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**豐盛生活服務有限公司**  
**FSE LIFESTYLE SERVICES LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 331)**

**CONTINUING CONNECTED TRANSACTIONS:**

- (1) NWD MASTER SERVICES AGREEMENT**
- (2) CTFJ MASTER SERVICES AGREEMENT**
- (3) CTFE MASTER SERVICES AGREEMENT**
- (4) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT**

In the ordinary and usual course of business of the Group, members of the Group regularly entered into continuing connected transactions in relation to the provision of the Services with members of each of the NWD Group, the CTFJ Group, the CTFE Group and the Doo's Associates Group. In order to streamline these continuing connected transactions in relation to the provision of the Services, the Company entered into the New Master Services Agreements. 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 Annual Caps of the NWD Master Services Agreement is more than 25%, the NWD Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A.

As the highest of the applicable Percentage Ratios in respect of the Annual Caps of each of the CTFE Master Services Agreement and Doo's Associates Group Master Services Agreement is more than 5% and exceeds HK\$10,000,000, each of the CTFE Master Services Agreement and Doo's Associates Group Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A.

As the highest of the applicable Percentage Ratios in respect of the Annual Caps of the CTFJ Master Services Agreement is more than 0.1% but below 5%, the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A. Nonetheless, with a view to adhering to enhanced corporate governance practices, the Company will follow the relevant requirements applicable to a non-exempt connected transaction under Chapter 14A and subject the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps to the Independent Shareholders' approval requirements under Chapter 14A.

A circular containing further details relating to the EGM Matters and other information as is required to be contained in it under the Listing Rules together with a form of proxy is expected to be despatched to the Shareholders on or about 5 June 2023 as time is required to prepare the required information for inclusion in the circular.

## **INTRODUCTION**

In the ordinary and usual course of business of the Group, members of the Group regularly entered into continuing connected transactions in relation to the provision of the Services with members of each of the NWD Group, the CTFJ Group, the CTFE Group and the Doo's Associates Group.

In order to streamline these continuing connected transactions in relation to the provision of the Services, the Company entered into the New Master Services Agreements, the principal terms and conditions of which are set out in this announcement.

## **NEW MASTER SERVICES AGREEMENTS**

### **1. NWD MASTER SERVICES AGREEMENT**

As the initial term of the Former NWD Master Services Agreements is due to expire on 30 June 2023, the Company and NWD entered into the NWD Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the NWD Group. The Group is part of the Services Group (Doo's Associates) and the NWD Master Services Agreement was entered into as a definitive agreement to the NWD Services Group Master Services Agreement.

The major terms of the NWD Master Services Agreement are set out below:

- Date** : 28 April 2023
- Parties** : (1) NWD; and  
(2) the Company.
- Conditions Precedent** : The NWD Master Services Agreement is conditional upon:
- (1) the obtaining of the approval of the Independent Shareholders at the EGM approving the NWD Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps; and
  - (2) (if required) the obtaining of the approval of the independent shareholders of NWD at an extraordinary general meeting of NWD approving the NWD Services Group Master Services Agreement, the transactions contemplated thereunder and their annual caps.

**Duration** : Subject to fulfillment of the conditions precedent contained in the NWD Master Services Agreement, the NWD Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2026 (both days inclusive), unless terminated at an earlier date pursuant to the NWD Master Services Agreement.

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the NWD Master Services Agreement may be automatically renewed at the end of its initial term (or any subsequent renewed term) for a successive period of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 business days before the end of its initial term (or any subsequent renewed term) to terminate the NWD Master Services Agreement.

**Services to be provided by the Group to the NWD Group** : The FSE Services and the Insurance Solutions Services to NWD Group and such other types of services as members of the 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 Group** : The NWD Services and such other types of services as members of the Group and members of the NWD Group may agree upon from time to time in writing.

**Definitive Agreements** : Members of the Group and members of the NWD Group will, from time to time during the term of the NWD Master 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, the NWD Master Services Agreement and the NWD Services Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former NWD Master Services Agreements, the Former NWDS Master Services Agreement and the Former NWS Master Services Agreements which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the NWD Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

## 2. CTFJ MASTER SERVICES AGREEMENT

As the initial term of the Former CTFJ Master Services Agreements is due to expire on 30 June 2023, the Company and CTFJ entered into the CTFJ Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the CTFJ Group.

The major terms of the CTFJ Master Services Agreement are set out below:

- Date** : 28 April 2023
- Parties** : (1) CTFJ; and  
(2) the Company.
- Condition Precedent** : The CTFJ Master Services Agreement is conditional upon the obtaining of the approval of the Independent Shareholders at the EGM approving the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps.
- Duration** : Subject to the fulfillment of the condition precedent of the CTFJ Master Services Agreement, the CTFJ Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2026 (both days inclusive), unless terminated at an earlier date pursuant to the CTFJ Master Services Agreement.
- Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the CTFJ Master Services Agreement may be automatically renewed at the end of its initial term (or any subsequent renewed term) for a successive period of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party no later than two months before the end of its initial term (or any subsequent renewed term) to terminate the CTFJ Master Services Agreement.
- Services to be provided by the Group to the CTFJ Group** : The FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services), the Insurance Solutions Services to Others and such other types of services as members of the 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 Group** : The CTFJ Services and such other types of services as members of the Group and members of the CTFJ Group may agree upon from time to time in writing.

**Definitive Agreements** : Members of the Group and members of the CTFJ Group will, from time to time during the term of the CTFJ Master 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 CTFJ Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former CTFJ Master Services Agreements which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the CTFJ Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

### **3. CTFE MASTER SERVICES AGREEMENT**

As the initial term of the Former CTFE Master Services Agreements is due to expire on 30 June 2023, the Company and CTFE entered into the CTFE Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the CTFE Group.

The major terms of the CTFE Master Services Agreement are set out below:

**Date** : 28 April 2023

**Parties** : (1) CTFE; and  
(2) the Company.

**Condition Precedent** : The CTFE Master Services Agreement is conditional upon the obtaining of the approval of the Independent Shareholders at the EGM approving the CTFE Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps.

**Duration** : Subject to the fulfillment of the condition precedent of the CTFE Master Services Agreement, the CTFE Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2026 (both days inclusive), unless terminated at an earlier date pursuant to the CTFE Master Services Agreement.

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the CTFE Master Services Agreement may be automatically renewed at the end of its initial term (or any subsequent renewed term) for a successive period of three years (or such other period permitted under the Listing Rules) unless either party gives

written notice to the other party no later than two months before the end of its initial term (or any subsequent renewed term) to terminate the CTFE Master Services Agreement.

**Services to be provided by the Group to the CTFE Group** : The FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services), the Insurance Solutions Services to Others and such other types of services as members of the 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 Group** : The CTFE Services and such other types of services as members of the Group and members of the CTFE Group may agree upon from time to time in writing.

**Definitive Agreements** : Members of the Group and members of the CTFE Group will, from time to time during the term of the CTFE Master 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 CTFE Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former CTFE Master Services Agreements which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the CTFE Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

#### **4. DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT**

As the initial term of the Former Doo's Associates Group Master Services Agreements is due to expire on 30 June 2023, the Company and FSE Management entered into the Doo's Associates Group Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the Doo's Associates Group.

The major terms of the Doo's Associates Group Master Services Agreement are set out below:

**Date** : 28 April 2023

**Parties** : (1) FSE Management; and  
(2) the Company.

**Condition Precedent** : The Doo’s Associates Group Master Services Agreement is conditional upon the obtaining of the approval of the Independent Shareholders at the EGM approving the Doo’s Associates Group Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps.

**Duration** : Subject to fulfillment of the condition precedent contained in the Doo’s Associates Group Master Services Agreement, the Doo’s Associates Group Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2026 (both days inclusive), unless terminated at an earlier date pursuant to the Doo’s Associates Group Master Services Agreement.

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the Doo’s Associates Group Master Services Agreement may be automatically renewed at the end of its initial term (or any subsequent renewed term) for a successive period of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party no later than two months before the end of its initial term (or any subsequent renewed term) to terminate the Doo’s Associates Group Master Services Agreement.

**Services to be provided by the Group to the Doo’s Associates Group** : The FSE Services, the Insurance Solutions Services to Others and such other types of services as members of the Group and members of the Doo’s Associates Group may agree upon from time to time in writing.

**Services to be provided by the Doo’s Associates Group to the Group** : Doo’s Associates Services and such other types of services as members of the Group and members of the Doo’s Associates Group may agree upon from time to time in writing.

