

Report of the Directors

The Directors have pleasure to submit their report together with the audited financial statements of the Group for the Year.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in Note 35 to the consolidated financial statements.

Business Review

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) comprising analysis of the Group's performance during the Year, particulars of important events affecting the Group that have occurred since the end of the Year, as well as indication of likely future development in the business of the Group are set out in the sections headed "Chairman's Statement" on pages 12 to 17 and "Management Discussion and Analysis" on pages 46 to 85. Description of the principal risks and uncertainties facing the Group are set out in the "Corporate Governance Report" under the paragraphs headed "Risk Management and Internal Control" on pages 38 to 44. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are contained in the "Management Discussion and Analysis" on pages 65 and 71 of this annual report.

Results and Appropriation

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 30 June 2023 are set out in the consolidated financial statements on pages 105 to 201.

The Directors have resolved to recommend a final dividend of HK21.3 cents (2022: HK24.1 cents) per ordinary share for the Year to the shareholders whose names appear on the register

of ordinary shareholders of the Company on 28 November 2023. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about 11 December 2023. Together with the interim dividend of HK24.5 cents (2022: HK20.9 cents) per ordinary share paid in March 2023, total distribution of dividends by the Company for the Year will thus be HK45.8 cents (2022: HK45.0 cents) per ordinary share and a dividend payout ratio of 40.1%⁽ⁱ⁾ (2022: 41.0%⁽ⁱⁱ⁾).

Notes:

- (i) Based on the Group's adjusted profit for the year ended 30 June 2023 attributable to ordinary shareholders of HK\$514.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2023 from profit attributable to shareholders of the Company of HK\$522.9M).
- (ii) Based on the Group's adjusted profit for the year ended 30 June 2022 attributable to shareholders of the Company of HK\$494.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2022 from profit attributable to shareholders of the Company of HK\$502.9M).

The dividend policy of the Company is to deliver regular returns to shareholders through distributing funds surplus to the operating needs of the Group as determined by the Directors with a target payout ratio of not less than 30 per cent of the profit attributable to shareholders of the year, after taking into account of the following factors:

- general business conditions and strategies;
- projected operating cash flows;
- projected capital expenditures and strategic investment opportunities; and
- statutory and regulatory restrictions and provisions in the Company's articles of association.

Reserves

Details of movements in the reserves of the Group and the Company during the Year are set out in Notes 26 and 34 to the consolidated financial statements respectively.

Distributable Reserves

Details of movements in the distributable reserves of the Company during the Year are set out in Note 34 to the consolidated financial statements. At 30 June 2023, the Company's reserves available for distribution amounted to HK\$817.5 million (30 June 2022: HK\$805.4 million).

Donations

During the Year, the Group made charitable and other donations amounting to HK\$1.5 million (2022: HK\$1.2 million).

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 14 to the consolidated financial statements.

Shares Issued

Details of the Company's share capital are set out in Note 25 to the consolidated financial statements. There was no movement in the share capital during the Year.

Equity-Linked Agreements

Save for the convertible preference shares set out in Note 25 to the consolidated financial statements and the share option scheme adopted by the Company as mentioned under the section headed "Share Option Scheme" below, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 202.

Major Customers and Suppliers

During the Year, the five largest customers of the Group accounted for 54.5% of the Group's revenue and the percentage of revenue attributable to the Group's largest customer amounted to 20.1%. The percentage of purchases attributable to the Group's five largest suppliers accounted for 8.8% of the Group's total purchases and the percentage of purchases attributable to the Group's largest supplier amounted to 4.2%.

