- The Target Group has a normalized net profit of approximately HK\$83.7 million for the financial year ended 30 June 2020, which is approximately 27.0% of that of the Group during the same period.

## **Mitigate cyclical risks by diversifying revenue streams and expanding financial scale**

- The Directors believe that the Proposed Transactions would enable the Group to further mitigate cyclical risks typically associated with the E&M engineering segment by diversifying its revenue streams. Moreover, the Target Group has a diversified service line offerings and client base, which could potentially improve the stability of operation of the Enlarged Group with more diversified revenue streams.
- The Target Group recorded a revenue of approximately HK\$777.2 million and net profit of approximately HK\$102.6 million for the financial year ended 30 June 2020. According to the Business Valuation, the normalized net profit was HK\$83.7 million for the financial year ended 30 June 2020.
- The Target Group recorded 15.4% and 5.0% revenue growth from the financial years of 2018 to 2019 and 2019 to 2020, respectively. Moreover, the Target Group recorded 14.8% and 31.5% net profit growth from the financial years of 2018 to 2019 and 2019 to 2020, respectively.
  - the Security Guarding & Event Services arm of the Target Group has a proven track record of financial growth. During the period of the financial years of 2018 to 2020, the revenue increased from HK\$537.0 million to HK\$664.9 million, at a compounded annual growth rate of 11.3%; the net profit increased from HK\$37.9 million to HK\$71.5 million during the same period, at a compounded annual growth rate of 37.3%;
  - the Insurance Solutions arm of the Target Group has demonstrated high client retention ratio of over 90% during the financial years of 2018 to 2020 and strong ability to expand into new business segments, including cyber security insurance, directors and officers liability insurance, employee benefits and international broker business. During the period of the financial years of 2018 to 2020, the revenue increased from HK\$77.0 million to HK\$86.2 million, at a compounded annual growth rate of 5.8%; the net profit increased from HK\$27.5 million to HK\$28.9 million during the same period, at a compounded annual growth rate of 2.5%; and
  - the Landscaping Services arm of the Target Group is a stable business with revenue of HK\$26.1 million and net profit of HK\$2.3 million in the financial year of 2020.
- With the integration of the Target Group, the Directors believe that the Proposed Transaction would bring in businesses with sustainable income and proven growth, further enhancing the financial performance of the Enlarged Group.

## **Increase cross-selling synergies and customer loyalty by providing integrated lifestyle services**

- By diversifying the range of services of the Group, the Directors believe that there will be more cross-selling synergies that would allow the Group to offer comprehensive “one-stop-shop” services that differentiate the Group from its competitors. The inclusion of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services will directly enhance the Group’s ability to provide high quality complementary services and create more cross-selling opportunities. The Proposed Transactions also allow the Enlarged Group to have better insights of the customer needs and would have unique capabilities to offer a wide range of services that our competitors could not match. For example, the Security Guarding & Event Services arm of the Target Group has been serving certain clients of the Property Management Services under the Group, and approximately 15% of total turnover of the Security Guarding & Event Services of Target Group originated from the Property Management Services of the Group in the financial year ended 30 June 2020. Moreover, the Insurance Solutions business of the Target Group has been serving certain clients of the E&M engineering business of the Group.
- Upon Completion, the Enlarged Group will expand its client base with the addition of the clientele of the Target Group which will benefit the existing businesses of the Group. As the Enlarged Group will garner experience and expertise in all of the aforementioned business segments, the Enlarged Group will be able to offer “one-stop-shop” comprehensive solutions to clients, for example, our tender submissions may be considered more competitive and comprehensive than our competitors who are unable to provide such all rounded services.
- The Enlarged Group would have staff members exceeding 18,000. The Directors believe that the Enlarged Group could have more flexibility to allocate human resources across more business lines after the Proposed Acquisition. In addition, we could also offer more flexibility in job opportunities for our employees and allow us to better retain our talent if they would like to pursue their career in other operations of the Group.

## **Enhance the Group’s leading position by adding more market-leading player in its portfolio**

- The Target Group is recognised as leaders in its respective markets in Hong Kong, which would add value to the Group’s diversified lifestyle services businesses by bringing various additional leading positions. According to Frost & Sullivan, the Target Group has achieved the following rankings:
  - No. 2 Type I security guarding services provider in Hong Kong in terms of revenue for the financial year ended 30 June 2020;
  - No. 1 (among local insurance brokers) and No. 5 (among local and international insurance brokers) general insurance brokers in Hong Kong in terms of gross insurance brokerage income for the financial year ended 30 June 2020; and
  - One of the leading players in the landscaping services sector in Hong Kong.

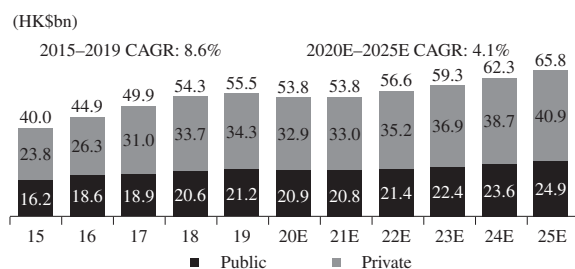
- The combination of the Group’s existing business operations and the Target Group’s business operations will allow the Enlarged Group to re-position itself as a leading diversified lifestyle services provider in Hong Kong with industry leading positions in different segments.

The Company has commissioned Frost & Sullivan, an independent market research consultant, to conduct market research concerning the (i) E&M engineering market, (ii) environmental hygiene services market, (iii) property management services market, (iv) insurance brokerage services market, (v) security guarding services market, and (vi) landscape services market as set forth as follows:

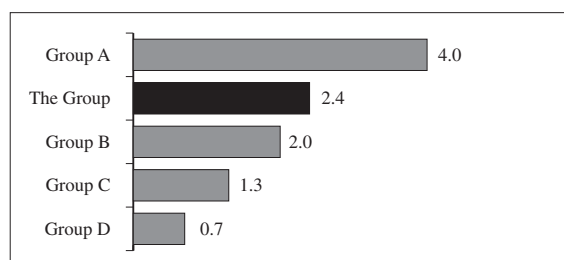
### *E&M engineering market*

The Group’s E&M engineering business is the top 2 player in the Hong Kong market in terms of revenue for the financial year ended 30 June 2020 with an estimated market share of approximately 4.5% during such period according to Frost & Sullivan. The Group has a long operating history and has been recognised as one of the reputable leaders in such industry. Frost & Sullivan also estimates that the market size will continue to grow at a CAGR of approximately 4.1% from 2020 to 2025, reaching HK\$65.8 billion in 2025. The E&M engineering market in Hong Kong is relatively fragmented with the top five players contributing to about 19.3% market share in terms of revenue in the financial year ended 30 June 2020.

**Market size of E&M engineering services market in Hong Kong**



**Top 5 E&M engineering services providers in Hong Kong by revenue (HKD billion)**

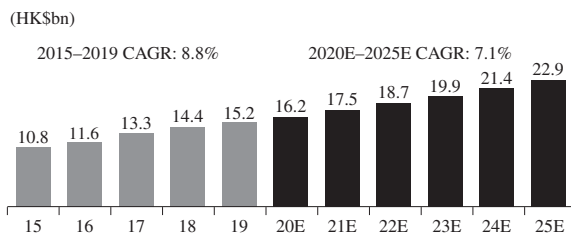


Source: Frost & Sullivan

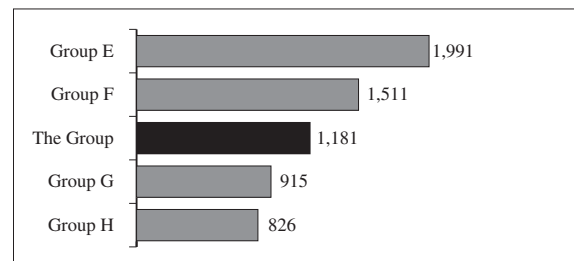
### Environmental hygiene services market

The Group's cleaning services business is one of the top 3 players in the Hong Kong market in terms of revenue with an estimated market share of approximately 7.3% for the financial year ended 30 June 2020 according to Frost & Sullivan. Frost & Sullivan also estimates that the market size will continue to grow at a CAGR of approximately 7.1% from 2020 to 2025, reaching HK\$22.9 billion in 2025. For the financial year ended 30 June 2020, the top five market players accounted for about 39.6% of the total market size which is relatively more consolidated.