**Definitive Agreements** : Members of the Group and members of the Doo’s Associates Group will, from time to time during the term of the Doo’s Associates Group Master 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 Doo’s Associates Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former Doo’s Associates Group Master Services Agreements which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the Doo’s Associates Group Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

## QUALIFICATIONS OF ENGAGEMENT

The engagement to be made pursuant to each of the New Master 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 Group, the NWD Group, the CTFJ Group, the CTFE Group or the Doo's Associates Group (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 and/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 Group, the NWD Group, the CTFJ Group, the CTFE Group or the Doo's Associates Group (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 Group, the NWD Group, the CTFJ Group, the CTFE Group or the Doo's Associates Group (as the case may be) has (have) been selected by the relevant member(s) of the Group, the NWD Group, the CTFJ Group, the CTFE Group or the Doo's Associates Group (as the case may be) as the service provider as a result of the relevant auction or tender or other similar process.

The engagement to be made pursuant to each of the CTFJ Master Services Agreement and CTFE Master Services Agreement is also subject to the following qualifications apart from the above:

- (1) each of CTFJ and CTFE and each of their respective group members shall have the sole and absolute right and discretion to decide whether to engage any member of the Group to provide the relevant FSE Services and the Insurance Solutions Services to Others, and neither CTFJ nor CTFE nor any of their respective group members shall be under any obligation or commitment to engage or procure the engagement of any member of the Group to provide the relevant FSE Services and the Insurance Solutions Services to Others; and
- (2) the Company shall have no claim or right whatsoever against CTFJ and/or any member of the CTFJ Group, or against CTFE and/or any member of the CTFE Group in the event that any member(s) of the CTFJ Group or the CTFE Group does/do not engage any member(s) of the Group to provide the relevant FSE Services and the Insurance Solutions Services to Others.



## **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 New Master Services Agreements shall be determined:

- (1) in the ordinary and usual course of business of the Group and group members of the relevant Connected Parties;
- (2) on normal commercial terms and negotiated on arm's length basis;
- (3) at prices and on terms no less favourable to the Group or the group member(s) of the relevant Connected Parties (as the case may be) than those charged and provided to independent third party customers of (a) the Group (in respect of the FSE Services and the Insurance Solutions Services); or (b) the NWD Group (in respect of the NWD Services); or (c) the CTFJ Group (in respect of the CTFJ Services); or (d) the CTFE Group (in respect of the CTFE Services); or (e) the Doo's Associates Group (in respect of the Doo's Associates Services); and
- (4) at prices and on terms no less favourable to the Group or the group member(s) of the relevant Connected Parties (as the case may be) than those paid to or available from independent third party suppliers of (a) the Group (in respect of the NWD Services, the CTFJ Services, the CTFE Services and the Doo's Associates Services); or (b) each of the NWD Group, the CTFJ Group, the CTFE Group and the Doo's Associates Group (in respect of the relevant FSE Services and the Insurance Solutions Services).

### **Pricing policy and procedures**

Subject to the general principle above, the pricing policy and procedures adopted and applied by the Group in setting the contract prices and terms of the Services Transactions with members of the relevant Connected Parties are described below.

These pricing policy and procedures ensures that the Group will conduct a comparison of the terms of the Service Transactions (including the pricing terms) with the market terms before entering into such transactions and that the terms of the Service Transactions will be comparable to market norm (or on terms more favourable than those available from independent third parties). In addition, the Company has established internal control measures for reporting and monitoring on continuing connected transactions, including the regular checks by the legal and company secretarial managers and the general managers of the Group to ensure the adherence to these pricing policy and procedures, the annual assessment of the transactions conducted by internal audit department of the Group, etc., details of which are set out in the paragraph headed "Internal Control Measures" below in this announcement.

Therefore, the Directors are of the view that these pricing policy and procedures can ensure that the Service Transactions will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## *Services to be provided by the Group*

### *E&M engineering and Environmental Services*

As regards the electrical & mechanical engineering services to be provided by the Group as part of the E&M engineering and Environmental Services pursuant to the relevant New Master Services Agreements, members of the Group are typically engaged as subcontractor, contractor, management contractor or project manager of the E&M engineering and Environmental Services of the relevant projects after having been selected from participating tenderers or contractors by members of the relevant Connected Parties:

- Where a member of the Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will usually be the one with the lowest tender amount in accordance with the employer's tender procedures on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation from the employer. For each potential project, the tender information is submitted to the Group's tender department for review. The preparation of tenders is a very important aspect of the Group's E&M engineering operations and requires considerable experience in pricing the tender so that it is competitive while remaining profitable. The tender preparation process includes tender wrap-up meeting to perform a thorough analysis of the project to be undertaken including contract requirements and possible risks, followed by the collection of cost data. Such data include quotations from suppliers for materials to be used in the project, estimates on management resources, and material and labour costs.
- In pricing a tender, the Group also make references to recent job quotations, such as tender record, major material and equipment costs and subcontractor's labour costs, quotations, resources availability of the Group's projects completed or in progress which are stored in the Group's data system. In addition, related market information, such as material price trend and potential contract opportunities are also retrieved for reference. Before submission, each tender has to be reviewed by the Group's contract managers and approved by the Group's project director in accordance with the Group's pricing policy and limits of authority. In the tender wrap up process as referred to above in the determination of the tender price as may be submitted by the Group, the project director and where the proposed tender sum is more than certain thresholds as set out in the Group's pricing policy from time to time, the top management committee, will review the reasonableness of the tender price which included a mark-up, by reference to the unit costs (such as cost per area, cost per capacity or rating, cost per numbers of flat or unit, cost per equipment etc.) and to compare with the current and historical market prices of similar projects and tenders available and stored in the Group's data system (the current and historical market prices include successful tender prices by the Group and successful tender prices from other competitors if the relevant projects were not awarded to the Group, and recent tender prices submitted), to ensure that the tender price as may be submitted by the Group is fair, reasonable and competitive. The Group adopts the same pricing policy and procedures in the determination of the tender prices to connected persons of the Company as well as to independent third party customers of the Group in order to ensure that the tender prices as may be submitted by the Group to connected persons of the Company will be fair and reasonable and no less favourable to the Group than those offered to the independent third party customers.

- If the tender is from any connected person of the Company, the preparation and submission of the quotation should follow the same procedure as that with third party customer under a fair basis.
- In essence, the tender prices and terms of the Group's electrical & mechanical engineering services are project specific and will be at a fixed monetary amount and on terms assessed by the Group's contract managers, reviewed and approved by the Group's project director in charge of the relevant project in accordance with the Group's approved pricing policy which takes into account factors like the nature and complexity of the relevant project, the estimate of the costs and expenses of the Group, the requirements of the employer or main contractor of the relevant project.
- For non-tendering contracts of the Group's electrical & mechanical engineering services, the Group's contract sum and terms will be assessed and determined by adopting the same pricing policy and procedures as in the determination of the Group's tender prices and terms.
- For other services which form part of the Group's electrical & mechanical engineering services, which are mainly in respect of the supply of E&M engineering equipment and building materials, the Group's contract sums will be at a fixed monetary amount based primarily on the Group's purchase costs which include mainly the costs of purchasing E&M engineering equipment and building materials, and all direct costs including applicable shipping or air freight costs with a reasonable mark-up to or close to the indicative benchmark rate (which rate is from time to time reviewed by the general manager of the building materials trading division of the Group annually or on an as needed basis and available to all relevant staff of the Group who is involved in the determination of the contract sums of the relevant projects to which supply of E&M engineering equipment and building materials are to be provided by the Group) above or reflective of the current market prices of the relevant E&M engineering equipment and/or building materials to be supplied by the Group. The corporate development/sales manager of the building materials trading division of the Group is responsible for compiling and updating a list of the current market prices of the relevant E&M engineering equipment and/or building materials to be supplied by the Group and monitoring any change from time to time based on market prices information as is available from the markets including market prices or their trend as may be gathered from other services providers from projects in which the Group has made tenders and the price list provided to the Group by its suppliers at least annually or when there is a change in the price, against which the latest quote from the relevant supplier of a particular E&M engineering equipment or building material will be referenced to in the determination of the contract sums so that the contract sums provided by the Group are competitive while remaining profitable to the Group and on terms assessed on the Group's standard terms in general. The reasonable mark-up and the selling price for the relevant Services are approved by the general manager of the building materials trading division of the Group. The Group adopts the same pricing policy and procedures in the determination of the contract sums for the supply of E&M engineering equipment and building materials of the Group to connected persons of the Company as well as to independent third party customers of the Group which the general manager of the building materials division of the Group has to adhere to in the determination of the said contract sums, which are, as said, above or reflective of the market prices of the relevant E&M engineering equipment and/or building materials to be supplied by the Group and is therefore fair and reasonable and no less favourable to the Group than those offered to the independent third party customers.

