

# Other Information

## REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was established by the Board for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises four independent non-executive directors of the Company. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 31 December 2019 and discussed financial related matters with the management and the external auditors of the Company.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2019 have been reviewed by the Company's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance corporate value of the Group. Throughout the six months ended 31 December 2019, the Company had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## DIRECTORS' DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted its own Securities Dealing Code, which is no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, as the code for dealing in securities of the Company by its directors. All directors of the Company confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Securities Dealing Code adopted by the Company throughout the six months ended 31 December 2019.

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors since the publication of the 2018-2019 Annual Report are set out below:

- Dr. Cheng Kar Shun, Henry was appointed non-executive director of DTXS Silk Road Investment Holdings Company Limited, a listed public company in Hong Kong, with effect from 28 August 2019. Dr. Cheng retired as non-executive of SJM Holdings Limited with effect from the conclusion of its annual general meeting held on 11 June 2019.
- Mr. Poon Lock Kee, Rocky was awarded the Medal of Merit — Professions by the Macau Government in September 2019. Mr. Poon's position in the Hong Kong Federation of Electrical & Mechanical Contractors Limited was changed from Chairman to President in October 2019.
- Mr. Doo William Junior Guilherme was appointed as an independent non-executive director of The Bank of East Asia, Limited, a listed public company in Hong Kong, with effect from 1 November 2019. He ceased to act as an adjudicator of the Immigration Tribunal in September 2019.
- Mr. Kwong Che Keung, Gordon retired as an independent non-executive director of OP Financial Limited with effect from the conclusion of its annual general meeting held on 27 August 2019.

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- Mr. Lee Kwan Hung, Eddie acts as an independent non-executive director of Landsea Green Properties Co., Ltd, the company name of which was changed from Landsea Green Group Co., Ltd. with effect from 8 October 2019. He is also an independent non-executive director of Glory Sun Financial Group Limited, the company of which was changed from China Goldjoy Group Limited with effect from 2 May 2019.

Except as mentioned above, there is no change in information of each director of the Company that is required to be disclosed under Rule 13.51(2) of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2019, 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 were as follows:

### Long position in ordinary shares of associated corporation — FSE Holdings Limited ("FSE Holdings")

Name	Capacity/nature of interest	Number of shares	Percentage of Shareholding <sup>(6)</sup>
Dr. Cheng Kar Shun, Henry	Beneficial interest	90,000,000 <sup>(1)</sup>	18%
Mr. Lam Wai Hon, Patrick	Interest of controlled corporation	10,000,000 <sup>(2)</sup>	2%
Mr. Doo William Junior Guilherme	Interest of controlled corporations	45,000,000 <sup>(3)</sup>	9%
Mr. Lee Kwok Bong	Interest of controlled corporation	5,000,000 <sup>(4)</sup>	1%
Mr. Wong Kwok Kin, Andrew	Interest of controlled corporation	35,000,000 <sup>(5)</sup>	7%

Notes:

1. The shares are held by Chow Tai Fook Nominee Limited ("CTF Nominee") for Dr. Cheng Kar Shun, Henry.
2. The 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 Wai Hon, Patrick.
3. The shares are held by Master Empire Group Limited ("Master Empire") as to 25,000,000 shares and Supreme Win Enterprises Limited ("Supreme Win Enterprises") as to 20,000,000 shares, the entire issued share capital of each of which is solely and beneficially owned by Mr. Doo William Junior Guilherme.
4. The shares are held by Lagoon Treasure Limited ("Lagoon Treasure"), the entire issued share capital of which is solely and beneficially owned by Mr. Lee Kwok Bong.
5. The shares are held by Frontier Star Limited ("Frontier Star"), the entire issued share capital of which is solely and beneficially owned by Mr. Wong Kwok Kin, Andrew.
6. The percentage of shareholding is calculated on the basis of 500,000,000 shares of FSE Holdings in issue as at 31 December 2019.

Save as disclosed above, none of the directors and 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 31 December 2019.