**Market size of environmental hygiene services market in Hong Kong**



**Top 5 environmental hygiene services providers in Hong Kong by revenue (HKD million)**



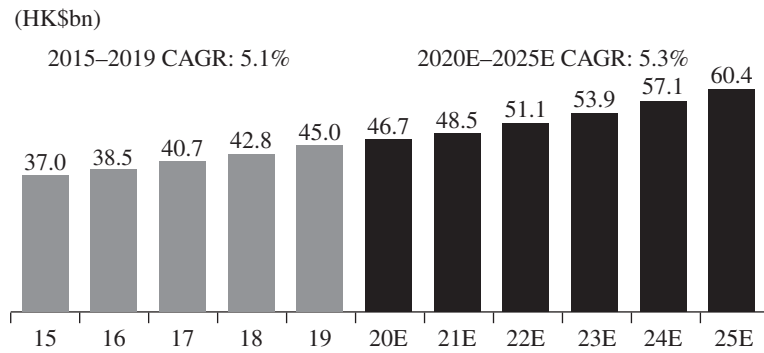
Source: Frost & Sullivan

### Property management services market

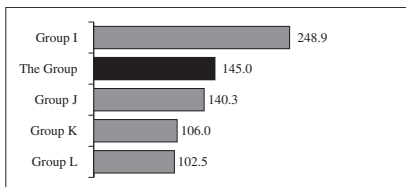
According to Frost & Sullivan, the market size of property management market in Hong Kong is estimated to grow at a CAGR of approximately 5.3% from 2020 to 2025, reaching HK\$60.4 billion in 2025. The Property Management Services of the Group has achieved the following rankings in the Hong Kong property management services market:

- No. 1 among all independent players and No. 2 among all players in the residential property management services market in Hong Kong in terms of units under management with an estimated market share of approximately 5.8% for the financial year ended 30 June 2020;
- No. 1 among all independent players and No. 2 among all players in the non-residential (excluding car park) property management services market in Hong Kong in terms of area under management with an estimated market share of approximately 7.6% for the financial year ended 30 June 2020; and
- No. 1 among all independent players and No. 3 among all players in the car park property management services market in Hong Kong in terms of units under management with an estimated market share of approximately 6.4% for the financial year ended 30 June 2020.

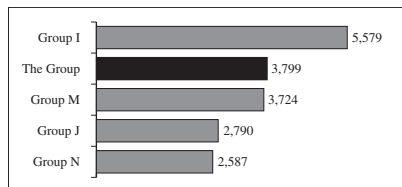
## Market size of property management services market in Hong Kong



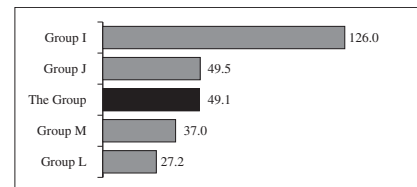
**Top 5 residential property management services providers in Hong Kong by units**  
(thousand units)



**Top 5 non-residential property management services providers in Hong Kong by area**  
(thousand sq.m.)



**Top 5 car park property management services providers in Hong Kong by units**  
(thousand units)



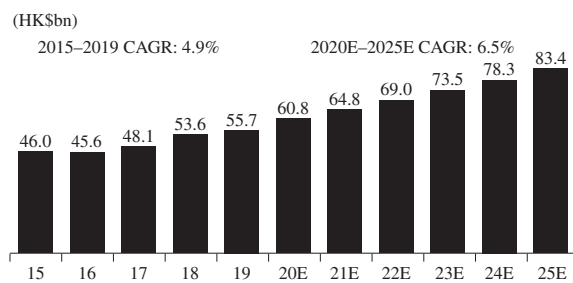
Source: Frost & Sullivan



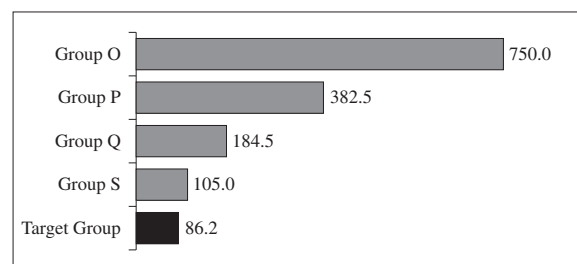
### Insurance brokerage services market

The Target Group's Insurance Solutions business is the No.1 local insurance broker and the top 5 among all local and international insurance brokers in Hong Kong in terms of gross insurance brokerage income in general business line for the financial year ended 30 June 2020 according to Frost & Sullivan. Frost & Sullivan also estimates that the overall gross premium of general business in Hong Kong will continue to grow at a CAGR of approximately 6.5% from 2020 to 2025, reaching HK\$83.4 billion in 2025.

#### Gross premium of general insurance business in Hong Kong



#### Top 5 insurance brokers in general insurance business in Hong Kong by revenue (HKD million)

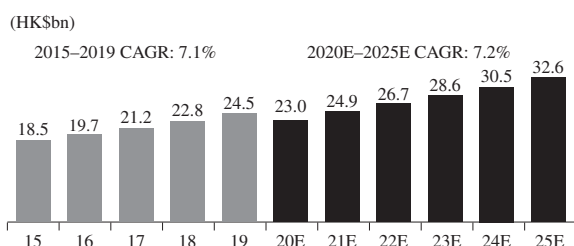


Source: Frost & Sullivan

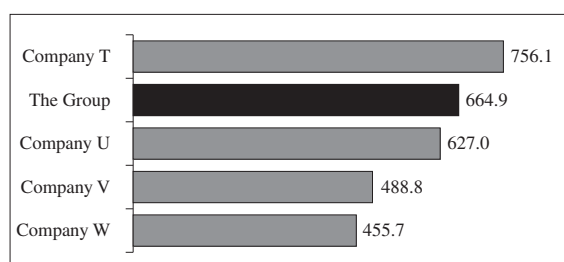
### Security guarding services market

The Target Group's security guarding services business is one of the top 2 players in the Hong Kong market in terms of revenue with an estimated market share of approximately 2.9% for the financial year ended 30 June 2020 according to Frost & Sullivan. For the financial year ended 30 June 2020, the top five market players accounted for about 13.0% of the total market size which is relatively fragmented. Frost & Sullivan also estimates that the market size will continue to grow at a CAGR of approximately 7.2% from 2020 to 2025, reaching HK\$32.6 billion in 2025.

## Market size of Type I security guarding services market in Hong Kong



## Top 5 Type I security guarding services companies\* in Hong Kong by revenue (HKD million)



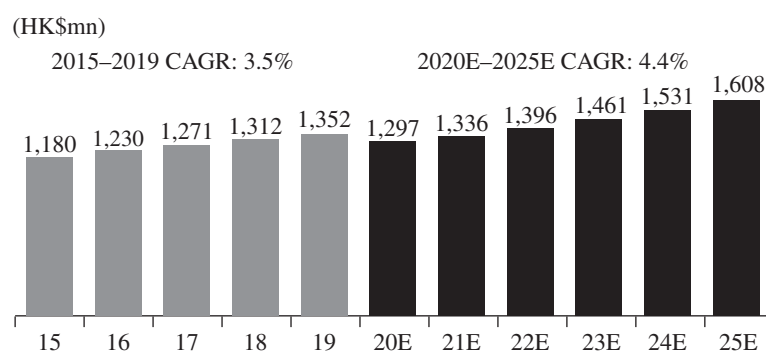
Source: Frost & Sullivan

\* According to the Hong Kong Security and Guarding Services Industry Authority, there are three types of licensed security companies engaged in different types of security work, while Type I refers to provision of security guarding services. Type I security work could be further classified into three categories, namely (i) general manned guarding services, (ii) event and crisis security services, and (iii) manpower support services.

## Landscape services market

The Target Group's Landscaping Services is one of the leading players in its market. According to Frost & Sullivan, the market size of landscape services is estimated to grow at a CAGR of approximately 4.4% from 2020 to 2025, reaching HK\$1.6 billion in 2025. The landscape services market is highly fragmented with no dominant players in Hong Kong.

## Market size of landscaping services market in Hong Kong



Unless otherwise specified, the market size and market data stated above refer to those for the financial year ended 30 June 2020.