As regards the environmental management services to be provided by the Group as part of the E&M engineering and Environmental Services pursuant to the relevant New Master Services Agreements:

- In essence, the Group's contract sum and terms will be at a fixed monetary amount based primarily on the Group's purchase costs which include mainly the costs of purchasing environmental products and equipment and all direct costs including applicable shipping or air freight costs, and direct labour costs or subcontractor costs estimated based on the nature, complexity and the requirements of the property owner or main contractor of the relevant project with a mark-up as determined by reference to the latest market trend and acceptable pricing level which is monitored and assessed by the respective managers of environmental management services division of the Group from time to time based on market information available from the markets or their trend as may be gathered from projects in which the Group had made tenders in the past, so that the contract sums or prices including the mark-up provided by the Group are reasonable, competitive while remaining profitable to the Group and on terms assessed on the Group's standard terms in general. The prices including the mark-up for the relevant services are reviewed and approved by the general manager of the environmental management division of the Group.
- If the job is from any connected person of the Company, the preparation and submission of the quotation should follow the same procedure as that with independent third party customer under a fair basis. The general manager of the environmental management services division of the Group is to adhere to the aforesaid pricing policy and procedures, which apply to all customers of the Group irrespective of whether or not they are independent third party customers or are connected persons of the Company, in the determination of the contract sum for the supply of environmental management services to ensure that the contract sums or prices are fair and reasonable and no less favourable to the Group than those offered to the independent third party customers.

### *Cleaning Services*

As regards the Cleaning Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- In general, the fees payable by the Connected Parties will be determined by reference to comparables of fee quotations provided by the Group to other independent customers, taking into account factors including the nature and type of services to be rendered;
- The marketing department identifies business opportunities by reviewing public tender notices and through invitations from customers to submit tenders for potential work. The marketing department is responsible for the preparation of tenders according to the tender preparation policies and procedures.
- During such tendering process, the Group estimates the service charge of each service based on the estimated cost under each service contract, such as (i) the estimated manpower required according to the scope of services required by the customer; (ii) materials and consumables required; and (iii) equipment required, plus a profit margin. The estimated service charges may need to be adjusted in order to enhance the competitiveness of the Group's tenders.

- The proposed profit margin for the cleaning services would be determined taking into account factors including the nature and complexity of the relevant project; the expected competitiveness of the tender based on the previous experience; the historical profit margin of similar type of existing contract; and the strategic consideration of the contract, etc. The Group adopts the same pricing policy and procedures in the determination of the service charge to the connected persons of the Group as well as to independent third party customers of the Group in order to ensure that the service charge as may be submitted by the Group to connected persons of the Group will be fair and reasonable and no less favourable to the Group than those offered to the independent third party customers. The reasonable profit margin and the service charge for the relevant services are approved by the marketing managers, deputy general manager, general manager and directors in accordance with the company's approval procedures with limits of authority.
- For non-tendering contracts of the Group's cleaning services, where a member of the Group are invited to provide a fee quotation, the contract sum and terms will be assessed and determined by adopting the same pricing policy and procedure as in the determination of the Group's tender prices and terms.

#### *Facility and Property Management Services*

As regards the Facility and Property Management Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- The facility and property management services involve the administration, control, operation and oversight services of property by the owner itself or typically by another party (i.e. property manager), in order to preserve the value of the property and therefore to offer better environment for residents or users.
- Main types of facility and property management services include property, facilities and venue management, property sales, letting agency services, rental collection services, consultancy services, technical services, housekeeping and cleaning services, security and guarding services, repair and maintenance services, provision of carparking management and other services for building.
- The property management manager explores the possibility of business opportunities by reviewing public tender notices and through invitation from customers to submit tenders or quotations for potential property management project. The property management department is responsible for the preparation of tenders and quotations according to the tender and quotation preparation policies and procedures.
- During such process, the Group estimates the service charge of each service based on estimated cost under each service contract such as (i) the estimated manpower and qualified professional staff required according to the scope of services required by the customer; (ii) material and consumables required; (iii) equipment required plus a profit margin on normal commercial terms based on the prevailing market rate. The proposed profit margin for the facility and property management services would be determined taking into account factors including the nature and complexity of the relevant project; the expected competitiveness of the tender based on the previous experience; the historical profit margin of similar type of existing contract. Also, there are management service contracts which the Group receives the income by the way at a

fixed manager's remuneration charge rate or fixed service charge rate based on the expenditure spent in the owners' property management building accounts on the market comparable charge rate and normal commercial terms. The Group adopts the same pricing policy and procedures in the determination of the service charge to the connected persons of the Group as well as to independent third party customers of the Group in order to ensure that the service charge as may be submitted by the Group to connected persons of the Group will be fair and reasonable and no less favorable to the Group than those offered to the independent third party customer. The reasonable profit margin and service charge (on normal commercial terms based on the prevailing market rate) for relevant service are approved by the operation of group manager and general manager and director in accordance with the company's approval procedures with limits of authority.

- For tendering contract, where a member of the Group are invited in a tender for a service project with all bidders (including independent third parties in the market), the winning bid of which will usually be the one with the lowest tender amount in accordance with the employer's tender procedures on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the tender invitation from the employer.
- For non-tendering contracts, where a member of the Group are invited to provide a fee quotation, the contract sum and terms will be assessed and determined by adopting the same pricing policy and procedure as in the determination of the Group's tender prices and terms.

#### *Security, Guarding and Event Servicing Services*

As regards the Security, Guarding and Event Servicing Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- The fees payable by the Connected Parties to the Group will be determined by reference to comparable of fee quotations provided by the Group to other independent customers, taking into account factors including the nature and type of services to be rendered.
- Where the Group participates in a tender alongside a main contractor or a tenderer, the Group would conduct a detailed analysis which begins with a throughout study of the tender requirements. Factors that the Group takes into account include the number of staff required for the project, the qualifications of the staff required for the project (both academic qualification and experience), the location of the project, the nature of work and the type of premises (such as whether it is a residential estate, a commercial complex or a public facility). The Group would then analyse such factors and tailor the specific solution applicable for the tender. Once such solutions are prepared, the Group would be able to assess the costs related to such project.
- In assessing the costs of the project, the labour cost plays a significant factor given the Security, Guarding and Event Servicing Services are labour intensive. The Group would consider the prevailing statutory minimum wage level and the wages offered by itself or its competitors for similar type of projects. For certain projects in certain geographical area or projects that require higher service standard, additional allowance

and wage adjustments would be taken into account in assessing the cost base of the tender. The Group would also consider other costs such as equipment and other overheads.

- The Group would also consider the proposed profit margin for the projects before the tender submission, which would include factors such as the geographical area of the project, the contract duration, the nature of work, the complexity of the project, the expectation of the service level and the historical profit margin for similar type of projects. The Group would also consider the recent tender submissions by its competitors in order to remain competitive in the market.
- The tender requirements are examined with inputs from operations and marketing staff of the Group, the latter will also prepare a costing with all costs elements and profit margins as illustrated above. The proposal, including the costing, will then be approved and signed by a general manager/assistant general manager of the relevant business group.
- For non-tendering contracts where the Group's customers invite it to provide fee quotations, the Group will assess the work required and the costs in a similar manner in a tendering process before confirming the service fees and the terms of the contracts.
- The Group adopts the same pricing policy and procedures in the determination of the service charge across all of its customers (whether to its connected persons or to independent third party customers) for its Security, Guarding and Event Servicing Services in order to ensure that the service charge as may be submitted by the Group to such connected persons of the Group will be fair and reasonable and no less favourable to the Group than those offered to the independent third party customers.

#### *Insurance Solutions Services*

As regards the Insurance Solutions Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- The fees payable by the relevant Connected Parties to the Group will be determined by reference to comparable of fee quotations provided by the Group to other independent customers, taking into account factors including the nature and type of services to be rendered.
- In most circumstances, the Group serves as an intermediary between the insurers and the end customers and its revenue arises from the commission received from the insurers. The Group is remunerated for its services by the receipt of the brokerage paid by the insurer. It is generally a certain percentage of the premium paid by the end consumer. The brokerage rate received by the Group is in line with the normal level of commission paid in the insurance market. On this basis, the Group does not charge its customers in providing its Insurance Solutions Services. The commission received by the Group from the insurers depend on various factors, including, among others, the amount of premium, the type of the insurance policy and the insurance market practice.
- After understanding the customers' needs, the Group would prepare the quotation slips with proposed insurable terms and conditions and invite insurers to submit quotations. The Group would present the quotations received to the customers with its

recommendations. The customers would then make their own choices accordingly. The internal documents (including but not limited to clients' proposal, quotation slips, confirmation slips and debit notes) are prepared by the relevant account manager or executive, the document will then be reviewed by his or her supervisors as per the Group's policy. Reviewing record is documented in the form of a checklist in order to minimize any errors and/or omission incurred. Depending on the premium level and total insured values, approval from senior staff is needed as per the signing authority matrix of the Group. For scheme products, the terms and pricing are proposed by the department head and approved by the general manager of the Group. For other insurance policy with small premium and/or insured values, the senior staff is informed during the procurement process.

