

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **FSE Lifestyle Services Limited**, you should at once hand this Circular to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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FSE LIFESTYLE SERVICES LIMITED

豐盛生活服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

CONTINUING CONNECTED TRANSACTIONS
(1) NWD MASTER SERVICES AGREEMENT
(2) CTFE MASTER SERVICES AGREEMENT
(3) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT
AND
NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

All capitalised terms used in this Circular shall have the meanings ascribed to them in the section headed "Definitions" of this Circular.

A letter from the Board is set out on pages 11 to 53 of this Circular. A letter from the Independent Board Committee is set out on pages 54 to 55 of this Circular. A letter from Somerley Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 56 to 105 of this Circular.

A notice convening the EGM to be held at 17th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 25 June 2026 at 10:45 a.m. is set out on pages EGM-1 to EGM-3 in this Circular.

A form of proxy for use at the EGM is enclosed with this Circular. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the EGM should you so wish.

29 May 2026

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DEFINITIONS

In this Circular,

(a) all references to Rules and Chapters are references to Rules and Chapters of the Listing Rules unless otherwise stated.

(b) the following expressions have the following meanings, unless the context requires otherwise.

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Announcement”	the announcement of the Company dated 24 April 2026 in relation to the Services Transactions contemplated under the New Master Services Agreements
“Annual Caps”	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 FY2027, FY2028 and FY2029
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Connected Parties”	the NWD Group, the CTFE Group and the Doo’s Associates Group collectively
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited (周大福企業有限公司), a company incorporated in Hong Kong with limited liability
“CTFE Group”	CTFE and its subsidiaries from time to time
“Definitive Agreements”	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
“Director”	the director of the Company

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“Doo’s Associates Group”	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
“Dr. Cheng”	Dr. Cheng Kar Shun, Henry, the chairman and non-executive Director
“Effective Date”	1 July 2026
“EGM”	an extraordinary general meeting of the Company to be convened and held at 17th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 25 June 2026 at 10:45 a.m. to consider and approve the EGM Matters
“EGM Matters”	the New Master Services Agreements, the Services Transactions contemplated thereunder respectively and their Annual Caps
“Former Annual Caps”	with respect to any Former Master Services Agreement, the estimated maximum aggregate annual amounts in respect of the provision of the services contemplated thereunder for each of the FY2024, FY2025 and FY2026
“Former Master Services Agreements”	<p>the following former master services agreements collectively:</p> <p>(1) the master services agreements dated 28 April 2023 as supplemented by an addendum dated 17 November 2023 (“Former CTFE Master Services Agreement”) both entered into between the Company and CTFE in relation to the provision of (a) the FSE Services (not including lift repair and maintenance services under the FSE E&M 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;</p>

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- (2) the master services agreements dated 28 April 2023 (“**Former Doo’s Associates Group Master Services Agreement**”) 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
- (3) the master services agreements dated 28 April 2023 and (“**Former NWD Master Services Agreement**”) 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

“FSE Holdings”	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 Latest Practicable Date
“FSE Insurance Solutions Services”	the FSE Insurance Solutions Services to NWD Group and the FSE Insurance Solutions Services to Others collectively
“FSE Management”	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
“FY” or “financial year”	financial year of the Company ended or ending 30 June
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board, which comprises five independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Ms. Leung Wan Chong Christine and Mr. Martin Nicholas Hadaway, established to advise the Independent Shareholders on, among other matters, the fairness and reasonableness of the EGM Matters

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“Independent Shareholders”	the Shareholders, other than CTFE, FSE Holdings, NWD, Mrs. Doo and their respective associates, who do not have any material interest in the EGM Matters to be considered at the EGM
“Latest Practicable Date”	22 May 2026, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai Hoi, William, the spouse of Mrs. Doo
“Mr. Doo Jr.”	Mr. Doo William Junior Guilherme, an executive Director
“Mr. Lam”	Mr. Lam Wai Hon, Patrick, the executive vice-chairman, Chief Executive Officer, and an executive Director of the Company
“Mr. Lee”	Mr. Lee Kwok Bong, an executive Director
“Mrs. Doo”	Mrs. Doo Cheng Sau Ha, Amy, one of the controlling shareholders of the Company
“New Master Services Agreements”	<p>the following new master services agreements collectively:</p> <ol style="list-style-type: none">(1) the new master services agreement dated 24 April 2026 (“CTFE Master Services Agreement”) entered into between the Company and CTFE in relation to (a) the provision of the FSE Services (not including lift repair and maintenance services under the FSE E&M Services) and the FSE Insurance Solutions Services to Others by the Group to the CTFE Group; and (b) the CTFE Services by the CTFE Group to the Group;(2) the new master services agreement dated 24 April 2026 (“Doo’s Associates Group Master Services Agreement”) entered into between the Company and FSE Management in relation to the provision of (a) the FSE Services and the FSE 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

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- (3) the new master services agreement dated 24 April 2026 (“**NWD Master Services Agreement**”) entered into between the Company and NWD in relation to the provision of (a) the FSE Services and the FSE 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 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
“NWD Services Group Master Services Agreement”	the master services agreement dated 24 April 2026 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
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07
“Rental Services”	the NWD Rental Services, the CTFE Rental Services and the Doo’s Associates Rental Services
“Services”	(1) the following services from the Group: (A) the following services (“ FSE Services ”): <ul style="list-style-type: none">● 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 transportation facilities and other public institutions and facilities, and recycling and environmental services and related services (the “FSE Cleaning Services”);