## **Re-position the Group into a comprehensive lifestyle services company to reflect the Group's vision and long-term strategy**

- The Group's vision is to become the premier organization for the delivery of all aspects of lifestyle services to create aspirational and sustainable developments for the city community. The Group intends to re-categorize its business segments into Property Management Services, City Essential Services and Technical and Management Services going forward to better reflect the Group's business development.
- The Proposed Transactions would enhance our service line offerings to differentiate us from our competitors to meet the industry's ever-changing lifestyle services demand. The Enlarged Group would also be able to offer our clients more comprehensive and integrated "one-stop-shop" high-quality services solutions through a collection of its market-leading branded subsidiaries. Moreover, the Enlarged Group will also become a comprehensive solution provider with in-house technical capabilities supporting our clients when such clients decide to outsource multiple services.
- The Group's vision is to enhance the following company values through the Proposed Transactions:
  - Comprehensive services — we take pride in our comprehensive services scope and our ability to offer clients multiple solutions that would go beyond their expectations. This would differentiate us from other services providers as we can proactively identify the needs of our clients.
  - Commitment to quality — we provide high-quality and exceptional services to our clients with an aim to create value for their businesses through our industry leading subsidiaries, allowing the clients a peace of mind.
  - Reliability — client's requirements are our priority. As such, we aim to keep our promises in terms of our services commitment, timing and objectives and communicate progress with our clients regularly in the different type of services we provide to reinforce our position as a one-stop-shop solution provider.
  - Investment in people — Our employees are important assets to our operation and business. Our wide range of services operations allow our talents to achieve their goals and to expand their expertise in different development areas.
- The Group's exposure in integrated services continue to increase over the years and has become an important growth driver of the Group with more significant profit contribution. The Proposed Acquisition would also further enhance the contribution of its integrated services business. In view of the Group's exposure in integrated services and its continued diversification in services related to servicing the city community, the Company proposed to change its name into FSE Lifestyle Services Limited (豐盛生活服務有限公司).

The Directors (excluding the independent non-executive Directors (whose views will be given after taking into consideration the advice from the Independent Financial Adviser) and those who are considered to have a material interest in the Proposed Acquisition as set out in the paragraph headed "Approval by the Board") consider the Proposed Transactions on

terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE 2021 MASTER FACILITY AND RELATED SERVICES AGREEMENTS**

Members of the Target Group, in their ordinary course of business, regularly entered into continuing transactions in relation to:

- (1) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to and receipt of the rental and related services from the Doo's Associates Group;
- (2) the provision of the Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services to and receipt of IT Support Services and Rental Services from the NWD Group; and
- (3) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to members of each of the NWS Group, the CTFE Group and the CTFJ Group and receipt of the rental and related services from the NWS Group, the CTFE Group and the CTFJ Group and receipt of convention and exhibition facilities and related functions and services and food and beverage catering services from the NWS Group.

It is expected that the above continuing transactions will continue after the completion of the Proposed Transactions. As the Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Proposed Acquisition, the continuing transactions entered into or to be entered into between the Group on one side, and each of the Doo's Associate Group, the NWD Group, the NWS Group, the CTFE Group or the CTFJ Group on the other will respectively become continuing connected transactions of the Company under the Listing Rules.

It is proposed that, upon Completion, written agreement(s) will be entered into by the Company and the relevant counterparties for the above continuing connected transactions in accordance with the requirements under the Listing Rules, details of which are set out below:

### **2021 FSE Master Facility and Related Services Agreement**

The major terms of the 2021 FSE Master Facility and Related Services Agreement are set out below:

- |          |   |
|----------|---|
| Date     | : Completion Date   |
| Parties  | : (1) the Seller; and<br>(2) the Company  |
| Duration | : An initial term commencing on the Completion Date and ending on 30 June 2023 (both days inclusive). |

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the 2021 FSE Master Facility and Related Services Agreement shall be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Services to be provided by the Enlarged Group to Doo's Associates Group : Security Guarding & Event Services, Insurance Solutions and Landscaping Services and such other types of services as members of the Enlarged Group and members of the Doo's Associates Group may agree upon from time to time in writing.

Services to be provided by Doo's Associates Group to the Enlarged Group : Rental and related services, and such other types of services as members of the Enlarged Group and members of the Doo's Associates Group may agree upon from time to time in writing. The Group has been using certain properties to be disposed under the Proposed Disposal for office premises, staff accommodation and industrial purposes. Upon completion of the Proposed Disposal, the Group will cease to hold any right, title and interest in the Property Holdcos and the Disposal Property. In order for the Enlarged Group to continue to use such properties, it is proposed that, upon Completion, the Seller will provide the rental related services to the Group and lease certain properties to the Enlarged Group. The premises to be leased by the Doo's Associates Group to the Enlarged Group include:

- (1) Unit A on 8/F, Chai Wan Industrial Centre, No. 20 Lee Chung Street, Hong Kong;
- (2) Portion B on 6/F, Hop Shi Factory Building, Nos. 29–31 Lee Chung Street & Nos. 22–24 Cheung Lee Street, Hong Kong;
- (3) Unit D on 2/F including Flat Roof, Golden Bear Industrial Centre, Nos. 66–82 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong;
- (4) 17/F., Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong;
- (5) Em Macao, Rua Nova da Areia Preta No 456, Edf. Tong Wa Block XII, Rés-Do-Chão A;

(6) Em Macao, Rua do Almirante Costa Cabral No S 17-17-A, Holland Garden (Phase 4), Rés-Do-Chão A (Com Sobreloja);

(7) Em Macao, Rua do Ouvidor Arriaga No 39, Holland Garden (Phase 4), 1o Andar A;

and such other premises as members of the Enlarged Group and members of the Doo's Associates Group may agree upon from time to time in writing.

**Definitive Agreements** : Members of the Enlarged Group and members of the Doo's Associates Group will, from time to time during the term of the 2021 FSE Master Facility and Related Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the 2021 FSE Master Facility and Related Services Agreement.

**Pricing** : On normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Enlarged Group than terms available to or from independent third parties.

### **2021 NWD Master Facility and Related Services Agreement**

The major terms of the 2021 NWD Master Facility and Related Services Agreement are set out below:

**Date** : Completion Date

**Parties** : (1) NWD; and  
(2) the Company

**Duration** : An initial term commencing on the Completion Date and ending on 30 June 2023 (both days inclusive).

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the 2021 NWD Master Facility and Related Services Agreement may be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.



- Services to be provided by the Enlarged Group to the NWD Group : Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services and such other types of services as members of the Enlarged Group and members of the NWD Group may agree upon from time to time in writing.
- Services to be provided by the NWD Group to the Target Group of the Enlarged Group : IT Support Services, Rental Services and such other types of services as members of the Enlarged Group and members of the NWD Group may agree upon from time to time in writing.
- Definitive Agreements : Members of the Enlarged Group and members of the NWD Group will, from time to time during the term of the 2021 NWD Master Facility and Related Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the 2021 NWD Master Facility and Related Services Agreement.
- Pricing : On normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Enlarged Group than terms available to or from independent third parties.

### **2021 NWS Master Facility and Related Services Agreement**

The major terms of the 2021 NWS Master Facility and Related Services Agreement are set out below:

- Date : Completion Date
- Parties : (1) NWS; and  
(2) the Company
- Duration : An initial term commencing on the Completion Date and ending on 30 June 2023 (both days inclusive).

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the 2021 NWS Master Facility and Related Services Agreement may be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

- Services to be provided by the Enlarged Group to the NWS Group : Security Guarding & Event Services, supply of security products, the Insurance Related Services and the Landscaping Services and such other types of services as members of the Enlarged Group and members of the NWS Group may agree upon from time to time in writing.
- Services to be provided by the NWS Group to the Enlarged Group : Rental of properties, spare spaces, car parking spaces, vehicles and vessels and related services, provision of convention and exhibition facilities and related functions and services, food and beverage catering services and such other types of services as members of the Enlarged Group and members of the NWS Group may agree upon from time to time in writing.
- Definitive Agreements : Members of the Enlarged Group and members of the NWS Group will, from time to time during the term of the 2021 NWS Master Facility and Related Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the 2021 NWS Master Facility and Related Services Agreement.
- Pricing : On normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Enlarged Group than terms available to or from independent third parties.

### **2021 CTFE Master Facility and Related Services Agreement**

The major terms of the 2021 CTFE Master Facility and Related Services Agreement are set out below:

- Date : Completion Date
- Parties : (1) CTFE; and  
(2) the Company
- Duration : An initial term commencing on the Completion Date and ending on 30 June 2023 (both days inclusive).