- Generally speaking, the amount of insurance premium is determined by the insurer, normally as a certain percentage of the sum insured or a flat premium after consideration of the risk exposure by the underwriters.
- Notwithstanding the above, certain customers of the Group instructs the Group to provide Insurance Solutions Services or consultancy services and the Group would charge such customers for such services based on the scope of services, the complexity of the instructions, the time, manpower required for the Group to provide such services and the strategic consideration of the relevant client's account.
- The Group adopts the same pricing policy and procedures in the determination of the service charge across all of its customers (whether to its connected persons or to independent third party customers) for its Insurance Solutions Services in order to ensure that the service charge as may be submitted by the Group to such connected persons of the Group will be fair and reasonable and no less favourable to the Group than those offered to the independent third party customers.

### *Landscaping Services*

As regards the Landscaping Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- The fees payable by the relevant Connected Parties to the Group will be determined by reference to comparable of fee quotations provided by the Group to other independent customers, taking into account factors including the nature and type of services to be rendered.
- In assessing the service fees for its Landscaping Services, factors that the Group would consider include the relevant costs, the market reference and its strategic development in the relevant contracts.
- For its cost analysis, the Group would consider the labour costs, administrative costs, the required materials and the costs of the plantations. If specific plants are required by the customer that are harder to source or are more perishable, it would increase the costs in sourcing, acquiring and maintaining such plantations. Further, the Group would also consider more case specific factors, including the location of services (such as whether such location is easily reachable) and the potential risk exposure associated with extreme weather conditions as some locations in Hong Kong are more susceptible to natural hazards such as typhoons.



- For market reference, given the landscaping industry has low entry barrier and is very competitive, the Group will need to stay on top of the competition and consider if its quotation is attractive comparing to other market players while maintaining an acceptable profit margin. The Group would consider its historical fee quotations and profit margin for similar type of projects as well as the recent fees charged by its competitors in coming into a competitive quotation.
- Strategic consideration is also important for the Group in assessing its services fees in the Landscaping Services business, it will consider the contract size, the length of the contract and any potential business growth (such as whether there will be future opportunities in other sites from the customers) from a strategic perspective. For strategic customers that entered into service contracts with the Group for a longer period and/or for a number of locations, the Group may offer more attractive terms in securing and strengthening such business relationships.
- Procedural wise, the project officer or senior operation manager/deputy general manager/assistant general manager would calculate the expected costs as the base line for the tender proposal, depending on the tender requirement and the background of customers, the changes offered for existing client with similar nature will be compared. In most cases, the charges offered to two existing clients will be compared if available. Other factors include but not limited to nature and complexity of the relevant project, the expected competitiveness of the tender based on the previous experience and the historical profit margin of similar type of existing contract. Finally, proposal for tender is concluded by the project officer or senior operation manager/deputy general manager/assistant general manager after consolidation of all information mentioned above and the proposal will then be reviewed and approved by the general manager of such business or senior operation manager/deputy general manager/assistant general manager in accordance with the Company's approval procedures with limits of authority.
- The Group adopts the same pricing policy and procedures in the determination of the service charge across all of its customers (whether to its connected persons or to independent third party customers) for its Landscaping Services in order to ensure that the service charge as may be submitted by the Group to such connected persons of the Group will be fair and reasonable and no less favourable to the Target Group than those offered to the independent third party customers.

### ***Services to be provided by members of the Connected Parties***

#### *Contracting Services*

As regards the Contracting Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- Comparables of a sufficient number of fee quotations, a minimum of two comparables will be obtained from other independent service providers and assessed (including assessing whether the comparables obtained are appropriate ones after taking into account of financial capability, workload, scope and standard of Contracting Services offered which meet the requirements of the Group and the past performance and relevant experience of the independent service providers) and reviewed by the manager

of tender department of the Group upon which the fairness and reasonableness of the prices and terms as may be offered by members of the NWD Group can be compared and assessed by the Group in determining if they are fair and reasonable and comparable to those offered by independent third parties, taking into account factors like reputation, quality and reliability of the Connected Party concerned as compared to independent service providers. If a member of the NWD Group offers the price and terms equal to or better than those offered by the independent service providers and conforms to all the essential requirements (including but not limited to relevant experience, compliance with specifications, capability and historical relationship) of the services to be provided, the Group may award the contract to such member of the NWD Group.

#### *Facility and Property Management Services*

As regards the Facility and Property Management Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- 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.

#### *Insurance Medical and Health Care Services*

As regards the Insurance Medical and Health Care Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- The premium or fees payable by the Group will be determined by reference to the quotations obtained from other independent insurers and followed by detailed analysis of the pricing, service quality, policy coverage, any unacceptable policy exclusions or conditions, infrastructure (like e-claims or Apps for submission of claims, number of clinics under their network (for medical insurance), financial standing of the insurers (like A rated or above by Standard & Poors)).

#### *IT Support Services*

As regards the IT Support Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- The fees payable by the Group will be determined based on arm's length negotiations between the service provider and the service recipient, taking into account factors including the number of users, types of functions and the replacement costs of the relevant IT systems or software, and where comparables are available for the type of service concerned, they would also be taken into account when the service charges are determined.
- Administration and support department manager considers the above factors, and submits the proposal to the assistant general manager (human capital and administration) and the general manager for approval.

### *Materials Supply Services*

As regards the Materials Supply Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- Comparable of a sufficient number of quotation will be obtained from other independent service providers and assessed (including assessing whether the comparable obtained is appropriate after taking into account of financial capability, workload, scope and standard of Materials Supply Services offered which meet the requirements of the Group and the past performance and relevant experience of the independent service providers) and reviewed by the manager of tender and procurement department of the Group upon which the fairness and reasonableness of the prices and terms as may be offered by members of the NWD Group can be compared and assessed by the manager of the tender and procurement department of the Group in determining if they are fair and reasonable and comparable to those offered by independent third parties, taking into account factors like reputation, quality and reliability of the NWD Group as compared to independent service providers before approving the pricing of the Materials Supply Services. If a member of the NWD Group offers the price and terms equal to or better than those offered by the independent service providers and conforms to all the essential requirements (including but not limited to relevant experience, compliance with specifications, capability and historical relationship) of the services to be provided, the Group may award the contract to such member of the NWD Group.

### *Rental Services*

As regards the Rental Services to be provided to the Group by members of the NWD Group, the CTFJ Group, the CTFE Group and the Doo's Associates Group pursuant to the NWD Master Services Agreement, the CTFJ Master Services Agreement, the CTFE Master Services Agreement and the Doo's Associates Group Master Services Agreement respectively:

- The rental payable by the Group will be determined by reference to the market rental of the properties, carparking spaces, vehicle and vessels concerned current at or close to the lease commencement date by reference to rentals comparables of similar properties and carparking spaces, in similar locations and where applicable, with comparable facilities, and rentals comparables of vehicle and vessels obtained from independent property agencies or parties.
- The existing rental paid by the Group under each existing lease agreement was determined by reference to the market rental of the property concerned current at or close to the lease commencement date; and
- The rental payable by the Group under each new lease agreement, whether or not in relation to property currently leased by the Group from members of the relevant Connected Parties, will be determined by reference to the market rental of the property concerned current at or close to the lease commencement date by reference to a minimum of two rentals comparables of similar properties in similar locations and where applicable, with comparable facilities, obtained from independent property agencies or other parties, including reputable independent professional property

valuers, collected, assessed (including assessing whether the comparables collected are appropriate ones) and reviewed by the administration manager of the Group (who has experience in administration and is responsible for the office administrative work including but not limited to the administration of rental arrangement) for approval of the pricing of the Rental Services by the Directors.

### *Sundry Services*

As regards the Sundry Services to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:

- The fees payable by the Group will be determined by reference to the market prices provided to the Group by other independent suppliers, taking into account factors including the nature and type of services to be rendered.

## **INTERNAL CONTROL MEASURES**

The Group has established internal control measures for reporting and monitoring on continuing connected transactions to ensure compliance with Chapter 14A.

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 for final confirmation by the Company Secretary. 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:

- (1) the independent non-executive Directors of the Company shall, on an annual basis, review the transactions contemplated under the New Master 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 New Master 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.

## HISTORICAL AGGREGATE TRANSACTION AMOUNTS

The historical aggregate transaction amounts in respect of the Services Transactions for the FY2021, FY2022 and the six months ended 31 December 2022 respectively are set out below.