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- 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 related services 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 system plumbing and drainage systems, lift repair and maintenance services, electrical systems, system design and consultancy computer aided drafting services and related services (“**FSE E&M Services**”);
- provision of installation and maintenance of water treatment systems, odour abatement systems, construction site wastewater treatment systems, EV charging infrastructure, IoT solutions, consultancy services for energy audit, carbon audit, building environmental assessment, indoor air quality and water quality assessment, laboratory services, and landscape and plant management and maintenance, supply of plants and related services; and sales of tiles, building service products including pipes, pumps, accessory valves and fittings, building automation systems, heating, ventilation, air-conditioning parts, fire services products, environmental engineering products covering building services water treatment and odour abatement systems, air quality monitoring machines, construction site wastewater treatment systems, EV charging products and plants (the “**FSE Environmental Solutions Services**”);

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- provision of facility and property management services, letting agency services, consultancy services, property sales, the provision of carparking management and other related services (the “**FSE 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 “**FSE Security, Guarding and Event Servicing Services**”);
- (B) provision of insurance consultancy and advisory services (the “**FSE 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 “**FSE Insurance Solutions Services to Others**”);
- (2) the following services from the Connected Parties:
- (A) the following services (“**NWD 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 (“**NWD IT Support Services**”);

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- 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 (“**NWD Sundry Services**”);

(B) the following services (“**CTFE 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 “**CTFE Contracting Services**”);
- provision of convention and exhibition facilities, property management and related functions and services, food and beverage catering services, trading and supply, merchandise sourcing and related services (“**CTFE Facility and Property Management Services**”);
- provision of insurance advisory, insurance underwriting services and policy underwriting services and related services (“**CTFE Insurance Related Services**”);
- leasing or licensing of properties and the rights to use properties, including, without limitation, spare spaces, car parking spaces and related services (“**CTFE Rental Services**”); and

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(C) 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 the Letter from the Board of this Circular)

“SFO”

the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“Share”

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

“Shareholder”

the holder of any Share

“Sommerley Capital” or
“Independent Financial
Adviser”

Sommerley 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

DEFINITIONS

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

LETTER FROM THE BOARD



FSE LIFESTYLE SERVICES LIMITED

豐盛生活服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

Non-executive Director:

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

Executive Directors:

Mr. Doo Wai Hoi, William (*Chairman*)

Mr. Lam Wai Hon, Patrick (*Executive Vice-Chairman and Chief Executive Officer*) (*also acts as alternate director to Dr. Cheng Kar Shun, Henry*)

Mr. Doo William Junior Guilherme

Mr. Lee Kwok Bong

Mr. Soon Kweong Wah

Dr. Cheng Chun Fai

Mr. Chan Ju Wai

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head office and principal place of business in Hong Kong:

Units 801–810, 8th Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay, Kowloon

Hong Kong

Independent Non-executive Directors:

Mr. Kwong Che Keung, Gordon

Mr. Hui Chiu Chung, Stephen

Mr. Lee Kwan Hung, Eddie

Ms. Leung Wan Chong Christine

Mr. Martin Nicholas Hadaway

29 May 2026

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS

(1) NWD MASTER SERVICES AGREEMENT

(2) CTFE MASTER SERVICES AGREEMENT

(3) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT

INTRODUCTION

Reference is made to the Announcement. As disclosed in the Announcement, members of the Group regularly enter into continuing connected transactions regarding the provision of the Services to and from members of the NWD Group, the CTFE Group and the Doo's Associates Group. In order to streamline these continuing connected transactions, the Company has entered into the New Master Services Agreements.

LETTER FROM THE BOARD

The purpose of this Circular is to provide you with, among other matters, (i) further details of the New Master Services Agreements and the Services Transactions contemplated thereunder respectively; (ii) the advice of the Independent Board Committee to the Independent Shareholders; (iii) the advice from Somerley Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules.

NEW MASTER SERVICES AGREEMENTS

1. NWD Master Services Agreement

As the initial term of the Former NWD Master Services Agreement will expire on 30 June 2026, the Company and NWD have entered into the NWD Master Services Agreement. This new agreement provides a master framework of agreement for the Definitive Agreements to be entered into between the Group and the NWD Group. Furthermore, as the Group is part of the Services Group (Doo's Associates), the NWD Master Services Agreement also serves as a definitive agreement under the NWD Services Group Master Services Agreement.

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

Date : 24 April 2026

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 its 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.

The above conditions precedent remain unfulfilled as at the Latest Practicable Date.

Duration : Subject to fulfillment of the conditions precedent contained in the NWD Master Services Agreement, the NWD Master Services Agreement is for an initial term of three years commencing on the Effective Date and ending on 30 June 2029 (both days inclusive), unless terminated at an earlier date pursuant to the NWD Master Services Agreement.

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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, the FSE 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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated FSE Services or FSE Insurances Solutions Services to NWD Group.

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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated NWD Services.

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 Agreement, which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the NWD Master Services Agreement and continue in full force and effect until their termination in accordance with their respective terms.

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2. CTFE Master Services Agreement

As the initial term of the Former CTFE Master Services Agreements will expire on 30 June 2026, the Company and CTFE have entered into the CTFE Master Services Agreement. This new agreement provides a master framework of agreement for the Definitive Agreements 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 : 24 April 2026

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 its Annual Caps.

The above condition precedent remain unfulfilled as at the Latest Practicable Date.

Duration : Subject to the fulfillment of the condition precedent of the CTFE Master Services Agreement, the CTFE Master Services Agreement is for an initial term of three years commencing on the Effective Date and ending on 30 June 2029 (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.