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the 2021 CTFE Master Facility and Related Services Agreement may be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

- Services to be provided by the Enlarged Group to the CTFE Group : Security Guarding & Event Services, Insurance Solutions and Landscaping Services and such other types of services as members of the Enlarged Group and members of the CTFE Group may agree upon from time to time in writing.
- Services to be provided by the CTFE Group to the Enlarged Group : Leasing or licensing properties, including, without limitation, spare spaces, car parking spaces and related services and such other types of services as members of the Enlarged Group and members of the CTFE Group may agree upon from time to time in writing.
- Definitive Agreements : Members of the Enlarged Group and members of the CTFE Group will, from time to time during the term of the 2021 CTFE Master Facility and Related Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the 2021 CTFE Master Facility and Related Services Agreement.
- Pricing : On normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Enlarged Group than terms available to or from independent third parties.

### **2021 CTFJ Master Facility and Related Services Agreement**

The major terms of the 2021 CTFJ Master Facility and Related Services Agreement are set out below:

- Date : Completion Date
- Parties : (1) CTFJ; and  
(2) the Company
- Duration : An initial term commencing on the Completion Date and ending on 30 June 2023 (both days inclusive).

Subject to compliance with the applicable requirements of the Listing Rules at the relevant time, the 2021 CTFJ Master Facility and Related Services Agreement may be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

- Services to be provided by the Enlarged Group to the CTFJ Group : Security Guarding & Event Services, Insurance Solutions and Landscaping Services and such other types of services as members of the Enlarged Group and members of the CTFJ Group may agree upon from time to time in writing.
- Services to be provided by the CTFJ Group to the Enlarged Group : Leasing or licensing of properties, including, without limitation, spare spaces, car parking spaces, and related services and such other types of services as members of the Enlarged Group and members of the CTFJ Group may agree upon from time to time in writing.
- Definitive Agreements : Members of the Enlarged Group and members of the CTFJ Group will, from time to time during the term of the 2021 CTFJ Master Facility and Related Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules and the 2021 CTFJ Master Facility and Related Services Agreement.
- Pricing : On normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favourable to the Enlarged Group and the CTFJ Group than terms available to or from independent third parties.

## **QUALIFICATIONS OF ENGAGEMENT**

The engagement to be made pursuant to each of the 2021 Master Facility and Related Services Agreements is subject to the following qualifications:

- (1) the engagement only applies to services required for businesses, projects and/or premises for which the relevant member(s) of the Enlarged Group or the counterparties to the 2021 Master Facility and Related Services Agreements (as the case may be) has (have) the right to select providers of the relevant Services;
- (2) the engagement is not contrary to the terms of contracts governing the relevant businesses, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the Enlarged Group or the counterparties to the 2021 Master Facility and Related Services Agreements (as the case may be) may relate; and
- (3) in the event that the provider of a particular Service is required to be selected through auction or tender or other similar process, the engagement shall only become effective as and when the relevant member(s) of the Enlarged Group or the counterparties to the 2021 Master Facility and Related Services Agreements (as the case may be) has (have) been selected by the relevant member(s) of the Enlarged Group or counterparties to the 2021 Master Facility and Related Services Agreements (as the case may be) as the service provider as a result of the relevant auction or tender or other similar process.

Apart from the above, the engagement to be made pursuant to each of the 2021 CTFE Master Facility and Related Services Agreement and the 2021 CTFJ Master Facility and Related Services Agreement is also subject to the following qualifications apart from the above:

- (1) CTFE and CTFJ and each member of the CTFE Group and the CTFJ Group shall have the sole and absolute right and discretion to decide whether to engage any member of the Enlarged Group to provide the services stipulated under the 2021 CTFE Master Facility and Related Services Agreement and the 2021 CTFJ Master Facility and Related Services Agreement respectively, and neither CTFE or CTFJ nor any member of the CTFE Group or the CTFJ Group shall be under any obligation or commitment to engage or procure the engagement of any member of the Enlarged Group to provide such services; and
- (2) the Company shall have no claim or right whatsoever against CTFE or CTFJ and/or any member of the CTFE Group or the CTFJ Group in the event that any member(s) of the CTFE Group or the CTFJ Group does/do not engage any member(s) of the Enlarged Group to provide the services stipulated under the 2021 CTFE Master Facility and Related Services Agreement and the 2021 CTFJ Master Facility and Related Services Agreement respectively.

## **PRICING POLICIES**

### **General principle**

As a general principle, the prices and terms of the Definitive Agreements with respect to the Services Transactions to be entered into pursuant to each of the 2021 Master Facility and Related Services Agreements shall be determined in the ordinary and usual course of business of the Enlarged Group and counterparties to the 2021 Master Facility and Related Services Agreements, on normal commercial terms and negotiated on arm's length basis.

In addition, such prices and terms shall be:

- (1) no less favourable to the Enlarged Group than those charged to independent third party customers of the Enlarged Group (in respect of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services);
- (2) no less favourable to the Enlarged Group than those paid to any other independent third party landlords of similar properties in similar locations (in respect of the rental and related services as well as the leasing/licensing services) or independent service providers of similar services (in respect of the IT Support Services and the convention and exhibition facilities and related functions and services and food and beverage catering services); and
- (3) no less favourable to the counterparties to the 2021 Master Facility and Related Services Agreements than those charged by and paid to their respective independent third party suppliers (in respect of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services) or those charged and provided to their respective independent third party customers or tenants/licensees (in respect of the rental and related services as well as the leasing and licensing services).

Should the 2021 Master Facility and Related Services Agreements be renewed, the Company will comply with the requirements under Chapter 14A of the Listing Rules applicable at that time.

### **Pricing policy and procedures**

Subject to the general principle above, the pricing policy and procedures adopted and applied by the Enlarged Group in setting the contract prices and terms of the Services Transactions with counterparties to the 2021 Master Facility and Related Services Agreements (as the case may be) are as follows:

- (1) as regards the rental and related services to be provided by members of the Doo's Associates Group to members of the Enlarged Group and the leasing/licensing services to be provided by members of the NWD Group, the NWS Group, the CTFE Group or the CTFJ Group to members of the Enlarged Group, the rental or leasing/licensing fees payable by the Enlarged Group will be determined by reference to the market rental of the property concerned current at or close to the lease or license commencement date by reference to rentals comparable of similar properties in similar locations and where applicable, with comparable facilities, obtained from independent property agencies or parties;
- (2) as regards the IT Support Services to be provided by members of the NWD Group to members of the Enlarged Group, the fees payable by the Enlarged Group will be determined by reference to the fee quotation provided to the Enlarged Group by other independent suppliers, taking into account factors including the nature and type of services to be rendered;
- (3) as regards the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to be provided by members of the Enlarged Group to members of counterparties to the 2021 Master Facility and Related Services Agreements, the fees payable by the counterparties to the Group will be determined by reference to comparable of fee quotations provided by the Enlarged Group to other independent customers, taking into account factors including the nature and type of services to be rendered; and
- (4) as regards the convention and exhibition facilities and related functions and services and food and beverage catering services and related services to be provided by members of the NWS Group to members of the Enlarged Group the fees payable by the Group will be determined by reference to the market prices provided to the Group by other independent service providers, taking into account factors including the nature and type of services to be rendered.

## Historical Aggregate Transaction Amounts with respect to the Services Transactions

Historical transaction amounts in respect of the Services Transactions for the two years ended 30 June 2019 and 30 June 2020 and the six months ended 31 December 2020 respectively are set out below:

Categories	Transaction amounts		
	For the financial year		Six months
	ended 30 June	ended 30 June	ended 31 December
	2019	2020	2020
	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Services between the Target Group and the Doo's Associates Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Target Group to the Doo's Associates Group	2,341	4,769	2,702
Rental and related services provided by the Doo's Associates Group to the Target Group	3,844	3,855	2,144
<b>Services between the Target Group and the NWD Group</b>			
Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services provided by the Target Group to the NWD Group	178,793	188,148	100,168
IT Support Services provided by the NWD Group to the Target Group	31	31	15
<b>Services between the Target Group and the NWS Group</b>			
Security Guarding & Event Services, supply of security products, the Insurance Related Services and Landscaping Services provided by the Target Group to the NWS Group	88,155	60,695	15,493
<b>Services between the Target Group and the CTFE Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Target Group to the CTFE Group	3,042	2,912	1,349



Categories	Transaction amounts		
	For the financial year ended 30 June		Six months ended 31 December
	2019 (HK\$'000)	2020 (HK\$'000)	2020 (HK\$'000)
<b>Services between the Target Group and the CTFJ Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Target Group to CTFJ Group	3,452	2,937	1,587