The historical aggregate transaction amounts in respect of the Security, Guarding and Event Servicing Services, the Insurance Solutions Services and the Landscaping Services commenced from 19 April 2021 when the Group complete its acquisition of the group of companies providing such services as announced in the Company's announcements dated 26 February 2021, 19 April 2021 and in the circular of the Company dated 19 March 2021.

### Services between the Group and the NWD Group

Categories	Aggregate transaction amount		
	FY2021 (HK\$'000)	FY2022 (HK\$'000)	Six months ended 31 December 2022 (HK\$'000)
FSE Services and the Insurance Solutions Services to NWD Group provided by the Group	1,999,719	2,570,995	1,531,509
NWD Services provided by the NWD Group	<u>8,564</u>	<u>11,171</u>	<u>4,202</u>
<b>Total</b>	<u><u>2,008,283</u></u>	<u><u>2,582,166</u></u>	<u><u>1,535,711</u></u>

### Services between the Group and the CTFJ Group

Categories	Aggregate transaction amount		
	FY2021 (HK\$'000)	FY2022 (HK\$'000)	Six months ended 31 December 2022 (HK\$'000)
FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others provided by the Group	6,538	10,070	4,184
CTFJ Services provided by the CTFJ Group	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>6,538</u></u>	<u><u>10,070</u></u>	<u><u>4,184</u></u>

## Services between the Group and the CTFE Group

Categories	Aggregate transaction amount		
	FY2021 (HK\$'000)	FY2022 (HK\$'000)	Six months ended 31 December 2022 (HK\$'000)
FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others provided by the Group	47,659	41,087	4,881
CTFE Services provided by the CTFE Group	-	-	-
<b>Total</b>	<u>47,659</u>	<u>41,087</u>	<u>4,881</u>

## Services between the Group and the Doo's Associates Group

Categories	Aggregate transaction amount		
	FY2021 (HK\$'000)	FY2022 (HK\$'000)	Six months ended 31 December 2022 (HK\$'000)
FSE Services and the Insurance Solutions Services to Others provided by the Group	5,175	17,311	4,289
Doo's Associates Services provided by the Doo's Associates Group	<u>28,908</u>	<u>94,909</u>	<u>1,630</u>
<b>Total</b>	<u>34,083</u>	<u>112,220</u>	<u>5,919</u>

## ANNUAL CAPS

The expected Annual Caps in respect of the Services Transactions contemplated under each of the New Master Services Agreements for the FY2024, FY2025 and FY2026 respectively are stated below. Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

## NWD Master Services Agreement

Categories	Annual Caps		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	FY2026 (HK\$'000)
FSE Services and the Insurance Solutions Services to NWD Group to be provided by the Group	4,065,618	5,432,592	6,724,236
NWD Services to be provided by the NWD Group	<u>77,993</u>	<u>93,067</u>	<u>112,337</u>
<b>Total</b>	<u><u>4,143,611</u></u>	<u><u>5,525,659</u></u>	<u><u>6,836,573</u></u>

The increase in Annual Caps for the FSE Services and the Insurance Solutions Services to NWD Group as compared with the historical amounts between the Group and the NWD Group is mainly due to the increase in electrical & mechanical engineering services to be provided as part of the E&M engineering and Environmental Services in respect of certain sizable potential and existing development projects in Hong Kong and various provinces in the Mainland China (with the revenue expected to be contributed by these existing projects and potential projects based on their estimated percentage of completion) which include, among others, the following:

- (i) existing works relating to (a) a commercial development project in the SKYCITY at Hong Kong International Airport, an engineering installation project for the Immigration Headquarters in Tseung Kwan O, a commercial development in Wan Chai and four residential and commercial development projects in Kai Tak with estimated project completion dates in FY2024; (b) a sport complex in Kai Tak with estimated project completion date in FY2025; and (c) construction projects for two government buildings in Central and Causeway Bay with estimated project completion dates in FY2026, are of considerable size in Hong Kong undertaken by the NWD Group of which the Group has been engaged as the service provider and contribute HK\$1,586.7 million (FY2024), HK\$1,381.9 million (FY2025) and HK\$517.2 million (FY2026) to the above Annual Caps. Contracts have been entered for these existing projects; and
- (ii) potential works relating to certain residential, commercial, government building, exhibition and institutional development projects in both the private and public sectors in Hong Kong and Mainland China. The estimated future demand of the Group's services for certain potential projects of the NWD Group for 19 residential projects in Yuen Long, Fanling, Sai Kung, Tseung Kwan O, Tsim Sha Tsui, Kowloon East, Kai Tak, North Point, Happy Valley and Chai Wan which contribute HK\$382.9 million (FY2024), HK\$1,396.5 million (FY2025) and HK\$2,455.3 million (FY2026) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of the NWD Group in government building, exhibition and institutional development projects which contribute HK\$269.5 million (FY2024), HK\$399.6 million (FY2025) and HK\$1,318.9 million (FY2026) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of the NWD Group in Wuhan, Beijing, Shanghai, Hangzhou and Guangzhou of the Mainland China which contribute HK\$52.6 million (FY2024), HK\$256.5 million

(FY2025) and HK\$236.8 million (FY2026) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of the NWD Group's existing department stores in Beijing and Shanghai in the Mainland China for renovation, fitting out and decoration works which contribute HK\$44.7 million (FY2024), HK\$128.7 million (FY2025) and HK\$55.1 million (FY2026) to the above Annual Caps based on the estimated areas of the department stores.

The Annual Caps for the NWD Services to be provided by members of the NWD Group to member of the Group are largely attributable to (a) the material supply services required in the Group's E&M engineering projects and (b) the provision of the Contracting Services and (c) the provision of Insurance Medical and Health Care Services from NWD Group.

The Annual Caps for the NWD Services as compared with the historical amounts between the Group and the NWD Group will be increased mainly due to the following reasons:

- (i) the Group's business growth and estimated future demand for the NWD Services from the NWD Group in respect of the Group's potential projects for a number of public sector development projects in Hong Kong and a number of potential projects in Wuhan, Beijing, Shanghai, Hangzhou and Guangzhou. The transaction amounts are estimated by reference to the projected material supply services according to the estimated material requirements and site progress of each project in the upcoming three financial years;
- (ii) the estimated future demand for Contracting Services from the NWD Group in respect of an existing development project of a sport complex in Kai Tak and certain potential sizable upcoming projects, which include, but not limited to, certain public sector development projects in respect of which the Group has to engage sub-contractors in the provision of the Contracting Services and the NWD Group is one of the reputable service providers among the Group's list of service providers. There may have three potential public sector development projects in Hong Kong, which include a development project in Kowloon West, a government complex facility at Yau Ma Tei and a community health centre in Shek Kip Mei. In view of the significant size of these potential public sector development projects and the expected volume and variety of Contracting Services required for these projects including builder's works in the scope of works of the contracts of underground piping works which have to be performed or otherwise carried out by builders such as excavation, backfilling, suspended manholes and the like, engagement of sub-contractors in the provision of the Contracting Services is required and services providers with reputable, reliable and quality services like the NWD Group is fundamental. As at the date of this announcement, these upcoming projects were either at the tender stage or prior to the tender stage when tender would expect to be launched in the third quarter of 2023. Members of the Group are amongst the handful few of qualified contractors for the public sector development projects on the List of Approved Contractors for Public Works which is with extensive experience and engineering design capability and coupled with the promising record of the Group in succeeding in obtaining tenders for the provision of electrical & mechanical engineering service for public sector development projects in the past, the Group has high chance in succeeding in obtaining the tender for the provision of electrical & mechanical engineering services for these public sector development projects and justify the inclusion in the Annual Caps of the estimated contract sums required for Contracting Services to be provided by the NWD Group under the NWD Master Services Agreement; and



- (iii) the increase in the Group's estimated future demand for Insurance Medical and Health Care Services from the NWD Group in respect of the medical and health care services for the employees of the Group to cope with the Group's business growth.

### CTFJ Master Services Agreement

Categories	Annual Caps		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	FY2026 (HK\$'000)
FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others to be provided by the Group	68,287	69,186	77,840
CTFJ Services to be provided by the CTFJ Group	<u>80</u>	<u>85</u>	<u>90</u>
<b>Total</b>	<u><u>68,367</u></u>	<u><u>69,271</u></u>	<u><u>77,930</u></u>

The increase in Annual Caps for the FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others as compared with the historical amounts between the Group and the CTFJ Group is mainly due to (i) an existing E&M project for system replacement works for a commercial building in Kwai Chung the revenue of which is expected to be contributed based on its expected completion in FY2024; and (ii) the estimated future demand for the Group's cleaning and general security services for shops of the CTFJ Group in various locations in Hong Kong and the estimated future demand for E&M engineering services for system upgrading and renovation works for a commercial building in Kwai Chung.