During the Year, the NWS Group (as defined in the paragraph headed "Connected Transactions" below) was the Group's largest customer while the NWD Group (as defined in the paragraphs headed "Connected Transactions" below) was one of the five largest customers of the Group. Both the NWS Group and the NWD Group are the family businesses of Dr. Cheng Kar Shun, Henry, the Chairman and Non-executive Director of the Company. Save as disclosed above, none of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) has an interest in the share capital of any of those customers or suppliers disclosed in the above paragraph.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Report of the Directors

Directors

The Directors who held office during the Year and up to the date of this report are:

Non-executive Director

Dr. Cheng Kar Shun, Henry (*Chairman*)

Executive Directors

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

Dr. Cheng Chun Fai

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon

Mr. Hui Chiu Chung, Stephen

Mr. Lee Kwan Hung, Eddie

Dr. Tong Yuk Lun, Paul

Alternate Director

Mr. Doo Wai Hoi, William (alternate to Dr. Cheng Kar Shun, Henry)

In accordance with article 105 of the Company's articles of association, Dr. Cheng Kar Shun, Henry, Mr. Poon Lock Kee, Rocky, Dr. Cheng Chun Fai and Mr. Lee Kwan Hung, Eddie shall retire as Directors by rotation at the forthcoming annual general meeting and, all being eligible, offer themselves for re-election as Directors.

The Company has received an annual confirmation from each of the Independent Non-executive Directors of his independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considered all the Independent Non-executive Directors independent.

The Directors' biographical details are set out on pages 18 to 24.

Directors' Service Contracts

No Director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

Details of the connected transactions and material related party transactions are set out on pages 92 to 99 and Note 33 to the consolidated financial statements respectively.

Save for the above and contracts amongst group companies, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Directors' Interests in Competing Business

During the Year and up to the date of this report, according to the Listing Rules, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun, Henry	New World Development Company Limited group of companies	property and carpark management and landscaping	director
Mr. Doo Wai Hoi, William ("Mr. Doo")	New World Development Company Limited group of companies	property and carpark management and landscaping	director
Mr. Lam Wai Hon, Patrick ("Mr. Lam")	NWS Holdings Limited	carpark management	alternate director to Mr. Doo Jr
Mr. Doo William Junior Guilherme ("Mr. Doo Jr")	NWS Holdings Limited	carpark management	director

As the Board is independent of the boards of the abovementioned entities and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

Directors' Rights to Acquire Shares or Debentures

At no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executives of the Company or their respective spouses or children under 18 years of age or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted Indemnity Provision

Pursuant to the Company's articles of associations and subject to the applicable laws, the Directors shall be

indemnified out of the Company's assets from and against all actions, costs, charges, losses, damages and expenses which they may incur in the execution of their duties, except for those incurred through their own fraud or dishonesty. The above indemnity provision was in force during the course of the Year and remained in force as of the date of this report.

Directors' and Chief Executive's Interests in Securities

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules were as follows:

Long position in ordinary shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares in issue	Number of underlying shares	Total number of ordinary shares interested in	Percentage of shareholding
Mr. Doo	Interest of spouse	337,500,000	43,676,379	381,176,379	84.71%

Note:

These shares are beneficially owned by Mrs. Doo Cheng Sau Ha, Amy ("Mrs. Doo"), spouse of Mr. Doo, details of which are set out in Note 3 to the paragraph headed "Substantial Shareholders' Interests in Securities" below. By Virtue of Part XV of the SFO, Mr. Doo is taken to be interested in all the shares in which his spouse is interested.

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Long position in ordinary shares of associated corporation — FSE Holdings Limited (“FSE Holdings”)

Name	Capacity/nature of interest	Number of shares	Percentage of shareholding ⁽⁵⁾
Mr. Doo	Interest of spouse	440,000,000 ⁽¹⁾	88%
Mr. Lam	Interest of controlled corporation	20,000,000 ⁽²⁾	4%
Mr. Doo Jr	Interest of controlled corporation	35,000,000 ⁽³⁾	7%
Mr. Lee Kwok Bong (“Mr. Lee”)	Interest of controlled corporation	5,000,000 ⁽⁴⁾	1%

Notes:

- These shares are held by Sino Spring Global Limited (“Sino Spring”) as to 315,000,000 shares, Power Victory Global Limited (“Power Victory”) as to 90,000,000 shares and Frontier Star Limited (“Frontier Star”) as to 35,000,000 shares, the entire issued share capital of each of which is beneficially owned by Mrs. Doo, spouse of Mr. Doo. By Virtue of Part XV of the SFO, Mr. Doo is taken to be interested in all the shares in which his spouse is interested.
- These shares are held by Equal Merit Holdings Limited (“Equal Merit”), the entire issued share capital of which is solely and beneficially owned by Mr. Lam.
- These shares are held by Master Empire Group Limited (“Master Empire”), the entire issued share capital of which is solely and beneficially owned by Mr. Doo Jr.
- These shares are held by Lagoon Treasure Limited (“Lagoon Treasure”), the entire issued share capital of which is solely and beneficially owned by Mr. Lee.
- The percentage of shareholding is calculated on the basis of 500,000,000 shares of FSE Holdings in issue as at 30 June 2023.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2023.

Substantial Shareholders’ Interests in Securities

As at 30 June 2023, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in ordinary shares and underlying shares of the Company

Name	Capacity/nature of interest	Number of ordinary shares in issue	Number of underlying shares	Total number of ordinary shares interested in	Percentage of shareholding ⁽⁶⁾
FSE Holdings	Beneficial interest and interest of controlled corporation ⁽⁵⁾	337,500,000 ⁽¹⁾	43,676,379 ⁽²⁾	381,176,379 ⁽³⁾	84.71%
Sino Spring ⁽⁴⁾	Interest of controlled corporation	337,500,000	43,676,379	381,176,379	84.71%
Fung Seng Holdings (X) Limited (“Fung Seng”) ⁽⁵⁾	Interest of controlled corporations	337,500,000	43,676,379	381,176,379	84.71%
Fungseng Prosperity Holdings Limited (“Fungseng Prosperity”) ⁽⁵⁾	Interest of controlled corporations	337,500,000	43,676,379	381,176,379	84.71%
Doo Family Prosperity Holdings Limited (“Doo Family”) ⁽⁵⁾	Interest of controlled corporations	337,500,000	43,676,379	381,176,379	84.71%
Mrs. Doo ⁽⁵⁾	Interest of controlled corporations	337,500,000	43,676,379	381,176,379	84.71%
FSE Management Company Limited (“FMC”) ⁽²⁾	Beneficial interests	–	43,676,379	43,676,379	9.71%

Notes:

1. These shares are held by FSE Holdings.
2. These shares are issuable to FMC upon full conversion of a total of 43,676,379 non-voting redeemable convertible preference shares (the "CPS") issued by the Company to FMC on 16 December 2019. Upon exercise of the conversion rights attaching to each CPS, each CPS is convertible into one ordinary share of the Company (subject to adjustments upon occurrence of certain prescribed events, including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves etc., in each case if not also made available to holder(s) of CPS) within a period of 10 years from its date of issue. FMC is wholly owned by FSE Holdings. By virtue of Part XV of the SFO, FSE Holdings is deemed to be interested in all the shares in which FMC is interested.
3. These shares comprise (a) the 337,500,000 ordinary shares in issue and held by FSE Holdings; and (b) the 43,676,379 ordinary shares issuable to FMC upon full conversion of the 43,676,379 CPS as referred to in Note 2 above.
4. FSE Holdings is held as to 63% by Sino Spring, 18% by Power Victory, 7% by Frontier Star, 7% by Master Empire, 4% by Equal Merit and 1% by Lagoon Treasure. By virtue of Part XV of the SFO, Sino Spring is deemed to be interested in all the shares in which FSE Holdings is interested.
5. Sino Spring, Power Victory and Frontier Star are wholly-owned subsidiaries of Fung Seng, which in turn is owned as to 75% by Fung seng Prosperity and 25% by Mrs. Doo. Fung seng Prosperity is a wholly-owned subsidiary of Doo Family which in turn is wholly owned by Mrs. Doo. By virtue of Part XV of the SFO, each of Fung Seng, Fung seng Prosperity, Doo Family and Mrs. Doo is deemed to be interested in all the shares in which Sino Spring is interested.
6. The percentage of shareholding is calculated on the basis of 450,000,000 voting shares of the Company in issue as at 30 June 2023. On a fully diluted basis upon full conversion of the CPS assuming no change in the number of voting shares of the Company, the total number of voting shares of the Company in issue will be 493,676,379 and the percentage of shareholdings held by FSE Holdings and FMC will be 77.21% and 8.85% respectively and in each case, each of Sino Spring, Fung Seng, Fung seng Prosperity, Doo Family and Mrs. Doo is deemed to be interested in all the shares in which FSE Holdings is interested under Part XV of the SFO. These percentage shareholdings on a fully diluted basis are provided for illustrative purposes only. The terms of the CPS will not permit conversion if immediately after such conversion, the public float of the ordinary shares of the Company will fall below the minimum public float requirements of the Listing Rules.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 30 June 2023.