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## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2019, 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 interests	Number of ordinary shares in issue	Number of underlying shares <sup>(6)</sup>	Total number of ordinary shares interested in	Approximate percentage of shareholding <sup>(7)</sup>
FSE Holdings <sup>(1&amp;4)</sup>	Beneficial interests and interest of controlled corporation <sup>(5)</sup>	337,500,000	43,676,379	381,176,379	84.71%
Sino Spring Global Limited ("Sino Spring") <sup>(1&amp;2)</sup>	Interest of controlled corporation	337,500,000	43,676,379	381,176,379	84.71%
Mr. Doo Wai Hoi, William ("Mr. Doo") <sup>(1&amp;2)</sup>	Interest of controlled corporation	337,500,000	43,676,379	381,176,379	84.71%
Mrs. Doo Cheng Sau Ha, Amy ("Mrs. Doo") <sup>(3)</sup>	Interest of spouse	337,500,000	43,676,379	381,176,379	84.71%
FSE Management Company Limited ("FMC") <sup>(4&amp;6)</sup>	Beneficial interests	–	43,676,379	43,676,379	9.71%

Notes:

- FSE Holdings is beneficially owned as to 63% by Sino Spring, 18% by Dr. Cheng Kar Shun, Henry (through CTF Nominee), 7% by Frontier Star, 5% by Master Empire, 4% by Supreme Win Enterprises, 2% 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.
- Sino Spring is an investment holding company wholly owned by Mr. Doo. By virtue of Part XV of the SFO, Mr. Doo is deemed to be interested in all the shares in which Sino Spring is interested.
- Mrs. Doo is the spouse of Mr. Doo and is therefore taken to be interested in all the shares in which Mr. Doo is interested by virtue of Part XV of the SFO.
- 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.
- The 381,176,379 ordinary shares in which FSE Holdings is interested include 337,500,000 ordinary shares in issue, of which FSE Holdings is the beneficiary owner, and 43,676,379 ordinary shares to be issued pursuant to the CPS as referred to in Note 6 below and beneficially owned by FMC, in which FSE Holdings is deemed to be interested as referred to Note 4 above.
- A total of 43,676,379 non-voting redeemable convertible preference shares (the "CPS") were issued by the Company to FMC on 16 December 2019. Upon the exercise of the conversion rights attaching to each of the 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.
- The approximate percentage of shareholding is calculated on the basis of 450,000,000 issued voting shares of the Company as at 31 December 2019. Upon full conversion of the CPS and assuming no further issue of voting shares of the Company, the total number of issued voting shares of the Company will be 493,676,379 and the diluted approximate percentage of shareholding held by (i) FSE Holdings, Sino Spring, Mr. Doo and Mrs. Doo and (ii) FMC will be 77.21% and 8.85% respectively. Please note that these percentages 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 requirements of the Listing Rules.

# Other Information

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 31 December 2019.

## **CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES**

On 18 October 2019, FSE Property Management Group Limited ("FPMGL") (as borrower), and FSE Engineering Group Limited ("FSEEG") and FSE Facility Services Group Limited ("FFSGL") (as guarantors), all being wholly-owned subsidiaries of the Company, entered into a 2-year term loan facility agreement (the "Facility Agreement") with a bank. The Facility Agreement provides for up to the lesser of HK\$600 million or 80% of the total consideration of an acquisition, details of which are set out in the "Management Discussion and Analysis" under the paragraphs headed "Major transaction" on pages 16 to 17, for the financing for the acquisition. The loan under the Facility Agreement bears an interest of 0.7% per annum over Hong Kong Interbank Offered Rate and is repayable on the date that is two years from the drawdown date.

Under the Facility Agreement, each of FPMGL, FSEEG and FFSGL (collectively, the "Obligors") undertakes to procure that Mr. Doo Wai Hoi, William, a controlling shareholder of the Company, and Mr. Doo William Junior Guilherme, a director of the Company, shall maintain not less than 51% direct or indirect shareholding of each of the Obligors, the breach of which will constitute an event of default under the Facility Agreement. Upon occurrence of an event of default, all amounts advanced under the Facility Agreement including all interest accrued thereon will become immediately due and repayable, and the bank shall not be required to make any further advances under the Facility Agreement.

Announcement regarding the entering into of the Facility Agreement was made on 18 October 2019 pursuant to Rule 13.18 of the Listing Rules. As at 31 December 2019, the principal amount of the bank loan in respect of the Facility Agreement of HK\$563.9 million remained outstanding.

Save as disclosed above, as at 31 December 2019, the Company did not have other disclosure obligations under Rule 13.21 of the Listing Rules.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "Scheme") on 20 November 2015. No share option has been granted under the Scheme since its adoption.

## **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 six months ended 31 December 2019.