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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)**

## **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

### **REVISION TO THE CLEANING & LAUNDRY ANNUAL CAPS**

Reference is made to the Continuing Connected Transactions between the Group and the NWD Group under the 2018 NWD Master Facility Services Agreement and the Continuing Connected Transactions between the Group and the CTFJ Group under the 2018 CTFJ Master Facility Services Agreement, details of which were disclosed in the announcement of the Company dated 27 February 2018.

In view of the expected increase in the amount of the Cleaning and Laundry Services provided by the Group to the NWD Group and the CTFJ Group, the Board envisages that the Original Cleaning & Laundry Annual Caps in respect of the financial year ending 30 June 2020 will not be sufficient. The Board therefore proposes to revise and increase the Original Cleaning & Laundry Annual Caps for the financial year ending 30 June 2020 to the Revised Cleaning & Laundry Annual Caps.

Dr. Cheng is a connected person of the Company. He is a member of the Cheng family which holds or controls each of the NWD Group and the CTFJ Group. As such, members of each of the NWD Group and the CTFJ Group are treated as connected persons of the Company under the Listing Rules. The 2018 NWD Master Facility Services Agreement, the 2018 CTFJ Master Facility Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the Revised NWD Cleaning & Laundry Annual Cap for the financial year ending 30 June 2020 exceeds 5%, the Revised NWD Cleaning & Laundry Annual Cap is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the Revised CTFJ Cleaning & Laundry Annual Cap for the financial year ending 30 June 2020 exceeds 0.1% but is below 5%, the Revised CTFJ Cleaning & Laundry Annual Cap is subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Nonetheless, with a view of adhering to enhanced corporate governance practices, the Company is willing to follow the relevant requirements applicable to a non-exempt connected transaction under Chapter 14A of the Listing Rules and subject the Revised CTFJ Cleaning & Laundry Annual Cap to Independent Shareholders' approval.

### **EGM AND CIRCULAR**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Revised Cleaning & Laundry Annual Caps.

The Independent Board Committee has been established to consider, among other matters, the Revised Cleaning & Laundry Annual Caps, 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 Revised Cleaning & Laundry Annual Caps.

A circular containing further details of the EGM Matter 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 8 November 2019.

### **REVISION OF THE CLEANING & LAUNDRY ANNUAL CAPS**

References are made to the Continuing Connected Transactions between the Group and the NWD Group under the 2018 NWD Master Facility Services Agreement and the Continuing Connected Transactions between the Group and the CTFJ Group under the 2018 CTFJ Master Facility Services Agreement, details of which were disclosed in the announcement of the Company dated 27 February 2018 and the 2018 Circular and approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 10 April 2018.

In view of the expected increase in the amount of the Cleaning and Laundry Services provided by the Group to the NWD Group and the CTFJ Group, the Board envisages that the aggregate value of the Continuing Connected Transactions would exceed the Original Cleaning & Laundry Annual Caps in respect of the financial year ending 30 June 2020. The Board therefore proposes to revise and increase the Original Cleaning & Laundry Annual Caps for the financial year ending 30 June 2020 to the Revised Cleaning & Laundry Annual Caps and to seek approval from the Independent Shareholders at the EGM.

**CONTINUING CONNECTED TRANSACTIONS UNDER THE 2018 NWD MASTER FACILITY SERVICES AGREEMENT AND THE 2018 CTFJ MASTER FACILITY SERVICES AGREEMENTS**

The terms of the Continuing Connected Transactions as contemplated under the 2018 NWD Master Facility Services Agreement and the 2018 CTFJ Master Facility Services Agreement have not been changed or modified in any way and reference to the major terms of which can be made to the paragraph headed “THE 2018 MASTER FACILITY SERVICES AGREEMENTS” in the section headed “Letter from the Board” of the 2018 Circular.

**THE ORIGINAL AND REVISED CLEANING & LAUNDRY ANNUAL CAPS**

Set out below are the Original Cleaning & Laundry Annual Caps and the Revised Cleaning & Laundry Annual Caps:

<b>Categories</b>	<b>Annual Caps</b>	
	<b>Original Cleaning &amp; Laundry Annual Caps for the year ending 30 June 2020 (HK\$'000)</b>	<b>Revised Cleaning &amp; Laundry Annual Caps for the year ending 30 June 2020 (HK\$'000)</b>
<b>2018 NWD Master Facility Services Agreement</b> Cleaning and Laundry Services provided and to be provided by the Group to the NWD Group	107,471	150,484
<b>2018 CTFJ Master Facility Services Agreement</b> Cleaning and Laundry Services provided and to be provided by the Group to the CTFJ Group	262	3,711