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") on 20 November 2015. Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

(i) Purposes of the Scheme

The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for ordinary shares of the Company ("Shares"):

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company or any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;

- (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

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and, for the purposes of the Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

(iii) Maximum number of Shares available for issue

The total number of Shares available for issue under the Scheme is 45,000,000 Shares, representing 10.00% of the Company's issued share capital at the date of this report.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in general meeting of the Company with such grantee and his close associates abstaining from voting.

(v) Exercise period of option

An option may be exercised during a period (which may not be later than 10 years from the date of offer of the option) to be determined and notified by the Directors to the grantee thereof and, in the absence of such determination, from the date of offer to the earlier of (i) the date on which such option lapses according to the provisions of the Scheme; and (ii) 10 years from the date of offer of that option.

(vi) Vesting period of option

There is no vesting period of options granted under the Scheme unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee.

(vii) Consideration for the option

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(viii) Subscription price for the Shares

The subscription price for the Shares under the Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

(ix) Remaining life of the Scheme

The Scheme shall remain in force for a period of 10 years commencing from 20 November 2015 being the date of its adoption.

No options had been granted under the Scheme since its adoption. The number of options available for grant under the Scheme as at 1 July 2022 and 30 June 2023 was 45,000,000 without any sub-limit for any category of eligible participants.

Connected Transactions

Connected persons of the Company

Dr. Cheng Kar Shun, Henry ("Dr. Cheng"), the Chairman and Non-executive Director of the Company, is our connected person. The NWD Group, the NWS Group, the NWDS Group, the CTFJ Group and the CTFE Group (as respectively defined below), our long standing customers, are the family businesses of Dr. Cheng. To echo the policy of the Stock Exchange to enhance minority shareholders' protection, we have treated members of each of these groups of companies as our connected persons under Chapter 14A of the Listing Rules.

In the above paragraph and as appeared in this section:

“NWD Group” means New World Development Company Limited (“NWD”), the issued shares of which are listed on the Stock Exchange (stock code: 17), together with its subsidiaries from time to time but excluding the NWS Group and the NWDS Group. For the purpose of paragraph 3(a) below, the NWD Group includes the NWS Group and the NWDS Group;

“NWS Group” means NWS Holdings Limited (“NWS”), the issued shares of which are listed on the Stock Exchange (stock code: 659), together with its subsidiaries from time to time;

“NWDS Group” means New World Department Store China Limited (“NWDS”), the issued shares of which are listed on the Stock Exchange (stock code: 825), together with its subsidiaries from time to time;

“CTFJ Group” means Chow Tai Fook Jewellery Group Limited (“CTFJ”), the issued shares of which are listed on the Stock Exchange (stock code: 1929), together with its subsidiaries from time to time;

“CTFE Group” means Chow Tai Fook Enterprises Limited (“CTFE”) and its subsidiaries from time to time.