The Annual Caps for FY2024, FY2025 and FY2026 for the CTFJ Services to be rendered by the CTFJ Group to the Group represent the rental expenses for property leasing and licensing services with a term of not exceeding 12 months on potential rental of carparks and store rooms at a commercial building in Kwai Chung and a retail jewelry group and its branches in Hong Kong.

## CTFE Master Services Agreement

Categories	Annual Caps		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	FY2026 (HK\$'000)
FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others to be provided by the Group	120,378	135,814	222,062
CTFE Services to be provided by the CTFE Group	<u>260</u>	<u>312</u>	<u>374</u>
<b>Total</b>	<u>120,638</u>	<u>136,126</u>	<u>222,436</u>

The increase in Annual Caps for the FSE Services (not including (a) lift repair and maintenance services under the E&M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others as compared with the historical amounts between the Group and the CTFE Group is mainly due to the estimated future demand by the CTFE Group for the Group's cleaning services to several kindergartens campuses in Hong Kong and three commercial complex in Mainland China. These potential cleaning services contracts are estimated to contribute HK\$70.1 million (FY2024), HK\$76.8 million (FY2025) and HK\$85.1 million (FY2026) to the above Annual Caps and for the Group's electrical & mechanical engineering services to be provided as part of the E&M engineering and Environmental Services for two potential commercial construction projects in Wuhan and Shenzhen of the Mainland China which are under negotiation and expected to be implemented during and beyond the next three financial years. These two projects are estimated to contribute HK\$20.0 million (FY2024), HK\$23.8 million (FY2025) and HK\$95.2 million (FY2026) to the above Annual Caps.

The Annual Caps for FY2024, FY2025 and FY2026 for the CTFE Services to be rendered by the CTFE Group to the Group represent the rental expenses for property leasing and licensing services with a term of not exceeding 12 months on potential rental of carparks and storerooms at a commercial and shopping centre in Mongkok and an educational group.

## Doo's Associates Group Master Services Agreement

Categories	Annual Caps		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	FY2026 (HK\$'000)
FSE Services and the Insurance Solutions Services to Others to be provided by the Group	280,791	356,559	422,082
Doo's Associates Services to be provided by the Doo's Associates Group	<u>33,887</u>	<u>104,619</u>	<u>18,690</u>
<b>Total</b>	<u><u>314,678</u></u>	<u><u>461,178</u></u>	<u><u>440,772</u></u>

The increase in Annual Caps for the FSE Services and the Insurance Solutions Services to Others as compared with the historical amounts between the Group and the Doo's Associates Group is mainly due to the estimated future demand of the projects of the Doo's Associates Group particularly for the electrical & mechanical engineering services to be provided as part of the E&M engineering and Environmental Services for various potential commercial and hotel development projects in Shanghai of the Mainland China and residential and commercial development projects in Hong Kong (with the revenue expected to be contributed by these potential projects based on their estimated percentage of completion) which may contribute HK\$104.4 million (FY2024), HK\$140.6 million (FY2025) and HK\$152.7 million (FY2026) and the estimated future demand of the Group's Facility and Property Management Services for three multi-purposes commercial buildings and a hotel development in Shanghai in the Mainland China (with the revenue expected to be contributed by these potential property and facility management contracts based on estimated future demand by the Doo's Associates Group and the estimated market prices) which may contribute HK\$124.2 million (FY2024), HK\$161.5 million (FY2025) and HK\$209.9 million (FY2026).

The increase in Annual Caps for the Doo's Associates Services as compared with the historical amounts between the Group and the Doo's Associates Group is mainly due to the increase in the Group's estimated future demand for the Doo's Associates Rental Services in respect of floor spaces of office premises to cope with the Group's business growth.

## **Bases of determination of the Annual Caps**

The Annual Caps in respect of the Services Transactions contemplated under each New Master Services Agreement are determined on the following bases:

- (1) in relation to the **FSE Services and the Insurance Solutions Services** to be provided by the Group to members of the relevant Connected Parties:
  - (a) the historical annual or annualised amounts in respect of the relevant FSE Services and the Insurance Solutions Services provided by members of the Group to members of the relevant Connected Parties during the FY2021, FY2022 and the six months ended 31 December 2022;
  - (b) the existing projects in progress (in relation to the FSE Services and the Insurance Solutions Services);
  - (c) the potential projects that may be undertaken by the Group (in relation to the FSE Services and the Insurance Solutions Services); and
  - (d) the projected annual or annualised amounts in respect of the relevant FSE Services and the Insurance Solutions Services to be provided by members of the Group to members of the relevant Connected Parties in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:
    - the estimated future demand for the relevant FSE Services and the Insurance Solutions Services by members of the relevant Connected Parties; and the estimated market prices of such services by reference to the current market prices after factoring into the expected increase in service costs in providing the relevant FSE Services and the Insurance Solutions Services taking into account various factors like inflation rate of about 2.5% to 3.5%.
- (2) in relation to the **Contracting Services** to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:
  - (a) the potential projects (in relation to the E&M Engineering Services) that may be undertaken by the Group assuming the Group is able to secure them; and
  - (b) the projected annual or annualised amounts in respect of the Contracting Services to be provided to the Group by members of the NWD Group in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:
    - the business growth and need of the Group; and
    - 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 of about 2.5% to 3.5%.

- (3) in relation to the **Facility and Property Management Services** to be provided to the Group by members of the NWD Group pursuant to the NWD Master Services Agreement:
- the historical annual or annualised amounts in respect of the Facility and Property Management Services provided to the Group by NWD Group during the FY2021, FY2022 and the six months ended 31 December 2022;
  - the business growth and need of the Group; and
  - 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 of about 2.5% to 3.5%.
- (4) in relation to the **Insurance Medical and Health Care Services** to be provided to the Group by the NWD Group pursuant to the NWD Master Services Agreement, the projected annual or annualised amounts in respect of the Insurance Medical and Health Care Services to be provided to the Group by the NWD Group in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:
- the business growth and need of the Group; and
  - the headcount of the Group, medical inflation and claim history.
- (5) in relation to the IT Support Services to be provided to the Group by the NWD Group pursuant to the NWD Master Services Agreement, the projected annual or annualised amounts in respect of the IT Support Services to be provided to the Group by the NWD Group in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:
- the historical annual or annualised amounts in respect of the IT Support Services provided to the Group by NWD Group during the FY2021, FY2022 and the six months ended 31 December 2022;
  - the business growth and need of the Group; and
  - 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 of about 2.5% to 3.5%.
- (6) in relation to the **Materials Supply Services** to be provided to the Group by the NWD Group pursuant to the NWD Master Services Agreement:
- (a) the historical annual or annualised amounts in respect of the Materials Supply Services provided to the Group by the NWD Group during the FY2021, FY2022 and the six months ended 31 December 2022; and
- (b) the projected annual or annualised amounts in respect of the Materials Supply Services to be provided to the Group by the NWD Group in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:

- the business growth and need of the Group; and
  - 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 of about 2.5% to 3.5%.
- (7) in relation to the **Rental Services** to be provided to the Group by members of the NWD Group, the CTFJ Group, the CTFE Group and the Doo's Associates Group pursuant to the NWD Master Services Agreement, the CTFJ Master Services Agreement, the CTFE Master Services Agreement and the Doo's Associates Group Master Services Agreement respectively:
- (a) the historical annual or annualised amounts in respect of the Rental Services provided to the Group by the relevant Connected Party during the FY2021, FY2022 and the six months ended 31 December 2022;
  - (b) the projected annual or annualised amounts in respect of the Rental Services to be provided to the Group by the relevant Connected Party in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:
    - the business growth and need of the Group; and
    - 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 of about 2.5% to 3.5%
  - (c) the existing rentals paid by the Group under the existing lease agreements;
  - (d) the expected rentals as may be paid by the Group at the time of entering into the new lease agreements or upon renewal of the existing lease agreements taking into account the current rentals and expected market rentals of similar properties in similar locations and where applicable, with comparable facilities, obtained from independent property agencies or other parties, including reputable independent professional property valuers; and
  - (e) the Group's demand in floor spaces for office and site office premises, warehouse, spare space, carparking spaces, wall signages, lighting boxes and other business uses of the Group to cope with the Group's business growth.
- (8) in relation to the **Sundry Services** to be provided to the Group by the NWD Group pursuant to the NWD Master Services Agreement:
- (a) the historical annual or annualised amounts in respect of the Sundry Services provided to the Group by the NWD Group during the FY2021, FY2022 and the six months ended 31 December 2022; and
  - (b) the projected annual or annualised amounts in respect of the Sundry Services to be provided to the Group by the NWD Group in the next three FY2024, FY2025 and FY2026, having taken into account the following major factors:

- the business growth and need of the Group; and
- 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 of about 2.5% to 3.5%.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW MASTER SERVICES AGREEMENTS**

The Services Transactions contemplated under the New Master Services Agreements are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the relevant members of the Connected Parties.