The Revised Cleaning & Laundry Annual Caps are determined with reference to:

- (1) the historical annual or annualized amounts in respect of the Cleaning and Laundry Services provided by the Group to the NWD Group and the CTFJ Group during the past financial years; and
- (2) the projected annual or annualised amounts in respect of the Cleaning and Laundry Services to be provided by the Group to the NWD Group and the CTFJ Group in the financial year ending 30 June 2020, having taken into account the following major factors:
  - a. the business growth and need of the Group; and
  - b. 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 Revised Cleaning & Laundry Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group under the terms of the 2018 NWD Master Facility Services Agreement and the 2018 CTFJ Master Facility Services Agreement.

## **REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS AND THE CONTINUING CONNECTED TRANSACTIONS**

The Board has been carefully monitoring the historical transacted amounts of the Continuing Connected Transactions. Taken into account the various bases as set out above and in view of the expected increase in the amount of the Cleaning and Laundry Services provided by the Group to the NWD Group and the CTFJ Group, the Board envisages that aggregate value of the Continuing Connected Transactions would exceed the Original Cleaning & Laundry Annual Caps in respect of the year ending 30 June 2020. The Board therefore proposes to revise and increase the Original Cleaning & Laundry Annual Caps for the financial year ending 30 June 2020 to the Revised Cleaning & Laundry Annual Caps.

The Continuing Connected Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and the NWD Group and the CTFJ Group.

The 2018 NWD Master Facility Services Agreement and the 2018 CTFJ Master Facility Services Agreement serve to streamline the Continuing Connected Transactions between members of the Group and members of the NWD Group and the CTFJ Group 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.

The Directors (excluding members of the Independent Board Committee whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that the Revised Cleaning & Laundry Annual Caps are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

## **INFORMATION REGARDING THE GROUP, THE NWD GROUP AND THE CTFJ GROUP**

### **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 electrical and mechanical engineering services, environmental management services, and facility services (including cleaning and laundry 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 44.46% of the total issued share capital of NWD.

To the best knowledge of the Directors, the principal businesses of NWD and its subsidiaries include property development and investment in the area of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

### **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 (Holding) Limited was interested in approximately 89.3% 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 mass luxury, high-end luxury jewellery and youth line jewellery products, including gem-set products, gold products and platinum/karat gold products, and provision of related services, and distributing watches of various brands.

### **LISTING RULES IMPLICATIONS**

Dr. Cheng is a connected person of the Company. He is a member of the Cheng family which holds or controls each of the NWD Group and the CTFJ Group. As such, member of each of the NWD Group and the CTFJ Group are treated as connected persons of the Company under the Listing Rules. Accordingly, the 2018 NWD Master Facility Services Agreement, the 2018 CTFJ Master Facility Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the Revised NWD Cleaning & Laundry Annual Cap for the financial year ending 30 June 2020 exceeds 5%, the Revised NWD Cleaning & Laundry Annual Cap is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the Revised CTFJ Cleaning & Laundry Annual Cap for the financial year ending 30 June 2020 exceeds 0.1% but is below 5%, the Revised CTFJ Cleaning & Laundry Annual Cap is subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Nonetheless, with a view of adhering to enhanced corporate governance practices, the Company is willing to follow the relevant requirements applicable to a non-exempt connected transaction under Chapter 14A of the Listing Rules and subject the Revised CTFJ Cleaning & Laundry Annual Cap to Independent Shareholders' approval.

The Company will seek the Independent Shareholders' approval for the Revised Cleaning & Laundry Annual Caps at the EGM.

## Voting at EGM

At the EGM, any Shareholders with a material interest in the Revised Cleaning & Laundry Annual Caps are required to abstain from voting on the resolution approving the same at the EGM. In view of the interests of NWD and CTFJ in the 2018 NWD Master Facility Services Agreement and the 2018 CTFJ Master Facility Services Agreement, each of NWD and CTFJ and their respective associates are required to abstain from voting at the EGM as aforesaid. As at the date of this announcement, FSE Holdings, holding 75% of Ordinary Shares in issues in the Company, will voluntarily 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 Revised Cleaning & Laundry Annual Caps who are required to abstain from voting on the resolutions approving the same at the EGM as aforesaid.