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- Services to be provided by the Group to the CTFE Group : The FSE Services (not including lift repair and maintenance services under the FSE E&M Services), the FSE 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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated FSE Services or FSE Insurances Solutions Services to Others.
- 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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated CTFE Services.
- 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 Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the CTFE Master Services Agreement and continue in full force and effect until their termination in accordance with their respective terms.

3. Doo's Associates Group Master Services Agreement

As the initial term of the Former Doo's Associates Group Master Services Agreement will expire on 30 June 2026, the Company and FSE Management have entered into the Doo's Associates Group Master Services Agreement. This new agreement provides a master framework of agreement for the Definitive Agreements to be entered into between the Group and the Doo's Associates Group.

LETTER FROM THE BOARD

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

- Date : 24 April 2026
- 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 its Annual Caps.
- The above condition precedent remain unfulfilled as at the Latest Practicable Date.
- 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 is for an initial term of three years commencing on the Effective Date and ending on 30 June 2029 (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 FSE 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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated FSE Services or FSE Insurances Solutions Services to Others.

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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. The other types of services to be agreed upon from time to time shall be strictly ancillary, incidental, or complementary in nature to the specifically enumerated Doo's Associates Services.

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 Agreement 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 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 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 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 CTFE Group or the Doo's Associates Group (as the case may be) has (have) been

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selected by the relevant member(s) of the Group, the NWD 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 the CTFE Master Services Agreement is also subject to the following qualification apart from the above:

- CTFE and its 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 FSE Insurance Solutions Services to Others, and neither CTFE nor any of its 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 FSE Insurance Solutions Services to Others.

Each of the Group, the NWD Group and the Doo's Associates Group effectively has the right and discretion same as that of the CTFE Group mentioned in (1) immediate above despite that it is not an express provision under the NWD Master Services Agreement and the Doo's Associates Group Master Services Agreement.

PRICING POLICIES (GENERAL PRINCIPLE)

As a general principle, from the Group's perspective, 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 than those charged and provided to independent third party customers of the Group (in respect of the FSE Services and the FSE Insurance Solutions Services); and
- (4) at prices and on terms no less favourable to the Group than those paid to or available from independent third party suppliers of the Group (in respect of the NWD Services, the CTFE Services and the Doo's Associates Services).

PRICING POLICIES (PRICING POLICY AND PROCEDURES)

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

These pricing policy and procedures ensure that the Group compares the terms of the Services Transactions (including pricing) with market terms before entering into such transactions, ensuring the terms of the Services Transactions are comparable to market norms (or are more favourable than those available from independent third parties). Additionally, the

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Company has established internal control measures to report and monitor continuing connected transactions. These measures include the regular checks by the Group's legal, company secretarial, managers and the general managers to ensure adherence to these pricing policy and procedures, as well as annual assessments of the transactions conducted by the internal audit department of the Group. Further details are set out in the paragraph headed "Internal Control Measures" below in the Letter from the Board of this Circular.

Accordingly, the Directors are of the view that these pricing policy and procedures ensure the Services 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

FSE Cleaning Services

As regards the FSE 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 third party 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. In assessing the historical profit margin of similar type of existing contracts, the Group will refer to its internal records of completed and ongoing cleaning service contracts with independent third-party customers of comparable nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's management accounts and tender records and are reviewed and updated on a periodic basis. Generally, the Group will consider at least two comparable contracts entered into with independent third-parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract, and will take into account the average profit margins of these comparable contracts

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as a reference point for determining the profit margin to be charged to the Connected Parties. 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 deputy general managers, director and general manager and managing director 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 is 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.

FSE E&M Services

As regards the FSE E&M Services to be provided by the Group 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 FSE E&M 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

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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 available) 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. In determining the tender price (and in particular, the mark-up) and comparing it with current and historical market prices, the Group will refer to its internal records of existing contracts and tenders with independent third-parties of comparable nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider market prices and mark-ups of at least two similar projects and tenders entered into with independent third-parties within the past year, or, if no such projects and tenders are available, the latest projects and tenders, and uses these as a reference in determining tender prices to ensure fairness and reasonableness. 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 the independent third party customers 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.

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FSE Environmental Solutions Services

As regards the environmental management services to be provided by the Group as part of the FSE Environmental Solutions 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 estimate 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 Group will obtain the information on the latest market trend through meetings with independent clients, and industry association meeting with other environmental management service providers. To determine acceptable price levels and the appropriate mark-up, the Group will make reference to its internal records of existing contracts with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider the prices and mark-ups of at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contracts with independent third parties. These prices and average mark-ups are then used as a reference in determining the appropriate mark-up and ensuring fairness and reasonableness. The prices including the mark-up for the relevant services are reviewed and approved by the general manager of the environmental solutions 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 customers under a fair basis. The general manager of the environmental solutions 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 solutions 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.

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As regards the landscaping services to be provided by the Group as part of the FSE Environmental Solutions Services 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 comparables of fee quotations provided by the Group to other independent third party customers, taking into account factors including the nature and type of services to be rendered.
- In assessing the service fees for the 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. Furthermore, 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 (if available) in coming up with a competitive quotation. In determining the service fee and acceptable profit margin based on historical fee quotations and profit margin for similar type of contracts, the Group refers to its internal records of existing contracts and fee quotations with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract, and refers to the average profit margins of these independent contracts. With respect to recent fees charged by the competitors, the Group obtains such information, where available, from tender results recorded in meeting minutes, notifications, or other records maintained by the property management of the relevant estates.
- Strategic consideration is also important for the Group in assessing its landscaping services fees, 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.

