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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 ENTITIES ENGAGED IN THE
PROVISION OF
PROPERTY MANAGEMENT SERVICES AND
ISSUE OF CONVERTIBLE PREFERENCE SHARES;
(2) SUPPLEMENTAL DEED; AND
(3) DESPATCH OF CIRCULAR**

Sole Financial Adviser



BNP PARIBAS

As mentioned in the announcement of FSE Services Group Limited (the “**Company**”) dated 18 October 2019 (the “**First Announcement**”), the Company, the Buyer Co and the Seller entered into a Sale and Purchase Agreement for the Company to acquire (or procure the Buyer Co to acquire) and the Seller to sell the Sale Share at a consideration of HK\$704,900,000 (subject to adjustments, if any), comprising (i) a cash consideration of HK\$564,000,000 payable in cash; and (ii) a non-cash consideration of HK\$140,900,000 settled through the issue of Convertible Preference Shares by the Company.

SUPPLEMENTAL DEED

On 14 November 2019 (after trading hours of the Stock Exchange), the Company, the Buyer Co and the Seller entered into a supplemental deed (the “**Supplemental Deed**”) under which, among other matters, certain terms relating to the conversion period and the rights to redemption, preferred distribution and dividends of the Convertible Preference Shares under the Sale and Purchase Agreement would be amended.

The amendments under the Supplemental Deed constitute variations of the terms of a major and connected transaction which are or may be regarded as material. This announcement is made for information of the Shareholders and other investors pursuant to Rule 14.36 and the Note under Rule 14A.35 of the Listing Rules.

DESPATCH OF CIRCULAR

As mentioned in the announcement dated 8 November 2019, a circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) other information as is required to be contained in it under the Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 15 November 2019.

The circular is now scheduled to be despatched to the Shareholders on 15 November 2019.

Completion of the Proposed Acquisition is subject to fulfilment (or, as the case may be, waiver) of certain conditions precedents. As the Proposed Acquisition under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deed) may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

As mentioned in the First Announcement, the Company, the Buyer Co and the Seller entered into a Sale and Purchase Agreement for the Company to acquire (or procure the Buyer Co to acquire) and the Seller to sell the Sale Share at a consideration of HK\$704,900,000 (subject to adjustments, if any), comprising (i) a cash consideration of HK\$564,000,000 payable in cash; and (ii) a non-cash consideration of HK\$140,900,000 to be settled through the issue of the Convertible Preference Shares by the Company. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as set out in the First Announcement.

SUPPLEMENTAL DEED

Date : 14 November 2019

Parties

- Seller : FSE Management Company Limited
- Buyer : the Company
- Buyer Co : FSE Property Management Group Limited

Amendments of the terms of the Convertible Preference Shares

Pursuant to the Supplemental Deed, among other matters, certain terms of the Convertible Preference Shares to be issued at Completion are amended as summarised below:

Conversion Period: Each Convertible Preference Share shall entitle the holder to convert within the period of 10 years after the Issue Date, provided that any conversion shall not result in the Company failing to comply with any public float requirement under the Listing Rules. For the avoidance of doubt, no conversion right could be exercised upon the expiry of the conversion period and the Convertible Preference Shares will retain all other rights as set out in the terms of the Convertible Preference Shares (apart from the conversion right).

Redemption: At any time after 10 years following the Issue Date, the Company may at its sole discretion serve at least 10 days' prior written notice to the holders of the Convertible Preference Shares to redeem either in whole or in part of the Convertible Preference Shares for the time being outstanding, at a redemption price equal to the Issue Price together with all outstanding preferred distribution accrued to the date fixed for redemption.

For the avoidance of doubt, no holder of the Convertible Preference Shares will be entitled to request for redemption of any Convertible Preference Shares.

Preferred Distribution: Each Convertible Preference Share shall confer on the holder the right to receive preferred distribution at the rate of 6.0% per annum on the Issue Price, payable annually in arrears. Each preferred distribution is cumulative.

Dividend: The Convertible Preference Shares shall not confer on the holder any right to receive any dividend or distribution other than the preferred distribution.

Save for the amendments made under the Supplemental Deed, the principal terms of the Sale and Purchase Agreement remain unchanged between the Company, the Buyer Co and the Seller.

The amendments under the Supplemental Deed were determined after arm's length negotiations between the Company, the Buyer Co and the Seller.

LISTING RULES IMPLICATIONS

FSE Holdings, which holds 75% of the Ordinary Shares in issue in the Company as at the date of this announcement, is a substantial 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. Accordingly, the Proposed Acquisition constituted a connected transaction for the Company under the Listing Rules. 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 constituted 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 amendments under the Supplemental Deed constitute variations of the terms of an announced major and connected transaction which are or may be regarded as material. This announcement is made for information of the Shareholders and other investors pursuant to Rule 14.36 and the Note under Rule 14A.35 of the Listing Rules.

DESPATCH OF CIRCULAR

As mentioned in the announcement of the Company dated 8 November 2019, the Company expected to despatch a circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) other information as is required to be contained in it under the Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 15 November 2019.

The circular is now scheduled to be despatched to the Shareholders on 15 November 2019.

Completion of the Proposed Acquisition is subject to fulfilment (or, as the case may be, waiver) of certain conditions precedents. As the Proposed Acquisition under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Deed) may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
FSE Services Group Limited
Chan Ju Wai
Company Secretary

Hong Kong, 14 November 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.