## Approval by the Board

A Director whose name is set out below is regarded as having a material interest or potential conflict of interest in the Revised Cleaning & Laundry Annual Caps:

<b>Continuing Connected Transactions contemplated under:</b>	<b>Director who is regarded as having a material interest or potential conflict of interest in the 2018 NWD Master Facility Services Agreement and/or the 2018 CTFJ Master Facility Services Agreement</b>	<b>Basis upon which the Director is regarded as having a material interest or potential conflict of interest</b>
2018 NWD Master Facility Services Agreement	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 and the CTFJ Group</li></ul>
2018 CTFJ Master Facility Services Agreement	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 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 Revised Cleaning & Laundry Annual Caps had abstained from voting on the resolutions approving such revised annual caps.

For good corporate governance, Mr. Doo William Junior Guilherme had voluntarily abstained from voting at the Board meeting approving the Revised Cleaning & Laundry Annual Caps though he does not have (nor his associate has) a material interest in the Revised Cleaning & Laundry Annual Caps.

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

The Independent Board Committee has been established to consider, among other matters, the terms of the Revised Cleaning & Laundry Annual Caps, 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 interest 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 Revised Cleaning & Laundry Annual Caps.

### **EGM**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Revised Cleaning & Laundry Annual Caps.

A circular containing, among other things:

- (1) further details of the EGM Matter;
- (2) the recommendation from the Independent Board Committee on the EGM Matter;
- (3) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the EGM Matter; and
- (4) 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 8 November 2019.

### **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 3 December 2019 to 6 December 2019 (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 2 December 2019.

## DEFINITIONS

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

“2018 Circular”	the circular of the Company dated 20 March 2018
“2018 CTFJ Master Facility Services Agreement”	the master services agreement in relation to the Cleaning and Laundry Services entered into between the Company and CTFJ on 11 April 2018
“2018 NWD Master Facility Services Agreement”	the master services agreement in relation to the Cleaning and Laundry Services entered into between the Company and NWD on 11 April 2018
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Cleaning and Laundry Services”	the cleaning and laundry services to be provided by members of the Group under the 2018 NWD Master Facility Services Agreement and 2018 CTFJ Master Facility Services Agreement, and such other types of services as the parties to the 2018 NWD Master Facility Services Agreement and 2018 CTFJ Master Facility Services Agreement may agree upon from time to time in writing
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the 2018 NWD Master Facility Services Agreement and the 2018 CTFJ Master Facility Services Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Convertible Preference Shares”	has the meaning ascribed to it under the announcement dated 18 October 2019 issued by the Company
“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability
“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
“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 Matter
“EGM Matter”	the Revised Cleaning & Laundry Annual Caps
“FSE Holdings”	FSE Holdings Limited (豐盛創建控股有限公司), a company incorporated in the Cayman Islands 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
“FY” or “financial year”	financial year of the Company ended or ending 30 June
“Group”	the Company and its subsidiaries from time to time
“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, established to advise the Independent Shareholders on, among other matters, the fairness and reasonableness of the Revised Cleaning & Laundry Annual Caps
“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to, amongst other matters, the Revised Cleaning & Laundry Annual Caps
“Independent Shareholders”	the Shareholders, other than FSE Holdings, who do not have any material interest in the Revised Cleaning & Laundry Annual Caps
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“Ordinary Share”	ordinary share of par value HK\$0.10 in the share capital of the Company
“Original Cleaning & Laundry Annual Caps”	the annual cap amounts in respect of the provision of the Cleaning and Laundry Services by the Group to the NWD Group and the CTFJ Group as disclosed in the announcement of the Company dated 27 February 2018 and approved at the extraordinary general meeting of the Company held on 10 April 2018
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Revised Cleaning & Laundry Annual Caps”	Revised NWD Cleaning & Laundry Annual Cap and Revised CTFJ Cleaning & Laundry Annual Cap
“Revised CTFJ Cleaning & Laundry Annual Cap”	the revised annual cap amount in respect of the provision of the Cleaning and Laundry Services by the Group to the CTFJ Group under the 2018 CTFJ Master Facility Services Agreement for the financial year ending 30 June 2020, as stated in the section headed “THE ORIGINAL AND REVISED CLEANING & LAUNDRY ANNUAL CAPS” in this announcement
“Revised NWD Cleaning & Laundry Annual Cap”	the revised annual cap amount in respect of the provision of the Cleaning and Laundry Services by the Group to the NWD Group under the 2018 NWD Master Facility Services Agreement for the financial year ending 30 June 2020, as stated in the section headed “THE ORIGINAL AND REVISED CLEANING & LAUNDRY ANNUAL CAPS” in this announcement
“Shareholder(s)”	the holder(s) of any Ordinary Share and Convertible Preference Share (if any)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 18 October 2019

*As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) and Mr. Wong Kwok Kin, Andrew as non-executive Directors, 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 and Mr. Wong Shu Hung (Dr. Cheng Chun Fai as his alternate) 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.*