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- Procedural wise, the project officer or senior operation manager/deputy general manager/assistant general manager would calculate the expected costs as the baseline for the tender proposal, depending on the tender requirement and the background of customers, the charges 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 Group than those offered to the independent third party customers.

As regards the sale of goods under the FSE Environmental Solutions Services to be provided by the Group pursuant to the relevant New Master Services Agreements:

- The sale of goods are mainly in respect of the supply of tiles and building services products including pipes, pumps, accessory valves and fittings, building automation systems, heating, ventilation, air-conditioning parts, fire services products, environmental engineering products covering building services water treatment and odour abatement systems, air quality monitoring machines, construction site wastewater treatment systems, EV charging products and plants, the Group's contract sums will be at a fixed monetary amount primarily based on the Group's purchase costs which include mainly the costs of purchasing of tiles and building service products, 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 tiles and building service products are to be provided by the Group) above or reflective of the current market prices of the tiles and/or building service products 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 tiles and/or building service products 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

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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 of tiles or building service products 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 tiles and building service products 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 tiles and/or building service products 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.

FSE Facility and Property Management Services

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

- The FSE 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 FSE 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 on the basis of the estimated manpower and qualified professional staff required according to the scope of services, material and consumables required, equipment required by the customer plus a profit margin on normal commercial terms based on the prevailing market rate. The proposed profit margin for the FSE 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. In determining the profit margin based on the prevailing market

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rate and/or the historical profit margin of similar type of existing contracts, the Group refers to its internal records of existing property management contracts with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's portfolio analysis report and are reviewed and updated on a periodic basis. Generally, the Group will consider at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract, and refers to the average profit margins of these independent contracts. Also, there are management service contracts which the Group receives the income 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 (including cost of material and consumables required and equipment required by the customer), and having regard to the Group's business strategy (including the expansion of the Group's market share in the industry and exploration of strategic locations for the Group's business), the market comparable charge rate and normal commercial terms. In determining the remuneration and service charge rate based on market comparable charge rates for similar type of existing contracts, the Group will obtain, for reference, at least two comparable charge rates from other estates managed by independent third parties from the accessible income and expenditure accounts of properties displayed to the relevant owners in accordance with the Buildings Management Ordinance (Chapter 344 of the Laws of Hong Kong) with comparable nature, scale, scope of services, and contract duration in the region relevant to the service contract. Such information will be used as a reference in determining the remuneration or service fee charge rate to ensure fairness and reasonableness. 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/assistant director and a director in accordance with the company's approval procedures with limits of authority.

- For tendering contract, where a member of the Group is 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 is 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.

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FSE Insurance Solutions Services

As regards the FSE 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 third party 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. In determining the brokerage rate, the Group refers to prevailing market commission levels for similar types of insurance products. These are obtained from multiple sources, including quotations and commission schedules provided by independent insurers, market intelligence gathered through the Group's ongoing business dealings with independent insurers, and publicly available industry information in the most recent year where applicable. The Group also considers factors such as the type of insurance product, coverage scope, risk profile, premium size, and policy complexity. The brokerage rate received by the Group is in line with the normal level of commission paid in the insurance market. To ensure this rate is in line with the normal level of commission paid in the market, the Group compares the proposed brokerage rate with a range of commission rates offered by at least two different independent insurers for comparable insurance products in the most recent year, taking into account the prevailing market range. This assessment is conducted on a case-by-case basis. On this basis, the Group does not charge its customers in providing the FSE Insurance Solutions Services. The commission received by the Group from the insurers depends 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 clients' proposal, quotation slips, confirmation slips and debit notes) are prepared by the relevant account manager or executive, the documents 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 managing director of the relevant business group. For other insurance policy with small premium and/or insured values, the department heads are informed during the procurement process.

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- 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 FSE 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. In determining the service charge (including the profit margin) for such consultancy services, the Group generally adopts a cost-plus pricing approach. Under this approach, a reasonable mark-up is applied to the estimated direct staff costs and out-of-pocket expenses to reflect an appropriate profit margin, taking into account the nature and complexity of the assignment and prevailing market practices for similar consultancy services. The Group may also consider quotations obtained from, or fee levels charged by, at least two independent service providers for comparable consultancy services (where available) as a benchmark to ensure that the proposed service charge and profit margin are fair, reasonable, and consistent with normal commercial terms.
- The proposed service charge, brokerage rate, and profit margin are initially prepared by the responsible personnel in charge of the assignment based on the above pricing principles. They are then reviewed and approved by the team-in-charge and senior management (including, where applicable, the Chief Commercial Officer and Managing Director) in accordance with the Group's internal approval procedures and limits of authority before being offered to the customer. This review is intended to ensure consistent application of the pricing policy and that the service charge (including the profit margin) is fair, reasonable, and aligned with the interests of the Group.
- 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 the FSE 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.

FSE Security, Guarding and Event Servicing Services

As regards the FSE 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 third party customers, taking into account factors including the nature and type of services to be rendered.

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- Where the Group participates in a tender, the Group would conduct a detailed analysis which begins with a thorough study of the tender requirements. Factors that the Group takes into account include the number of staff required for the contract, the qualifications of the staff required for the contract (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 analyses 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 contract.
- In assessing the costs of the contract, the labour cost plays a significant factor given the FSE 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 contracts in certain geographical area or contracts 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 contract, the expectation of the service level and the historical profit margin for similar type of contracts. In assessing the historical profit margin for similar types of contracts, the Group will refer to its internal records of completed and ongoing security, guarding, and event servicing contracts with independent third-party customers of comparable nature, scale, scope of services, and contract duration. Such information is derived from the Group's management accounts and tender records, which are maintained on a contract-by-contract basis and reviewed periodically. Generally, the Group will consider at least two contracts entered into within the past three years and will take the average profit margin of these independent contracts as a reference. The Group would also consider the recent tender prices by its competitors (if available) in order to remain competitive in the market. Information on competitors' tender prices is obtained from publicly available sources (such as tender results announced by customers), industry knowledge, and feedback from customers during or after the tender process. Where available, this information serves as a general market reference and is considered alongside the Group's internal cost structure and target profit margin when determining the proposed pricing.
- The tender requirements are examined with inputs from operations and marketing staff of the Group. The latter will also prepare a costing worksheet with all costs elements and profit margins as illustrated above. The proposal, including the costing worksheet, will then be approved and signed by a director and general manager/ assistant general manager of the relevant business group.