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 Jr (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.

Continuing connected transactions

The Company has entered into the following transactions during the Year and up to the date of this report with one or more the above connected persons which constituted continuing connected transactions (“CCTs”) of the Company.

(1) The 2020 master services agreements

On 24 April 2020, six new master services agreements (the “2020 Master Services Agreements”) were entered into by the Company in relation to the provision and/or receipt of services with details as follows:

- (a) a master services agreement entered into between NWD and the Company (the “2020 NWD Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the NWD Group and the Group (the “NWD CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the NWD Group, E&M engineering and environmental services, cleaning and laundry services, facility and property management services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing; and
 - the provision of, by the NWD Group to the Group, rental services, sundry services, IT support services, supply of construction and building equipment and material services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing.
- (b) a master services agreement entered into between NWS and the Company (the “2020 NWS Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the NWS Group and the Group (the “NWS CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the NWS Group, E&M engineering and environmental services, cleaning and laundry services, facility and property management services and such other types of services as the NWS Group and the Group may agree upon from time to time in writing; and

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- the provision of, by the NWS Group to the Group, contracting services, facility management services, rental services and such other types of services as the NWS Group and the Group may agree upon from time to time in writing.
- (c) a master services agreement entered into between NWDS and the Company (the “2020 NWDS Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the NWDS Group and the Group (the “NWDS CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the NWDS Group, E&M engineering and environmental services, cleaning services and such other types of services as the NWDS Group and the Group may agree upon from time to time in writing; and
 - the provision of, by the NWDS Group to the Group, rental services and such other types of services as the NWDS Group and the Group may agree upon from time to time in writing.
- (d) a master services agreement entered into between CTFJ and the Company (the “2020 CTFJ Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the CTFJ Group and the Group (the “CTFJ CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the CTFJ Group, E&M engineering and environmental services, cleaning and laundry services, facility and property management services and such other types of services as the CTFJ Group and the Group may agree upon from time to time in writing.
- (e) a master services agreement entered into between CTFE and the Company (the “2020 CTFE Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the CTFE Group and the Group (the “CTFE CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the CTFE Group, E&M engineering and environmental services, cleaning and laundry services, facility and property management services and such other types of services as the CTFE Group and the Group may agree upon from time to time in writing.
- (f) a master services agreement entered into between FMC and the Company (the “2020 Doo’s Associates Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CCT between the Doo’s Associates Group and the Group (the “Doo’s Associates CCT”) in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the Doo’s Associates Group, E&M engineering and environmental services, cleaning and laundry services, facility and property management services and such other types of services as the Doo’s Associates Group and the Group may agree upon from time to time in writing; and
 - the provision of, by the Doo’s Associates Group to the Group, leasing services, security and guarding, landscaping and such other types of services as the Doo’s Associates Group and the Group may agree upon from time to time in writing.

The 2020 Master Services Agreements and the transactions contemplated thereunder were approved by the independent shareholders at the extraordinary general meeting of the Company held on 22 June 2020. Each of the 2020 Master Services Agreements has an initial term of three years commenced on 1 July 2020 and ending on 30 June 2023. Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, each of these agreements shall 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).

During the Year, the transaction amounts under the 2020 Master Services Agreements are summarised as follows:

The 2020 NWD Master Services Agreements

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	1,249,161	2,332,768
Paid/payable by the Group	3,044	57,948

The 2020 NWS Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	1,491,766	3,715,568
Paid/payable by the Group	7,271	40,957

The 2020 NWDS Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	10,532	51,196
Paid/payable by the Group	–	1,528

The 2020 CTFE Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	10,801	151,146

The 2020 CTFJ Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	6,762	24,925

The 2020 Doo's Associates Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	26,632	228,676
Paid/payable by the Group	2,868	44,319

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(2) The 2021 Master Facility and Related Services Agreements

On 19 April 2021, five master facility and related services agreements (the "2021 Master Facility and Related Services Agreements") were entered into by the Company in relation to the provision and/or receipt of services with details as follows:

(a) a master services agreement entered into between NWD and the Company (the "2021 NWD Master Facility and Related Services Agreement") which serves to provide them with a master framework of agreement upon and to which the individual agreement for each NWD CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the NWD Group, security guarding & event services, insurance and related services, landscaping services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing; and
- the provision of, by the NWD Group to the Group, IT support services, rental services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing.