The New Master Services Agreements serve to streamline the Services Transactions between members of the Group and members of the Connected Parties by providing a single basis upon which the Company could comply with the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14A and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

The members of the relevant Connected Parties are with profound experience and reputation in their respective areas of services and solid financial standing and have demonstrated themselves as reliable services providers or customers of the 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 Group's growth in the long run. The Board does not consider that there is any disadvantage to the Group in entering into the New Master Services Agreements.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the views that the terms of each of the New Master Services Agreements and the proposed Annual Caps in respect of the Services Transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **CONNECTION BETWEEN THE PARTIES**

As at the date of this announcement:

- Dr. Cheng, the chairman and non-executive Director, is a connected person of the Company. Dr. Cheng is also the brother of Mrs. Doo (one of the controlling shareholders of the Company), the brother in law of Mr. Doo (alternate Director to Dr. Cheng), 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 CTFE Group and the CTFJ Group. As such, each of the NWD Group, the CTFE Group and the CTFJ Group is treated as a connected person of the Company.
- Mrs. Doo is one of the controlling shareholders of the Company and is a connected person of the Company. Mrs. Doo is also the sister of Dr. Cheng (the chairman and non-

executive Director), the spouse of Mr. Doo (alternate Director to Dr. Cheng) and the mother of Mr. Doo William Junior Guilherme (an executive Director). The Doo's Associates Group are 30%-controlled companies of Mrs. Doo and her "immediate family members" (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies. Members of the Doo's Associates Group are associates of Mrs. Doo and are connected persons of the Company.

## **REQUIREMENTS OF THE LISTING RULES**

As the highest of the applicable Percentage Ratios in respect of the Annual Caps of the NWD Master Services Agreement is more than 25%, the NWD Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A.

As the highest of the applicable Percentage Ratios in respect of the Annual Caps of each of the CTFE Master Services Agreement and Doo's Associates Group Master Services Agreement is more than 5% and exceeds HK\$10,000,000, each of the CTFE Master Services Agreement and Doo's Associates Group Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A.

As the highest of the applicable Percentage Ratios in respect of the Annual Caps of the CTFJ Master Services Agreement is more than 0.1% but below 5%, the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps are subject to the reporting, annual review, announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A. Nonetheless, with a view to adhering to enhanced corporate governance practices, the Company will follow the relevant requirements applicable to a non-exempt connected transaction under Chapter 14A and subject the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and its Annual Caps to the Independent Shareholders' approval requirements under Chapter 14A.

In the event that any Annual Cap is exceeded or any New Master Services Agreement is renewed or materially varied, the Company will re-comply with the applicable reporting, announcement and Independent Shareholders' approval requirements in accordance with the Listing Rules.

An EGM will be convened and held by the Company to consider and, if thought fit, approve each of the EGM Matters. The voting at the EGM will be taken by poll.

At the EGM, any Shareholders with a material interest in all or any of the New Master Services Agreements and the Services Transactions contemplated thereunder are required to abstain from voting on the proposed resolutions to be put forwarded to the Independent Shareholders at the EGM for approving the EGM Matters.

In view of the interests of CTFE, CTFJ, NWD and Mrs. Doo in the CTFE Master Services Agreement, the CTFJ Master Services Agreement, the NWD Master Services Agreement, and the Doo's Associates Group Master Services Agreement, respectively, and the relation



between Mrs. Doo and Dr. Cheng as mentioned above, each of CTFE, CTFJ, NWD and Mrs. Doo and their respective associates are required to abstain from voting at the EGM as aforesaid.

As at the date of this announcement, amongst these persons who are required to abstain from voting at the EGM as aforesaid, FSE Holdings, being an associate of Mrs. Doo and one of controlling shareholders of the Company, is holding 75% of the issued Shares. FSE Holdings will therefore abstain from voting at the EGM as aforesaid.

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 all or any of the EGM Matters who are required to abstain from voting at the EGM as aforesaid.

## **INFORMATION ON THE PARTIES**

### **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 are interested in approximately 45.20% 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, property investment and investment in and/or operation of roads, construction, insurance, hotels and other strategic businesses.

### **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 is interested in approximately 72.39% of the total issued share capital of CTFJ.

To the best knowledge of the Directors, the CTFJ Group is principally engaged in the business of manufacturing and selling of jewellery products, including gem-set, platinum and k gold jewellery, gold jewellery and products, as well as distribution of various watch brands.

### **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 an approximately 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited.

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

## **Doo's Associates Group**

Doo's Associates Group includes FSE Management which is a company incorporated in Hong Kong with limited liability. As at the date of this announcement and based on publicly available information, the entire issued share capital of FSE Management was held by FSE Holdings, which is in turn beneficially owned as to 88% by Mrs. Doo, 4% by Mr. Lam Wai Hon, Patrick, 7% by Mr. Doo William Junior Guilherme and 1% by Mr. Lee Kwok Bong.

To the best knowledge of the Directors, the principal businesses of the Doo's Associates Group are property investment and development, the provision of property leasing.

## **The Group**

The Company is an investment holding company and the holding company of the Group. The principal businesses of the Group include the provision of the following services:

- property and facility management services;
- electrical and mechanical engineering services; and
- city essential services including cleaning, technical support & maintenance, security guarding & event, insurance solutions and environmental solutions.

## **GENERAL**

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie and Dr. Tong Yuk Lun, Paul, all of them are independent non-executive Directors) has been established to consider the EGM Matters and to advise and provide recommendation to the Independent Shareholders as to whether the EGM Matters are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Somerley Capital 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 EGM Matters.

A circular containing further details relating to the EGM Matters 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 is expected to be despatched to the Shareholders on or about 5 June 2023 as time is required to prepare the required information for inclusion in the circular.

## **DEFINITIONS**

In this announcement, all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules unless otherwise stated.

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

**“30%-controlled company”** has the meaning ascribed to it under the Listing Rules

<b>“Annual Caps”</b>	with respect to any New Master Services Agreement, the estimated maximum aggregate annual amounts in respect of the Services Transactions contemplated thereunder for each of the FY2024, FY2025 and FY2026
<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	FSE Lifestyle Services Limited (豐盛生活服務有限公司), 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)
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Connected Parties”</b>	the NWD Group, the CTFJ Group, the CTFE Group and the Doo’s Associates Group collectively
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“CTFE”</b>	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability
<b>“CTFE Group”</b>	CTFE and its subsidiaries from time to time
<b>“CTFJ”</b>	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)
<b>“CTFJ Group”</b>	CTFJ and its subsidiaries from time to time
<b>“Definitive Agreements”</b>	with respect to any New Master Services Agreement, the individual definitive agreements in respect of the Services Transactions which may from time to time be entered into pursuant thereto
<b>“Director”</b>	the director of the Company
<b>“Doo’s Associates Group”</b>	companies, other than members of the Group, which are the 30%-controlled companies of Mrs. Doo and/or her “immediate family members” (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies
<b>“Dr. Cheng”</b>	Dr. Cheng Kar Shun, Henry, the chairman and non-executive Director
<b>“Effective Date”</b>	1 July 2023

<b>“EGM”</b>	an extraordinary general meeting of the Company to be convened and held to consider and approve the EGM Matters
<b>“EGM Matters”</b>	the New Master Services Agreements, the Services Transactions contemplated thereunder and their Annual Caps
<b>“Former Master Services Agreements”</b>	<p>the following former master services agreements collectively:</p> <ol style="list-style-type: none"> <li>(1) the master services agreements dated 24 April 2020 and 19 April 2021 (<b>“Former CTFE Master Services Agreements”</b>) entered into between the Company and CTFE in relation to the provision of (a) the FSE Services (not including (a) lift repair and maintenance services under the E&amp;M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others by the Group to the CTFE Group; and (b) the CTFE Services by the CTFE Group to the Group;</li> <li>(2) the master services agreements dated 24 April 2020 and 19 April 2021 (<b>“Former CTFJ Master Services Agreements”</b>) entered into between the Company and CTFJ in relation to the provision of (a) the FSE Services (not including (a) lift repair and maintenance services under the E&amp;M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others by the Group to the CTFJ Group; and (b) the CTFJ Services by the CTFJ Group to the Group;</li> <li>(3) the master services agreements dated 24 April 2020 and 19 April 2021 (<b>“Former Doo’s Associates Group Master Services Agreements”</b>) entered into between the Company and FSE Management in relation to the provision of (a) the FSE Services (not including (a) lift repair and maintenance services under the E&amp;M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others by the Group to the Doo’s Associates Group; and (b) the Doo’s Associates Services by the Doo’s Associates Group to the Group;</li> <li>(4) the master services agreements dated 24 April 2020 and 19 April 2021 (<b>“Former NWD Master Services Agreements”</b>) entered into between the Company and NWD in relation to the provision of (a) the FSE Services and the Insurance Solutions Services to NWD Group by</li> </ol>

the Group to the NWD Group; and (b) the NWD Services by the NWD Group to the Group;