#### **Proposed Annual Caps under the 2021 Master Facility and Related Services Agreements**

The proposed annual caps in respect of the Services Transactions contemplated under each of the 2021 Master Facility and Related Services Agreements for the period commencing from the Completion Date and ending on 30 June 2023 is as follows:

Categories	Proposed annual caps		
	For the period from the Completion Date to	For the financial year ending 30 June	
	30 June 2021* (HK\$'000)	2022 (HK\$'000)	2023 (HK\$'000)
<b>Services between the Enlarged Group and the Doo's Associates Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Enlarged Group to the Doo's Associates Group	2,928	9,203	10,016
Rental and related services provided by the Doo's Associates Group to the Enlarged Group	4,106	67,787	899

<b>Categories</b>	<b>Proposed annual caps</b>		
	<b>For the period from the Completion Date to 30 June 2021* (HK\$'000)</b>	<b>For the financial year ending 30 June</b>	
		<b>2022 (HK\$'000)</b>	<b>2023 (HK\$'000)</b>
<b>Services between the Enlarged Group and the NWD Group</b>			
Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services provided by the Enlarged Group to the NWD Group	60,346	321,512	550,231
IT Support Services and Rental Services provided by the NWD Group to the Target Group of the Enlarged Group	2,144	9,297	9,775
<b>Services between the Enlarged Group and the NWS Group</b>			
Security Guarding & Event Services, supply of security products, the Insurance Related Services and Landscaping Services provided by the Enlarged Group to NWS Group	16,864	109,600	123,328
Rental of properties, spare spaces, carparking spaces, vehicles and vessels and related services, provision of convention and exhibition facilities and related functions and services, and food and beverage catering services provided by the NWS Group to the Enlarged Group	395	2,160	2,308
<b>Services between the Enlarged Group and the CTFE Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Enlarged Group to CTFE Group	2,811	10,116	11,495
Leasing or licensing of properties, including, without limitation, spare spaces, car parking spaces and related services to be provided by the CTFE Group to the Enlarged Group	187	862	910

Categories	Proposed annual caps		
	For the period from the Completion Date to 30 June 2021* (HK\$'000)	For the financial year ending 30 June	
		2022 (HK\$'000)	2023 (HK\$'000)
<b>Services between the Enlarged Group and the CTFJ Group</b>			
Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Enlarged Group to CTFJ Group	2,559	10,565	12,242
Leasing or licensing of properties, including, without limitation, spare spaces, car parking spaces and related services to be provided by the CTFJ Group to the Enlarged Group	20	80	80

*\*Note:* The proposed annual caps for the period commencing from the Completion Date and ending on 30 June 2021 is estimated on the estimation that Completion will take place on or after 9 April 2021.

#### **Bases of determination of the proposed annual caps under the 2021 Master Facility and Related Services Agreements**

The proposed annual caps in respect of the Services Transactions contemplated under each of the 2021 Master Facility and Related Services Agreements are determined with reference to:

- (1) in relation to the rental and related services to be provided by the Doo's Associates Group to the Enlarged Group and the leasing/licensing services to be provided by members of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group to members of the Enlarged Group:
  - a. the expected rentals or licensing fees as may be paid by the Enlarged Group under each of the 2021 Master Facility and Related Services Agreements taking into account the current rentals/licensing fees and expected market rentals/licensing fees of similar properties in similar locations;
  - b. the Enlarged Group's demand in floor spaces for office premises, warehouse, car parking spaces, spare spaces, car parking spaces and other business uses of the Enlarged Group to cope with the Enlarged Group's business growth; and
  - c. the business environment and the historical and expected inflation.

- (2) in relation to the IT Support Services to be provided by the NWD Group to the Enlarged Group:
- a. the historical annual or annualised amounts in respect of the IT Support Services provided by the NWD Group to the Target Group during the two years ended 30 June 2020 and the six months ended 31 December 2020; and
  - b. the projected annual or annualised amounts in respect of the IT Support Services to be provided by the NWD Group to the Enlarged Group during the period from the Completion Date and ending on 30 June 2021 and the years ending 30 June 2022 and 2023, having taken into account the following major factors:
    - i. the business growth and need of the Enlarged Group; and
    - ii. the estimated market prices of such services by reference to the current market prices after factoring into the expected increase in service costs as well as inflation.
- (3) in relation to the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to be provided by the Enlarged Group to the counterparties to the 2021 Master Facility and Related Services Agreements:
- a. the historical annual or annualised amounts in respect of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services provided by the Target Group to the respective counterparties of the 2021 Master Facility and Related Services Agreements during the two years ended 30 June 2020 and the six months ended 31 December 2020;
  - b. the existing contracts in progress; and
  - c. the projected annual or annualised amount in respect of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services to be provided by the Enlarged Group to the respective counterparties of the 2021 Master Facility and Related Services Agreements during the period from the Completion Date and ending on 30 June 2021 and the years ending 30 June 2022 and 2023, having taken into account the following major factors:
    - i. the estimated future demand for the relevant Security Guarding & Event Services, Insurance Solutions and Landscaping Services by members of the relevant counterparties of the 2021 Master Facility and Related Services Agreements; and
    - ii. the estimated market prices of such services by reference to the current market prices after factoring into the expected increase in service costs as well as inflation.

**Shareholders and potential investors should note that the aforementioned proposed annual caps should not be construed as an assurance or forecast by the Company of the future revenues of the Enlarged Group.**

## **REASONS FOR AND THE BENEFITS OF ENTERING INTO THE 2021 MASTER FACILITY AND RELATED SERVICES AGREEMENTS**

The Services Transactions contemplated under each of the 2021 Master Facility and Related Services Agreements are of a recurrent nature and, subject to the Completion of the Proposed Transactions having taken place, will occur on a regular and continuing basis in the ordinary and usual course of business of the Enlarged Group and the respective counterparties to each of the 2021 Master Facility and Related Services Agreements.

In line with the market practice and the Company's past practice, the Company considered it necessary for Listing Rules compliance purposes and administrative convenience to enter into a framework agreement with each of the holding companies of the relevant contract counterparties in order to better document and manage these continuing connected transactions. The 2021 Master Facility and Related Services Agreements serve to streamline the Services Transactions arise due to the Proposed Transactions between members of the Enlarged Group and members of the Doo's Associates Group, the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group respectively by providing a single basis upon which the Company could comply with the applicable reporting, announcement and (where applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

Members of the Doo's Associates Group, the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group are with profound experience and reputation in their respective areas of businesses or services and solid financial standing and have demonstrated themselves as reliable services providers or customers of the Target Group over the years. The Directors believe that the maintenance of the strategic business relationships with them will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Enlarged Group's growth in the long run.

The Directors (excluding the independent non-executive Directors (whose views will be given after taking into consideration the advice from the Independent Financial Adviser) and those Directors who are considered to have a material interest in the Proposed Transactions as set out in the paragraph headed "Approval by the Board") are of the views that the terms of each of the 2021 Master Facility and Related Services Agreements as well as the proposed annual caps thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Company is an investment holding company and the holding company of the Group. The principal businesses of the Group are the provision of the Property Management Services, City Essential Services and Technical and Management Services.

## **Doo's Associates Group**

To the best knowledge of the Directors, the principal businesses of the Doo's Associates Group are property investment, the provision of property leasing, landscaping, project management, insurance consultancy and brokerage, and security and guarding services.

## **NWD Group**

NWD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17). As at the date of this announcement and based on publicly available information, CTFE and its subsidiaries were interested in approximately 44.55% of the total issued share capital of NWD.

To the best knowledge of the Directors, the NWD Group is principally engaged in property development, property investment and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses.

## **NWS Group**

NWS is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659). As at the date of this announcement and based on publicly available information, NWD and its subsidiaries were interested in approximately 60.86% of the total issued share capital of NWS and CTFE was interested in approximately 2.48% of the total issued share capital of NWS.

To the best knowledge of the Directors, the principal businesses of the NWS Group include: (i) the development of, investment in and/or operation of roads, commercial aircraft leasing and construction; and (ii) the investment in and/or operation of environmental, logistics and facilities management projects.

## **CTFE Group**

CTFE is a company incorporated in Hong Kong with limited liability. As at the date of this announcement and based on publicly available information, CTFE is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is a 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively.

To the best knowledge of the Directors, CTFE is principally engaged in investment holding.