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- 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 FSE 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.

Directors' View on the Pricing Basis and Normal Commercial Terms

The Directors consider that the pricing mechanisms and procedures described above for determining the price level, profit margin, tender price, mark-up, contract sum, brokerage rate, service fee, service charge, remuneration and service charge rate (as the case may be) ensure that the transactions will be conducted on normal commercial terms or better to the Group from time to time. This is achieved by systematically benchmarking the proposed pricing against objective market data and the Group's actual historical records. Specifically, by requiring reference to at least two comparable transactions involving independent third parties — whether through historical profit margins, prevailing market commission rates, competitor tender prices, or market comparable charge rates — and generally adopting the average of these independent comparables as a benchmark, the Group ensures that the pricing offered to or by the Connected Parties will be strictly in line with prevailing market practices. Consequently, the terms will be no less favourable to the Group than those available to or from independent third parties. Therefore, the Directors are of the view that these objective, market-driven pricing policies, supported by the Group's strict internal review and approval procedures, ensure the transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Services to be provided by members of the Connected Parties

CTFE Contracting Services

As regards the CTFE Contracting Services to be provided to the Group by members of the CTFE Group pursuant to the CTFE 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 the CTFE 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 CTFE Group can be compared and assessed by the Group in determining if they

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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 CTFE 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, after considering all the above factors, the project director will determine and approve to award the contract to such member of the CTFE Group.

CTFE Facility and Property Management Services

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

- The fees payable by the Group will be determined by reference to the market prices provided to the administration and support department manager of the Group by quotations obtained from other independent service providers which are on the list of service providers of the Group and hold the property management company licence if applicable and a minimum of two relevant quotations will be obtained if available, taking into account factors including the nature, type of services to be rendered and the venue or locations and requirements of the event, functions or activities as determined by the general manager of the relevant business group that if a member of CTFE 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 CTFE Group.

CTFE Insurance Related Services

As regards the CTFE Insurance Related Services to be provided to the Group by members of the CTFE Group pursuant to the CTFE Master Services Agreement:

- The premium or fees payable by the Group will be determined by the managing director of the relevant business group by reference to the quotations obtained by department head of the relevant business group from other independent insurers which are on the register of Authorized Insurers of the Insurance Authority and a minimum of two relevant quotations will be obtained 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)) that if a member of the CTFE 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 CTFE Group.

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NWD IT Support Services

As regards the NWD 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 then two quotations from other independent services providers will be obtained, they would also be taken into account when the service charges are determined that 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.
- Administration and support department manager considers the above factors, and submits the proposal to the general manager — IT and the general manager of the relevant business group for approval.

Rental Services

As regards the Rental Services to be provided to the Group by members of the NWD Group, the CTFE Group and the Doo's Associates Group pursuant to the NWD 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 two 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 which are on the register of Estate Agents Authority.
- 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.
- 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

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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 that if a member of the NWD Group, CTFE Group, or Doo's Associates Group offers the rental and terms equal to or better than those offered by the independent owners and conforms to all the essential requirements (including but not limited to locations, user, area, facilities) of the properties to be provided, the Group may enter into agreement with such member of the NWD Group, CTFE Group, or Doo's Associates Group.

NWD Sundry Services

As regards the NWD 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 at least two comparables if available of the market prices obtained by the group manager/assistant director of the relevant business group from other independent suppliers, taking into account factors including the nature, locations and type of services to be rendered for approval by the director of the relevant business group that if a member of the NWD Group offers the fee 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, capability and historical relationship) of the services to be provided, the Group may enter into agreement with such member of the NWD Group.

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 which covers the identification, approval and execution, registration, reconciliation and checking, reporting and monitoring of the continuing connected transactions, the designated officer of operation department and supporting department who will ensure that the continuing connected transactions are on normal commercial terms and no less favourable to those offered to/by independent third parties, 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 of the Company. 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 and senior finance 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.

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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 by examining records and documents of the continuing connected transactions to check whether the policy and procedures on the identification, approval and execution, registration, reconciliation and checking, reporting and monitoring of the continuing connected transactions are in order and effective 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.

Set out below are the Group's internal procedures in place which help to ensure that the Definitive Agreements will be entered into in accordance with the terms of the New Master Services Agreements, on normal commercial terms and no less favourable to those offered to/by independent third parties:

- (1) Access to Documentation and Information: Members of the operational teams of the Group have full access to the New Master Services Agreements, the pricing terms and policies of the Group, trends in market prices of the Services to ensure that they are well aware of all these and their changes prior to negotiating and assessing the terms of the Definitive Agreements.
- (2) Strict compliance with the Group's pricing policy and procedures: Members of the operational teams of the Group are required to follow strictly the Group's pricing policy and procedures (and in case of tenders, the Group's internal tendering guidelines and procedures) in respect of the Services when negotiating the terms of the Definitive Agreements and to seek the view and advice of the company secretary of the Company in case of queries.
- (3) Approval Process: The final terms of the Definitive Agreements (or as the case may be, the terms and conditions of the tenders) will have to be reviewed by the company secretary of the Company and approved by at least one authorized Director (not being interested in the relevant Services Transactions) prior to signing (or as the case may be, the making of the tender) to ensure the terms of Definitive Agreements are in compliance with the New Master Services Agreements, on normal commercial terms and no less favourable to those offered to/by independent third parties.