(b) a master services agreement entered into between NWS and the Company (the "2021 NWS Master Facility and Related Services Agreement") which serves to provide them with a master framework of agreement upon and to which the individual agreement for each NWS CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the NWS Group, security guarding & event services, supply of security products, insurance advisory services, landscaping services and such other types of services as the NWS Group and the Group may agree upon from time to time in writing; and

- the provision of, by the NWS Group to the Group, rental of properties, spare spaces, car parking spaces, vehicles and vessels and related services, convention and exhibition facilities and related functions and services, food and beverage catering services and such other types of services as the NWS Group and the Group may agree upon from time to time in writing.

(c) a master services agreement entered into between CTFJ and the Company (the "2021 CTFJ Master Facility and Related Services Agreement") which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CTFJ CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the CTFJ Group, security guarding & event services, insurance solutions, landscaping services and such other types of services as the CTFJ Group and the Group may agree upon from time to time in writing.
- the provision of, by the CTFJ Group to the Group, leasing or licensing of properties and such other types of services as the CTFJ Group and the Group may agree upon from time to time in writing.

(d) a master services agreement entered into between CTFE and the Company (the "2021 CTFE Master Facility and Related Services Agreement") which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CTFE CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the CTFE Group, security guarding & event services, insurance solutions, landscaping services and such other types of services as the CTFE Group and the Group may agree upon from time to time in writing.

- the provision of, by the CTFE Group to the Group, leasing or licensing of properties and such other types of services as the CTFE Group and the Group may agree upon from time to time in writing.

(e) a master services agreement entered into between FMC and the Company (the “2021 Doo’s Associates Master Facility and Related Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each Doo’s Associates CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the Doo’s Associates Group, security guarding & event services, insurance solutions, landscaping services and such other types of services as the Doo’s Associates Group and the Group may agree upon from time to time in writing; and
- the provision of, by the Doo’s Associates Group to the Group, rental and related services and such other types of services as the Doo’s Associates Group and the Group may agree upon from time to time in writing.

The 2021 Master Facility and Related Services Agreements and the transactions contemplated thereunder were approved by the independent shareholders at the extraordinary general meeting of the Company held on 9 April 2021. Each of the 2021 Master Facility and Related Services Agreements has an initial term commenced on 19 April 2021 and ending on 30 June 2023. Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, each of these agreements shall 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).

During the Year, the transaction amounts under the 2021 Master Facility and Related Services Agreements are summarised as follows:

The 2021 NWD Master Facility and Related Services Agreements

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	172,858	550,231
Paid/payable by the Group	34	9,775

The 2021 NWS Master Facility and Related Services Agreement

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	69,399	123,328
Paid/payable by the Group	–	2,308

The 2021 CTFE Master Facility and Related Services Agreement

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	5,043	11,495
Paid/payable by the Group	–	910

The 2021 CTFJ Master Facility and Related Services Agreement

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	3,870	12,242
Paid/payable by the Group	–	80

Report of the Directors

The 2021 Doo's Associates Master Facility and Related Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	4,419	10,016
Paid/payable by the Group	489	899

(3) The 2023 Master Services Agreements

On 28 April 2023, in view of the expiry of the 2020 Master Services Agreements and the 2021 Master Facility and Related Services Agreements on 30 June 2023, four master services agreements (the "2023 Master Services Agreements") were entered into by the Company in relation to the provision and/or receipt of services with details as follows:

(a) a master services agreement entered into between NWD and the Company which serves to provide them with a master framework of agreement upon and to which the individual agreement for each NWD CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the NWD Group, E&M engineering and environmental services, cleaning services, facility and property management services, security, guarding and event servicing services, landscaping services, insurance solutions services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing; and
- the provision of, by the NWD Group to the Group, rental services, sundry services, IT support services, materials supply services, contracting services, facility and property management services, insurance medical and health care services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing.