## **CTFJ Group**

CTFJ is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1929). As at the date of this announcement and based on publicly available information, Chow Tai Fook Capital Limited was interested in approximately 72.39% of the total issued share capital of CTFJ.

To the best knowledge of the Directors, the principal businesses of CTFJ and its subsidiaries include manufacturing and selling of high-end luxury, mass luxury and youth line jewellery products (including gem-set/platinum/karat gold jewellery and gold jewellery and products), and distributing watches of various brands.

## **INTERNAL CONTROL MEASURES**

The Group has established internal control measures for reporting and monitoring on continuing connected transactions which will be complied by the Enlarged Group upon Completion to ensure the compliance with Chapter 14A of the Listing Rules.

According to the Group's prevailing internal accounting policy and procedure manual, the designated officer of operation department and supporting department, will immediately report to the legal and company secretarial manager and senior finance manager with details of the possible notifiable or connected transactions to be entered by the Group for review and checking in order to determine the appropriate type of disclosure in compliance with Chapter 14A of the Listing Rules. For a transaction that falls within the scope of continuing connected transactions in the ordinary and usual course of business of the Group, the legal and company secretarial manager will check with the actual monthly continuing connected transaction and ensure the transaction amounts of the potential connected transactions should not exceed the annual caps of the continued connected transaction.

Meanwhile, the internal audit department of the Group will carry out annual assessment of the continuing connected transactions conducted by the Group for each financial year and report to the board of Directors. One of the assessment objectives was to ensure that the continuing connected transactions were carried out at arm's length and the terms are comparable to those projects of independent third parties.

Furthermore, pursuant to Chapter 14A of the Listing Rules:

- (1) the independent non-executive Directors of the Company shall, on an annual basis, review the transactions contemplated under the 2021 Master Facility and Related Services Agreements and confirm, among other matters, such transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole; and
- (2) the external auditors of the Group shall, on an annual basis, report on the transactions contemplated under the 2021 Master Facility and Related Services Agreements and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions.



## **LISTING RULES IMPLICATIONS**

### **The Proposed Acquisition**

FSE Holdings, which holds 75% of the Ordinary Shares in issue in the Company as at the date of this announcement, is a controlling shareholder of the Company under the Listing Rules. The Seller, being a wholly-owned subsidiary of FSE Holdings, is an associate of FSE Holdings, and therefore a connected person of the Company. The Proposed Acquisition thus constitutes a connected transaction for the Company.

As some of the applicable Percentage Ratios for the Proposed Acquisition exceed 5%, the Proposed Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Further, as some of the applicable Percentage Ratios in respect of the Proposed Acquisition are 25% or more but all of those ratios are below 100%, the Proposed Acquisition also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **The Proposed Disposal**

As FSE Holdings is a controlling shareholder of the Company and the Seller, being a wholly-owned subsidiary of FSE Holdings, is an associate of FSE Holdings, the Proposed Disposal also constitutes a connected transaction for the Company.

As some of the applicable Percentage Ratios for the Proposed Disposal exceed 5%, the Proposed Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Further, as some of the applicable Percentage Ratios in respect of the Proposed Disposal are 25% or more but all of those ratios are below 100%, the Proposed Disposal also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **The 2021 Master Facility and Related Services Agreements**

Upon Completion of the Proposed Acquisition, each Target Entity (other than the Joint Venture Target Entity) will become an indirect wholly-owned subsidiary of the Company.

Dr. Cheng is a connected person of the Company. Dr. Cheng is also the brother-in-law of Mr. Doo, the uncle of Mr. Doo William Junior Guilherme (an executive Director) and is also the cousin of the spouse of Mr. Poon Lock Kee, Rocky (an executive Director and Chief Executive Officer). Dr. Cheng is a member of the Cheng family which holds or controls each of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group. As such, each of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group is therefore treated as a connected person of the Company.

Mr. Doo is a connected person of the Company as an ultimate controlling shareholder. Each of the members of the Doo's Associates Group is an associate of Mr. Doo and hence a connected person of the Company.

As the Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Proposed Acquisition, the continuing transactions entered into or to be entered into between the Group on one side, and each of the Doo's Associate Group, the NWD Group, the NWS Group, the CTFE Group or the CTFJ Group on the other will respectively become continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the proposed annual caps of each of the 2021 NWD Master Facility and Related Services Agreement and the 2021 NWS Master Facility and Related Services Agreement exceeds 5%, the transactions under these agreements and the proposed annual caps for the same are subject to the reporting, annual review and announcement requirements and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the proposed annual caps of each of the 2021 FSE Master Facility and Related Services Agreement, 2021 CTFE Master Facility and Related Services Agreement and the 2021 CTFJ Master Facility and Related Services Agreement exceeds 0.1% but is below 5%, the transactions under these agreements and the proposed annual caps for the same are subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Notwithstanding the above, the Company with a view to adhering to enhanced corporate governance practices will seek Independent Shareholders' approval for each of the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated thereunder and the proposed annual caps for the same, at the EGM.

### **Voting at EGM**

At the EGM, any Shareholders with a material interest in the Proposed Transactions and the 2021 Master Facility and Related Services Agreements are required to abstain from voting on the resolution approving the same at the EGM. As such, each of FSE Holdings and their respective associates is required to abstain from voting on the resolutions approving the same at the EGM. As at the date of this announcement, among these persons who are required to abstain from voting at the EGM, FSE Holdings holds 75% of the Ordinary Shares in issue in the Company. FSE Holdings will therefore abstain from voting at the EGM.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from FSE Holdings, no other Shareholders are materially interested in the Proposed Transactions and the 2021 Master Facility and Related Services Agreements who are required to abstain from voting on the resolutions to be proposed for approving the same at the EGM as aforesaid.

## Approval by the Board

Each of the Directors whose names are set out opposite to the Proposed Transactions and each of the 2021 Master Facility and Related Services Agreements in the table below is or may be regarded as having a material interest or potential conflict of interest in the corresponding Proposed Transactions or the relevant 2021 Master Facility and Related Services Agreements and the transactions thereunder.

Proposed Transactions or Services Transactions contemplated under:	Director who is regarded as having a material interest or potential conflict of interest in the Proposed Transactions or the relevant 2021 Master Facility and Related Services Agreements	Basis upon which the Director is regarded as having a material interest or potential conflict of interest
Proposed Transactions	Mr. Doo William Junior Guilherme	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>
	Mr. Lam Wai Hon, Patrick	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>
	Mr. Lee Kwok Bong	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>
2021 FSE Master Facility and Related Services Agreements	Mr. Doo William Junior Guilherme	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>
	Mr. Lam Wai Hon, Patrick	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>

Proposed Transactions or Services Transactions contemplated under:	Director who is regarded as having a material interest or potential conflict of interest in the Proposed Transactions or the relevant 2021 Master Facility and Related Services Agreements	Basis upon which the Director is regarded as having a material interest or potential conflict of interest
2021 NWD Master Facility and Related Services Agreements	Mr. Lee Kwok Bong	<ul style="list-style-type: none"> <li>● He has interest in some members of the Doo's Associates Group</li> <li>● He is a director of some members of the Doo's Associates Group</li> </ul>
2021 NWS Master Facility and Related Services Agreements	Dr. Cheng	<ul style="list-style-type: none"> <li>● He is a director of NWD</li> <li>● He is a member of the Cheng family which holds or controls each of the NWD Group, the NWS Group, CTFE Group and the CTFJ Group</li> </ul>
2021 CTFE Master Facility and Related Services Agreements	Dr. Cheng	<ul style="list-style-type: none"> <li>● He is a director of NWS</li> <li>● He is a member of the Cheng family which holds or controls each of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group</li> </ul>
	Mr. Doo William Junior Guilherme	<ul style="list-style-type: none"> <li>● He is a non-executive director of NWS</li> </ul>
	Mr. Lam Wai Hon, Patrick	<ul style="list-style-type: none"> <li>● He is an alternate director to Mr. Doo William Junior Guilherme of NWS</li> </ul>
	Mr. Kwong Che Keung, Gordon	<ul style="list-style-type: none"> <li>● He is an independent non-executive director of NWS</li> </ul>
2021 CTFE Master Facility and Related Services Agreements	Dr. Cheng	<ul style="list-style-type: none"> <li>● He is a director of CTFE</li> <li>● He is a member of the Cheng family which holds or controls each of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group</li> </ul>