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- (4) Compliance Review: Compliance with the Group's internal procedures are reviewed on an annual basis by the internal audit department of the Group to identify if any aspects of the internal procedures require improvement and provide recommendations to the audit committee of the Board of the Company for approval.

HISTORICAL AGGREGATE TRANSACTION AMOUNTS

The historical aggregate transaction amounts in respect of the Services Transactions for the FY2024, FY2025 and the six months ended 31 December 2025 respectively are set out below.

Services between the Group and the NWD Group

Categories	Aggregate transaction amount		
	FY2024	FY2025	Six months ended 31 December 2025
	(HK\$'000)	(HK\$'000)	(HK\$'000)
FSE Services and the FSE Insurance Solutions Services to NWD Group provided by the Group	1,232,199	621,968	210,617
NWD Services provided by the NWD Group	6,063	3,086	1,482
Total	1,238,262	625,054	212,099

Note: The Former Annual Caps for services provided by the Group to the NWD Group are HK\$2,788,167,000 (FY2024), HK\$2,659,098,000 (FY2025) and HK\$3,422,431,000 (FY2026). The Former Annual Caps for services provided by the NWD Group to the Group are HK\$51,140,000 (FY2024), HK\$42,151,000 (FY2025) and HK\$55,009,000 (FY2026). Please refer to the Company's announcement dated 20 November 2023 for further details.

The overall cap utilization rates of the Former Annual Caps with NWD Group were low, mainly due to (i) the Group failing to win FSE E&M Services and FSE Cleaning Services tenders for a number of residential development projects and government projects in Hong Kong and for a number of commercial complex projects and department store projects in the PRC; (ii) the delay of FSE E&M Services and FSE Facility and Property Management Services tenders with respect to certain potential projects; (iii) less than expected demand from NWD Group following NWD Group disposed of Kai Tak Sports Park Ltd (which is one of the Group's customers) in November 2024; and (iv) less than expected demand from NWD Group for the Group's FSE E&M Services and FSE Environmental Solutions Services after NWD Group disposed of Hip Seng Construction Group Limited (協盛建築集團有限公司) and its subsidiaries (which mainly acts as the main contractor or project manager) in June 2023.

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Services between the Group and the CTFE Group

Categories	Aggregate transaction amount		
	FY2024	FY2025	Six months ended 31 December 2025
	(HK\$'000)	(HK\$'000)	(Note 2) (HK\$'000)
FSE Services (not including lift repair and maintenance services under the FSE E&M Services), and the FSE Insurance Solutions Services to Others provided by the Group	962,258	904,126	567,871
CTFE Services provided by the CTFE Group	3,675	850	462
Total	965,933	904,976	568,333

Notes:

- (1) The Former Annual Caps for services provided by the Group to the CTFE Group are HK\$1,397,829,000 (FY2024), HK\$2,909,308,000 (FY2025) and HK\$3,523,867,000 (FY2026). The Former Annual Caps for services provided by the CTFE Group to the Group are HK\$27,113,000 (FY2024), HK\$51,228,000 (FY2025) and HK\$57,702,000 (FY2026). Please refer to the Company's announcement dated 20 November 2023 for further details.

- (2) Chow Tai Fook Jewellery Group Limited (stock code: 1929) and its subsidiaries (the "CTFJ Group") became members of the CTFE Group on 5 December 2025, following CTFE's acquisition of a greater than 50% shareholding in Chow Tai Fook Jewellery Group Limited. The historical amounts for this six-month period has included those attributable to the CTFJ Group for the period of 5 December 2025 to 31 December 2025.

The overall cap utilization rates of the Former Annual Caps with CTFE Group were low, mainly due to (i) the Group failing to win FSE E&M Services and FSE Cleaning Services tenders for some residential development projects, education campus and government projects in Hong Kong and for some commercial complex projects in the PRC; and (ii) the delay of the potential projects with respect to some FSE E&M Services.

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Services between the Group and the Doo's Associates Group

Categories	Aggregate transaction amount		
	FY2024 <i>(HK\$'000)</i>	FY2025 <i>(HK\$'000)</i>	Six months ended 31 December 2025 <i>(HK\$'000)</i>
FSE Services and the FSE Insurance Solutions Services to Others provided by the Group	22,786	10,075	3,924
Doo's Associates Services provided by the Doo's Associates Group	<u>9,526</u>	<u>76,048</u>	<u>8,415</u>
Total	<u><u>32,312</u></u>	<u><u>86,123</u></u>	<u><u>12,339</u></u>

Note: The Former Annual Caps for services provided by the Group to the Doo's Associates Group are HK\$280,791,000 (FY2024), HK\$356,559,000 (FY2025) and HK\$422,082,000 (FY2026). The Former Annual Caps for services provided by the Doo's Associates Group to the Group are HK\$33,887,000 (FY2024), HK\$104,619,000 (FY2025) and HK\$18,690,000 (FY2026).

The relatively low cap utilisation rates of the Former Annual Caps with Doo's Associates Group was mainly due to (i) certain tenders in relation to the FSE E&M Services and FSE Facility and Property Management Services in the PRC did not take place as expected; and (ii) some contracts awarded in relation to the FSE E&M Services in the PRC were with less contract sums than expected.