(b) a master services agreement entered into between CTFJ and the Company which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CTFJ CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the CTFJ Group, E&M engineering and environmental services (excluding lift repair and maintenance services), cleaning services (excluding recycling and environmental services), facility and property management services, security, guarding and event servicing services, landscaping services, insurance solutions services and such other types of services as the CTFJ Group and the Group may agree upon from time to time in writing; and
- the provision of, by the CTFJ Group to the Group, leasing or licensing of properties and related services and such other types of services as the CTFJ Group and the Group may agree upon from time to time in writing.

(c) a master services agreement entered into between CTFE and the Company which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CTFE CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the CTFE Group, E&M engineering and environmental services (excluding lift repair and maintenance services), cleaning services (excluding recycling and environmental services), facility and property management services, security, guarding and event servicing services, landscaping services, insurance solutions services and such other types of services as the CTFE Group and the Group may agree upon from time to time in writing; and
- the provision of, by the CTFE Group to the Group, leasing or licensing of properties and related services and such other types of services as the CTFE Group and the Group may agree upon from time to time in writing.

(d) a master services agreement entered into between FMC and the Company which serves to provide them with a master framework of agreement upon and to which the individual agreement for each Doo's Associates CCT in relation to the following services is to be entered into and subject:

- the provision of, by the Group to the Doo's Associates Group, E&M engineering and environmental services, cleaning services, facility and property management services, security, guarding and event servicing services, landscaping services, insurance solutions services and such other types of services as the Doo's Associates Group and the Group may agree upon from time to time in writing; and
- the provision of, by the Doo's Associates Group to the Group, leasing or licensing of properties and related services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing.

The 2023 Master Services Agreements and the transactions contemplated thereunder were approved by the independent shareholders at the extraordinary general meeting of the Company held on 28 June 2023. Each of the 2023 Master Services Agreements has an initial term of three years commenced on 1 July 2023 and ending on 30 June 2026. Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, each of these agreements shall 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).

Annual review of CCTs

All the CCTs during the Year mentioned above have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms;
- (c) according to the relevant agreement governing the respective transactions on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) within the caps as set out in the relevant circulars.

The Company's auditor was engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the CCTs disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, a summary of significant related party transactions made during the Year, which included the abovesaid CCTs, is disclosed in Note 33 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

Report of the Directors

Non-Compete Undertakings

On 20 November 2015, FSE Holdings, Sino Spring and Mr. Doo (collectively, the “Covenantors”) entered into a deed of non-compete undertaking (the “Deed”), under which they have given non-compete undertakings in favour of the Company (for itself and as trustee for and on behalf of each of our subsidiaries), pursuant to which they have, among other matters, irrevocably undertaken not to engage in any business (other than those of the Group) which, directly or indirectly, compete or may compete with the businesses of the Group.

The Covenantors have provided to the Company a written confirmation confirming that, since the date of listing of the Company’s shares on the Stock Exchange (that is, 10 December 2015), they have complied with the undertakings contained in the Deed and there is no matter in relation to their compliance with or enforcement of the Deed that needs to be brought to the attention of the Stock Exchange, the Company and/or the shareholders of the Company. Our Independent Non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Covenantors and reviewed the written confirmation from the Covenantors and/or such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed had not been complied with by the Covenantors during the Year.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Year.

Sufficiency of Public Float

Based on information publicly available to the Company and within the knowledge of the Directors at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The consolidated financial statements for the Year have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 27 September 2023