Proposed Transactions or Services Transactions contemplated under:	Director who is regarded as having a material interest or potential conflict of interest in the Proposed Transactions or the relevant 2021 Master Facility and Related Services Agreements	Basis upon which the Director is regarded as having a material interest or potential conflict of interest
2021 CTFJ Master Facility and Related Services Agreements	Dr. Cheng	<ul style="list-style-type: none"> <li>● He is a director of CTFJ</li> <li>● He is a member of the Cheng family which holds or controls each of the NWD Group, the NWS Group, the CTFE Group and the CTFJ Group</li> </ul>
	Mr. Kwong Che Keung, Gordon	<ul style="list-style-type: none"> <li>● He is an independent non-executive director of CTFJ</li> </ul>

Each of the Directors named above who was present at the Board meeting approving the Proposed Transactions, the relevant 2021 Master Facility and Related Services Agreements had abstained from voting on the resolutions approving the Proposed Transactions, the relevant 2021 Master Facility and Related Services Agreements and the transactions and proposed annual caps contemplated thereunder in respect of which he is regarded as having a material interest (or as the case may be, a potential conflict of interest) as indicated in the table above. In addition to the above and for the practice of good corporate governance, Mr. Doo William Junior Guilherme, as the son of Mr. Doo, had voluntarily abstained from voting at the Board meeting on other resolutions abovementioned, though he does not have (nor his associate has) a material interest in the relevant transactions.

### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee has been established to consider the terms of the Proposed Transactions, the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same, and to advise and provide recommendation to the Independent Shareholders as to whether the same are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ballas Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Transactions, the 2021 Master Facility and Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same.

## **PROPOSED CHANGE OF COMPANY NAME AND STOCK SHORT NAME**

### **Proposed Change of Company Name**

The Board proposes to the Shareholders to change the English name of the Company from “FSE Services Group Limited” to “FSE Lifestyle Services Limited” and to adopt the Chinese name of “豐盛生活服務有限公司” as the dual foreign name of the Company in place of its existing Chinese name “豐盛服務集團有限公司”.

### **Conditions to the Proposed Change of Company Name**

The Proposed Change of Company name is conditional upon:

- (1) the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of Company name; and
- (2) the Registrar of Companies in the Cayman Islands granting approval for the Proposed Change of Company Name and entering the new names on the register of companies.

Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect on the date on which the Registrar of Companies in the Cayman Islands issues a Certificate of Incorporation on Change of Name confirming that the new names have been entered on the register of companies. The Company will then carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

### **Reasons for the Proposed Change of Company Name**

The Group’s exposure in integrated services continue to increase over the years and has become an important growth driver of the Group with more significant profit contribution. In view of the Group’s exposure in integrated services and its continued diversification in services related to servicing the city community, the Company proposed to change its name into FSE Lifestyle Services Limited (豐盛生活服務有限公司).

The Board believes that the proposed new English and Chinese names will provide the Company with better identification of the business of the Group. As such, the Board is of the view that the Proposed Change of Company Name is in the interests of the Company and the Shareholders as a whole.

### **Effect of the Change of Company Name**

The Proposed Change of Company Name will not affect any of the rights of the Shareholders. All existing share certificates in issue bearing the Company’s existing name shall, after the Proposed Change of Company Name having become effective, continue to be evidence of the title of the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangements for free exchange of existing share certificates for new share certificates bearing the new names of the Company. Once the Proposed Change of Company Name has become effective, new share certificates will be issued only in the new names of the Company.

## **Change of stock short name**

In addition, subject to the confirmation of the Stock Exchange, the stock short name for trading in the shares of the Company will also be changed after the Proposed Change of Company Name becoming effective.

## **EGM**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed Transactions, the 2021 Master Facility and Related Services Agreements, the Services Transactions contemplated under these agreements and the Annual Caps for the same, and for the Shareholders to consider and, if thought fit, approve the Proposed Change of Company Name.

A circular containing, among other things:

- (1) further details of the EGM Matters;
- (2) the recommendation from the Independent Board Committee on the EGM Matters (other than the Proposed Change of Company Name);
- (3) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the EGM Matters (other than the Proposed Change of Company Name);
- (4) financial information of the Group and the Target Group;
- (5) unaudited pro forma financial information of the Enlarged Group; and
- (6) other information as is required to be contained in the circular under the Listing Rules together with a notice of the EGM and a form of proxy,

is expected to be despatched to the Shareholders on or before **19 March 2021**.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine entitlement of the Shareholders to attend and vote at the EGM (or at any adjournment thereof), the Company's branch register of members will be closed from **1 April 2021** to **9 April 2021** (both days inclusive) during which period no transfer of Ordinary Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on **31 March 2021**.

**Completion of the Proposed Transactions, the entering into of the 2021 Master Facility and Related Services Agreements and the Proposed Change of Company Name are subject to the fulfilment (or, as the case may be, waiver) of certain conditions precedent. As the Proposed Transactions, the 2021 Master Facility and Related Services**



**Agreements and the Proposed Change of Company Name may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context otherwise requires, the following terms have the following meanings when used in this announcement:

- “2021 Master Facility and Related Services Agreements” the following proposed new master services agreements collectively:
- (1) the agreement to be entered into between the Company and the Seller in relation to (a) rental and related services by the Doo’s Associates Group to the Enlarged Group; and (b) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services by the Enlarged Group to the Doo’s Associates Group (“**2021 FSE Master Facility and Related Services Agreement**”);
  - (2) the agreement to be entered into between the Company and NWD in relation to (a) the provision of the IT Support Services and Rental Services by the NWD Group to the Target Group of the Enlarged Group; and (b) the provision of the Security Guarding & Event Services, the Insurance and Related Services and the Landscaping Services by the Enlarged Group to the NWD Group (“**2021 NWD Master Facility and Related Services Agreement**”);
  - (3) the agreement to be entered into between the Company and NWS in relation to (a) the provision of the Security Guarding & Event Services, supply of security products, the Insurance Related Services and the Landscaping Services by the Enlarged Group to the NWS Group; and (b) the provision of rental and related services and convention and exhibition facilities and related functions and services, and food and beverage catering services by the NWS Group to the Enlarged Group (“**2021 NWS Master Facility and Related Services Agreement**”);

- (4) the agreement to be entered into between the Company and CTFE in relation to (a) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services by the Enlarged Group to the CTFE Group; and (b) the provision of leasing or licensing services by the CTFE Group to the Enlarged Group (“**2021 CTFE Master Facility and Related Services Agreement**”); and
- (5) the agreement to be entered into between the Company and CTFJ in relation to (a) the provision of the Security Guarding & Event Services, Insurance Solutions and Landscaping Services by the Enlarged Group to the CTFJ Group; and (b) the provision of leasing or licensing services by the CTFJ Group to the Enlarged Group (“**2021 CTFJ Master Facility and Related Services Agreement**”)

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate”	has the meaning ascribed to it under the Listing Rules
“Best Culture”	Best Culture Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Board”	the Board of Directors
“Business Days”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business
“Business Valuation”	a business valuation of the Target Group performed by an independent professional valuer, Vigers Appraisal & Consulting Limited, as at 31 December 2020, amounting to HK\$840,600,000
“Buyer Co”	FSE City Essential Services Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“City Essential Services”	referring to certain services essential to the operation of a city, including environmental services, cleaning services, maintenance services, security guarding services, security design, installation and management, event services (concierge services), insurance solution, landscaping services and other related services

“Company”	FSE Services Group Limited (豐盛服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 331)
“Completion”	the completion of the Proposed Acquisition, the Proposed Disposal and the transaction contemplated under the Sale and Purchase Agreement
“Completion Date”	the date which is ten (10) Business Days, or such other date as the Company and the Seller may agree, after the date (not being later than the Longstop Date) on which the last of the Conditions to be satisfied or waived is satisfied or waived (as applicable)
“Conditions”	the conditions for Completion set forth in the paragraph headed “Conditions Precedent to Completion” of this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Share, the initial sum of which being HK\$840,600,000, comprising (i) a non-cash consideration of HK\$442,650,000 settled through the Proposed Disposal of the Disposal Property and the entire issued share capital in the Property Holdcos by the Group to the Seller Group; and (ii) a cash consideration of HK\$397,950,000 payable in cash by the Company
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability
“CTFE Group”	CTFE and its subsidiaries from time to time
“CTFJ”	Chow Tai Fook Jewellery Group Limited (周大福珠寶集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1929)
“CTFJ Group”	CTFJ and its subsidiaries from time to time
“Directors”	the directors of the Company