ANNUAL CAPS

The expected Annual Caps in respect of the Services Transactions contemplated under each of the New Master Services Agreements for the FY2027, FY2028 and FY2029 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.

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NWD Master Services Agreement

Categories	Annual Caps		
	FY2027 <i>(HK\$'000)</i>	FY2028 <i>(HK\$'000)</i>	FY2029 <i>(HK\$'000)</i>
FSE Services and the FSE Insurance Solutions Services to NWD Group to be provided by the Group <i>(Note)</i>	1,033,552	1,250,182	1,244,105
NWD Services to be provided by the NWD Group	11,726	12,355	12,896
Total	1,045,278	1,262,537	1,257,001

Note: Approximately HK\$600.7 million (FY2027), HK\$822.8 million (FY2028) and HK\$789.7 million (FY2029) of the Annual Caps are from estimated potential projects.

The increase in Annual Caps for the FSE Services and the FSE Insurance Solutions Services to NWD Group as compared with the historical amounts between the Group and the NWD Group is mainly due to:

- (i) existing contracts relating to (a) provision of E&M services, cleaning and general security services for various office buildings and commercial complexes in SKYCITY at Hong Kong International Airport, Central, North Point, Tsim Sha Tsui, Lai Chi Kok & Cheung Sha Wan and a golf club in Sai Kung; (b) provision of E&M services for three commercial development projects in Guangzhou, Shenzhen and Hangzhou in the Chinese Mainland and (c) provision of property & facility management services, cleaning services and general security services for an industrial building in Kwai Chung that in aggregate contribute HK\$237.8 million (FY2027), HK\$221.3 million (FY2028) and HK\$235.5 million (FY2029)
- (ii) potential contracts relating to (a) the estimated future demand for the Group's cleaning and system security, guarding and event services for 11 residential properties which is expected to contribute HK\$72.0 million (FY2027), HK\$158.3 million (FY2028) and HK\$186.5 million (FY2029); (b) the estimated future demand for the Group's Property and Facility Management services for two multi-purpose commercial complexes and a hotel development which is expected to contribute HK\$106.4 million (FY2027), HK\$106.4 million (FY2028) and HK\$106.4 million (FY2029) (c) The estimated future demand of the Group's E&M engineering services for certain potential projects of the NWD Group in Hong Kong for system enhancement works for certain commercial developments in Tsim Sha Tsui, Tung Chung and Central which contribute HK\$93.7 million (FY2027), HK\$126.8 million (FY2028) and HK\$149.9 million (FY2029) to the above Annual Caps. (d) The estimated future demand of the Group's E&M Engineering services for six potential projects of the NWD Group in Wuhan, Beijing, Shanghai, Hangzhou and Shenzhen of the Chinese Mainland which contribute HK\$145.8 million (FY2027), HK\$220.3 million (FY2028) and HK\$149.1 million (FY2029) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of the

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NWD Group's existing department stores in Beijing, Shanghai and Shenyang in the Chinese Mainland for renovation, fitting-out and decoration works which contribute HK\$31.1 million (FY2027), HK\$35.4 million (FY2028) and HK\$25.1 million (FY2029) 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 the rental services required by the 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 estimated future demand for NWD Rental Services from the NWD Group for floor spaces for site offices premises, warehouse, storeroom, car parking spaces and other business uses of the Group in Hong Kong and the Chinese Mainland to cope with the business growth of the Group with estimated transaction amount of HK\$8.4 million (FY2027), HK\$8.9 million (FY2028) and HK\$9.3 million (FY2029).

CTFE Master Services Agreement

Categories	Annual Caps		
	FY2027 <i>(HK\$'000)</i>	FY2028 <i>(HK\$'000)</i>	FY2029 <i>(HK\$'000)</i>
FSE Services (not including lift repair and maintenance services under the FSE E&M Services) and the FSE Insurance Solutions Services to Others to be provided by the Group <i>(Note)</i>	3,507,465	3,148,411	3,389,918
CTFE Services to be provided by the CTFE Group	<u>39,205</u>	<u>41,113</u>	<u>44,304</u>
Total	<u><u>3,546,670</u></u>	<u><u>3,189,524</u></u>	<u><u>3,434,222</u></u>

Note: Approximately HK\$678.9 million (FY2027), HK\$1,805.0 million (FY2028) and HK\$2,535.9 million (FY2029) of the Annual Caps are from estimated potential projects.

The increase in Annual Caps for the FSE Services (not including lift repair and maintenance services under the FSE E&M Services), and the FSE Insurance Solutions Services to Others as compared with the historical amounts between the Group and the CTFE Group is mainly due to the increase in the FSE E&M Services in respect of certain sizable potential and existing development projects in Hong Kong and Macau (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) construction projects for the District Court in Causeway Bay and two public residential housing estates in Kwu Tung North and Kwun Tong with estimated project completion dates in FY2027; (b) construction projects for a public rehousing estate in Ma Tau Kok and two government buildings