- (5) the master services agreement dated 24 April 2020 (“**Former NWDS Master Services Agreement**”) entered into between the Company and NWDS in relation to the provision of, among other services, (a) the E&M engineering and Environmental Services and the Cleaning Services by the Group to the NWDS Group; and (b) the services by the NWDS Group to the Group; and
- (6) the master services agreements dated 24 April 2020 and 19 April 2021 (“**Former NWS Master Services Agreements**”) entered into between the Company and NWS in relation to the provision of (a) the FSE Services (excluding provision of carparking and facility management services) and part of the Insurance Solutions Services by the Group to the NWS Group; and (b) the services by the NWS Group to the Group

<b>“FSE Holdings”</b>	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 issued Shares carrying the right to vote at general meetings of the Company as at the date of this announcement
<b>“FSE Management”</b>	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
<b>“FY” or “financial year”</b>	financial year of the Company ended or ending 30 June
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“Independent Board Committee”</b>	an independent committee of the Board, which comprises four 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 EGM Matters
<b>“Independent Shareholders”</b>	the Shareholders, other than FSE Holdings, CTFJ, CTFE, NWD, Mrs. Doo and their respective associates, who do not have any material interest in the EGM Matters to be considered at the EGM

<b>“Insurance Solutions Services”</b>	the Insurance Solutions Services to NWD Group and the Insurance Solutions Services to Others collectively
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Mr. Doo”</b>	Mr. Doo Wai Hoi, William, the spouse of Mrs. Doo
<b>“Mrs. Doo”</b>	Mrs. Doo Cheng Sau Ha, Amy, one of the controlling shareholders of the Company
<b>“New Master Services Agreements”</b>	<p>the following new master services agreements collectively:</p> <ol style="list-style-type: none"> <li>(1) the new master services agreement dated 28 April 2023 (“<b>CTFE Master Services Agreement</b>”) entered into between the Company and CTFE in relation to (a) the provision of the FSE Services (not including (a) lift repair and maintenance services under the E&amp;M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others by the Group to the CTFE Group; and (b) the CTFE Services by the CTFE Group to the Group;</li> <li>(2) the new master services agreement dated 28 April 2023 (“<b>CTFJ Master Services Agreement</b>”) entered into between the Company and CTFJ in relation to the provision of (a) the FSE Services (not including (a) lift repair and maintenance services under the E&amp;M and Environmental Services; and (b) recycling and environmental services under the Cleaning Services) and the Insurance Solutions Services to Others by the Group to the CTFJ Group; and (b) the CTFJ Services by the CTFJ Group to the Group;</li> <li>(3) the new master services agreement dated 28 April 2023 (“<b>Doo’s Associates Group Master Services Agreement</b>”) entered into between the Company and FSE Management in relation to the provision of (a) the FSE Services and the Insurance Solutions Services to Others by the Group to the Doo’s Associates Group; and (b) the Doo’s Associates Services by the Doo’s Associates Group to the Group; and</li> <li>(4) the new master services agreement dated 28 April 2023 (“<b>NWD Master Services Agreement</b>”) entered into between the Company and NWD in relation to the provision of (a) the FSE Services and the Insurance Solutions Services to NWD Group by the Group to the NWD Group; and (b) the NWD Services by the NWD Group to the Group as a definitive agreement to the</li> </ol>

## NWD Services Group Master Services Agreement

“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 (including the NWDS Group and the NWS Group)
“NWD Services Group Master Services Agreement”	the master services agreement dated 28 April 2023 made between Mr. Doo and NWD in relation to the provision of services as contemplated thereunder by the Services Group (Doo’s Associates) to the NWD Group and vice versa
“NWDS”	New World Department Store China Limited (新世界百貨中國有限公司), 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: 825)
“NWDS Group”	NWDS and its subsidiaries from time to time
“NWS”	NWS Holdings Limited, 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
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07
“Rental Services”	the NWD Rental Services, the CTFJ Rental Services, the CTFE Rental Services and the Doo’s Associates Rental Services
“Services”	(1) the following services from the FSE Group:  (A) the following services (“FSE Services”): <ul style="list-style-type: none"><li>• provision of services as contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, building and property fitting out and decoration work, construction management and the supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems,</li></ul>

lift repair and maintenance services, electrical systems, system design and consultancy, computer aided drafting services and related services (“**E&M engineering and Environmental Services**”);

- provision of cleaning services including general cleaning, waste management and disposal, external wall and window cleaning, pest control and clinical waste management rendered at commercial buildings, residential buildings, public transportations and other public institutions and facilities, and recycling and environmental services and related services (the “**Cleaning Services**”);
- provision of facility and property management services, letting agency services, consultancy services, property sales, the provision of carparking, management and other related services (the “**Facility and Property Management Services**”);
- provision 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, supply of security products and related services (the “**Security, Guarding and Event Servicing Services**”);
- provision of landscaping and plant maintenance, supply of plants and related services (the “**Landscaping Services**”);

(B) provision of insurance underwriting services, insurance consultancy and advisory services, policy underwriting services, medical and health care services, rehabilitation and wellness enhancement and related services (the “**Insurance Solutions Services to NWD Group**”); and

(C) provision of insurance brokerage services, insurance consultancy and advisory services, including without limitation to general insurances brokerage services related to property and casualty, construction projects, employee benefits, director and officer’s liability, prospectus liability and cyber risk liabilities and related services (the “**Insurance Solutions Services to Others**”);

(2) the following services from the Connected Parties:

(A) the following services (“**NWD Services**”):



- rental and licensing of the rights to use of properties, including without limitation, spare spaces, office spaces and carparking spaces, and related services (“**NWD Rental Services**”);
- appointment, coordination, consultancy and other related services (“**Sundry Services**”);
- 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 (“**IT Support Services**”); and
- supply of construction and building equipment and materials (“**Materials Supply Services**”)
- provision of services as main contractors, management contractors and project managers, subcontractors, suppliers or agents, building and general construction, civil engineering, building exterior and interior design, building maintenance and repair, renovation, maintenance consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction management, hiring, procurement and supply of plant, machinery, equipment and materials, system design and consultancy, computer aided drafting services and related services (the “**Contracting Services**”);
- provision of convention and exhibition facilities, property management, hospitality and related functions and services (including property sales and letting agency services, pre-marketing consultancy services, technical services), food and beverage catering services, food processing, trading and supply, merchandise sourcing and related services (“**Facility and Property Management Services**”);
- provision of insurance and related services, insurance underwriting services, insurance consultancy and advisory services, policy underwriting services, medical and health care services, rehabilitation and wellness enhancement and related services (“**Insurance Medical and Health Care Services**”)

(B) the following services (“**CTFE Services**”)

- leasing or licensing of properties, including, without limitation, spare spaces, car parking spaces and related services (“**CTFE Rental Services**”);

(C) the following services (“**CTFJ Services**”)

- leasing or licensing of properties, including, without limitation, spare spaces, car parking spaces and related services (“**CTFJ Rental Services**”); and

(D) the following services (“**Doo’s Associates Services**”):

- leasing of properties, including without limitation, spare spaces, office spaces and carparking spaces, licences for the use of wall signages, lighting boxes and the use of common areas and related services (“**Doo’s Associates Rental Services**”)

“**Services Group (Doo’s Associates)**”

(1) Mr. Doo and his immediate family members (as defined under the Listing Rules) and (2) any company in the equity capital of which Mr. Doo and/or his immediately family member(s) (individually or together) is/are or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary. The Doo’s Associates Group and the Group are members of the Services Group (Doo’s Associates)

“**Services Transactions**”

with respect to any New Master Services Agreement, the provision of the Services as contemplated thereunder (as more particularly set out under the paragraph headed “**New Master Services Agreements**” of this announcement above)

“**Share**”

ordinary share of par value HK\$0.10 in the share capital of the Company

“**Shareholder**”

the holder of any Share

“**Somerley Capital**” or  
“**Independent Financial Adviser**”

Somerley 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 the EGM Matters

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**FSE Lifestyle Services Limited**  
**Lam Wai Hon, Patrick**  
*Executive Vice-Chairman*

Hong Kong, 28 April 2023

*As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) (Mr. Doo Wai Hoi, William as his alternate) as non-executive director, Mr. Lam Wai Hon, Patrick (Executive 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.*