“Disposal Property”	the property owned by the Group to be disposed of to the Seller in accordance with the Sale and Purchase Agreement (as more particularly set out under the section headed “INFORMATION ON THE PROPERTY HOLDCOS AND THE DISPOSAL PROPERTY” of this announcement above)
“Doo’s Associates Group”	Mr. Doo and companies, other than members of the Enlarged Group, which are the 30%-controlled companies of Mr. Doo, his “immediate family members” and/or “family members” (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies
“Dr. Cheng”	Dr. Cheng Kar Shun, Henry, the chairman and a non-executive Director of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the EGM Matters
“EGM Matters”	(i) the Proposed Transactions; (ii) the transactions and the proposed annual caps stipulated under the 2021 Master Facility and Related Services Agreements; and (iii) the Proposed Change of Company Name
“Enlarged Group”	the Group as enlarged by the Target Group upon Completion
“FSE Holdings”	FSE Holdings Limited (豐盛創建控股有限公司), a company incorporated in the Cayman Islands with limited liability and a controlling shareholder of the Company holding 75% of the Ordinary Shares in issue of the Company as at the date of this announcement
“Fultech Development”	Fultech Development Limited, a company incorporated in Hong Kong with limited liability and, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“FY” or “financial year”	financial year of the Company ended or ending 30 June
“Group”	the Company and its subsidiaries from time to time
“Heritage Star”	Heritage Star Limited, a company incorporated in the British Virgin Islands with limited liability and, as at the date of this announcement, 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”	an independent committee of the Board, which comprises all of the independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie and Dr. Tong Yuk Lun, Paul, established to advise the Independent Shareholders on, among other matters, the fairness and reasonableness of the Proposed Transactions and the 2021 Master Facility and Related Services Agreements and the transactions and proposed annual caps contemplated thereunder
“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out Types 1 and 6 regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Proposed Transactions and the 2021 Master Facility and Related Services Agreements and the transactions and proposed annual caps contemplated thereunder
“Independent Shareholders”	the Shareholders, other than FSE Holdings, who do not have any material interest in the Proposed Transactions
“Insurance and Related Services”	referring to insurance underwriting services, insurance consultancy and advisory services, policy underwriting services, medical and health care services, rehabilitation and wellness enhancement and related services, but excluding insurance brokerage services
“Insurance Related Services”	referring to insurance advisory and related services
“IT Support Services”	referring to the maintenance and support of computer software-related matters, such as solving software and hardware conflicts and usability problems and supplying updates and patches for bugs, security holes in the programme and other services as required by in-house IT staff as and when necessary
“Joint Venture Target Entity”	Landes Limited (景藝設計有限公司), a company incorporated in Hong Kong with limited liability and, as at completion of the Reorganisation, indirectly owned as to 20% by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	30 June 2021, or such other date as the Company and the Seller may agree in writing

“Macao”	Macao Special Administrative Region of the People’s Republic of China
“Mr. Doo”	Mr. Doo Wai Hoi, William, one of the controlling shareholders of the Company
“NTAV”	the net tangible assets value of the Target Group
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17)
“NWD Group”	NWD and its subsidiaries from time to time but excluding the NWS Group
“NWS”	NWS Holdings Limited (新創建集團有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“NWS Group”	NWS and its subsidiaries from time to time
“Optimum Result”	Optimum Result Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“Ordinary Share”	ordinary share of par value HK\$0.10 in the share capital of the Company
“P/E”	price divided by earnings
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, Macao and Taiwan
“Property Holdcos”	collectively, Top Line Investment, Fultech Development, Heritage Star, Optimum Result and Best Culture which directly or indirectly own certain properties, to be disposed of by the Group to the Seller in accordance with the Sale and Purchase Agreement (as more particularly set out under the section headed “INFORMATION ON THE PROPERTY HOLDCOS AND THE DISPOSAL PROPERTY” of this announcement above)

“Property Management Services”	referring to the property and facility management services, agency leasing and sales services, consultancy services, provision of car parking and other related services
“Property Valuation”	a property valuation of the properties held by the Property Holdcos and the Disposal Property performed by an independent professional valuer, Vigers Appraisal & Consulting Limited, as at 31 December 2020
“Proposed Acquisition”	the proposed acquisition of the Sale Share by the Company from the Seller on and subject to the terms and conditions of the Sale and Purchase Agreement and the performance of the transactions contemplated thereunder
“Proposed Change of Company Name”	the proposed change of the English name of the Company from “FSE Services Group Limited” to “FSE Lifestyle Services Limited” and the proposed adoption of the Chinese name of “豐盛生活服務有限公司” as the dual foreign name of the Company in place of its existing Chinese name “豐盛服務集團有限公司”
“Proposed Disposal”	the proposed disposal of all right, title and interest in the Disposal Property and the entire issued share capital of each of the Property Holdcos by the Group to the Seller on and subject to the terms and conditions of the Sale and Purchase Agreement and the performance of the transactions contemplated thereunder
“Proposed Transactions”	collectively, the Proposed Acquisition and the Proposed Disposal contemplated under the Sale and Purchase Agreement
“Rental Services”	referring to the leasing of properties, including, without limitation, spare spaces, office spaces and car parking spaces, and related services
“Reorganisation”	the series of transactions required in order for each member of the Target Group to become subsidiaries of (or, in the case of the Joint Venture Target Entity, to become an associated company under) the Target Company
“Sale and Purchase Agreement”	the conditional agreement for the sale and purchase of the Sale Share entered into between the Seller, the Buyer Co and the Company dated 26 February 2021
“Sale Share”	one (1) fully paid ordinary share(s) of par value of US\$1.00 in the share capital of the Target Company legally and beneficially owned by the Seller, representing the entire issued share capital of the Target Company



“Security Guarding & Event Services, Insurance Solutions and Landscaping Services”	collectively, referring to:  (A) the provisions of services of security guarding, event servicing, security services, security systems & technology (including installation and maintenance), security consultancy, armoured transit & vaulting security, escort & surveillance security services and related services (the “ <b>Security Guarding &amp; Event Services</b> ”);  (B) the provision of insurance brokerage services, insurance consultancy and advisory services and related services (the “ <b>Insurance Solutions</b> ”); and  (C) the provision of landscaping and plant maintenance, supply of plants and related services (the “ <b>Landscaping Services</b> ”)
“Seller”	FSE Management Company Limited (豐盛創建管理有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of FSE Holdings
“Seller Group”	the Seller and its subsidiaries from time to time
“Services”	the provision and receipt of the services stipulated under the 2021 Master Facility and Related Services Agreements
“Services Transactions”	the provision of the Services as contemplated under the 2021 Master Facility and Related Services Agreements (as more particularly set out under the section headed “THE 2021 MASTER FACILITY AND RELATED SERVICES AGREEMENTS” of this announcement above)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Shareholder”	the holder of any Ordinary Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Business Investments Limited, a company incorporated in the British Virgin Islands with limited liability and, as at the date of this announcement, a direct wholly-owned subsidiary of the Seller
“Target Entity”	each member of the Target Group

“Target Group”	the Target Company, and each of (i) FSE C & L Limited and its subsidiaries and the Joint Venture Target Entity, (ii) FSE S & G Limited and its subsidiaries, and (iii) Double Luck Ventures Limited and its subsidiaries, which have, upon completion of the Reorganisation, become subsidiaries (in case of the Joint Venture Target Entity, an associated company) of the Target Company
“Technical and Management Services”	referring to the provision of mechanical and electrical engineering services, trading of building materials, construction project management services involving engineering and technology related work and provision of related design, engineering installation, testing and commissioning and consultancy services
“Top Line Investment”	Top Line Investment Limited (通能投資有限公司), a company incorporated in Hong Kong with limited liability and, as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**FSE Services Group Limited**  
**Cheng Kar Shun, Henry**  
*Chairman*

Hong Kong, 26 February 2021

*As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) as non-executive director, Mr. Lam Wai Hon, Patrick (Vice-Chairman), Mr. Poon Lock Kee, Rocky (Chief Executive Officer), Mr. Doo William Junior Guilherme, Mr. Lee Kwok Bong, Mr. Soon Kweong Wah, Mr. Wong Shu Hung and Dr. Cheng Chun Fai as executive directors, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie and Dr. Tong Yuk Lun, Paul as independent non-executive directors.*