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in Lok Ma Chau Loop and Tin Shui Wai with estimated project completion dates in FY2028; (c) a construction project for a government building in Cheung Sha Wan, a public residential estate in Kowloon Bay and an exhibition and event venue in Tung Chung with estimated project completion date in FY2029 and (d) certain contracts for provision of cleaning services and general security and event services for a convention and exhibition centre in Wanchai and a sport complex in Kai Tak, are of considerable size in Hong Kong undertaken by the CTFE Group of which the Group has been engaged as the service provider and contribute HK\$2,638.4 million (FY2027), HK\$1,275.0 million (FY2028) and HK\$848.5 million (FY2029) to the above Annual Caps; and vast number of other projects in Hong Kong undertaken by the CTFE Group of which the Group has been engaged as the service provider and contribute HK\$190.1 million (FY2027), HK\$68.4 million (FY2028) and HK\$5.5 million (FY2029) 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 Macau that are currently under negotiation and expected to be undertaken by the CTFE Group in the coming three financial years with the transaction amounts estimated by reference to the prospective agreements expected to be entered into by the Group, the projected total contract value and the projected project progress for the respective agreements. The estimated future demand of the Group's services for certain potential projects of the CTFE Group for 14 residential projects in Yuen Long, Tseung Kwan O, Kowloon East, Kowloon Tong, Sai Kung, Tung Chung, Aberdeen and Quarry Bay which contribute HK\$218.5 million (FY2027), HK\$1,048.3 million (FY2028) and HK\$1,525.6 million (FY2029) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of the CTFE Group in government building and education campus development project in Kwu Tung and Homantin which contribute HK\$75.0 million (FY2027), HK\$322.5 million (FY2028) and HK\$600.0 million (FY2029) to the above Annual Caps. The estimated future demand of the Group's services for certain potential projects of event and entertainment venues in Macau which contribute HK\$131.8 million (FY2027), HK\$131.8 million (FY2028) and HK\$65.9 million (FY2029) to the above Annual Caps. The estimated future demand of the Group's cleaning services to several kindergartens campuses in Hong Kong which contribute HK\$72.0 million in each of FY2027, FY2028 and FY2029. The estimated future demand of the Group's services for vast number of other potential projects of the CTFE Group in Hong Kong and Macau which contribute HK\$181.6 million (FY2027), HK\$230.4 million (FY2028) and HK\$272.4 million (FY2029) to the above Annual Caps.

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

- (i) the estimated future demand for Contracting Services from the CTFE Group in respect of 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 with estimated transaction amount of HK\$5.0 million (FY2027), HK\$4.0 million (FY2028) and HK\$4.0 million (FY2029), and the CTFE Group is one of the reputable service providers among the Group's list of service providers. There may have certain potential public sector development projects in the Northern Metropolis. 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 CTFE Group is fundamental. As at the Latest Practicable Date, these upcoming projects were either at the tender stage or prior to the tender stage. 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 CTFE Group under the CTFE Master Services Agreement;
- (ii) the estimated future demand for CTFE Rental Services from the CTFE Group for floor spaces for site offices premises, warehouse, storeroom, car parking spaces and other business uses of the Group in Hong Kong to cope with the business growth of the Group with estimated transaction amount of HK\$1.7 million (FY2027), HK\$1.8 million (FY2028) and HK\$2.0 million (FY2029);
- (iii) the increase in the Group's estimated future demand for CTFE Insurance Related Services from the CTFE Group in respect of the medical and health care services for the employees of the Group to cope with the Group's business growth with estimated transaction amount of HK\$27.9 million (FY2027), HK\$30.7 million (FY2028) and HK\$33.7 million (FY2029).

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Doo's Associates Group Master Services Agreement

Categories	Annual Caps		
	FY2027 <i>(HK\$'000)</i>	FY2028 <i>(HK\$'000)</i>	FY2029 <i>(HK\$'000)</i>
FSE Services and the FSE Insurance Solutions Services to Others to be provided by the Group <i>(Note 1)</i>	118,030	123,209	106,191
Doo's Associates Services to be provided by the Doo's Associates Group <i>(Note 2)</i>	11,260	88,817	14,078
Total	129,290	212,026	120,269

Notes:

- (1) Approximately HK\$109.5 million (FY2027), HK\$113.6 million (FY2028) and HK\$95.4 million (FY2029) of the Annual Caps are from estimated potential projects.
- (2) The Annual Caps relating the leasing services to be provided by Doo's Associates Group include the lease expenses to be paid/payable by the Group under short term leases (with lease term not exceeding 12 months) and the total value of the addition of right-of-use assets to be recognized by the Group for long term leases (with lease term more than 12 months) in compliance with HKFRS 16.

The increase in Annual Caps for the FSE Services and the FSE 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 FSE E&M Services for various potential commercial and hotel development projects in Shanghai of the Chinese Mainland 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\$75.3 million (FY2027), HK\$79.0 million (FY2028) and HK\$61.4 million (FY2029).

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 estimated renewal of 19 existing leases for the office premises, carparks and warehouses currently occupied by the Group in Hong Kong, Macau and the Chinese Mainland that will be recognized as the addition of right-of-use assets of HK\$8.1 million (FY2027), HK\$85.1 million (FY2028) and HK\$9.6 million (FY2029). Out of the 19 existing leases, 15 of them shall be expired during FY2028 and the potential leases renewal in FY2028 will result in a higher addition of right-of-use assets in FY2028. Meanwhile, the Group's estimated future demand for the Doo's Associates Rental Services will be increased for potential leases of office premises in Hong Kong and the Chinese Mainland to cope with the business need of the Group. The Group will in aggregate recognize the leasing expenses and the addition of right-of-use assets of HK\$3.2 million (FY2027), HK\$3.7 million (FY2028) and HK\$4.5 million (FY2029) for these potential leases to be entered by the Group.

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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 FSE 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 FSE Insurance Solutions Services provided by members of the Group to members of the relevant Connected Parties during the FY2024, FY2025 and the six months ended 31 December 2025;
 - (b) the existing projects in progress (in relation to the FSE Services and the FSE Insurance Solutions Services);
 - (c) the potential projects that may be undertaken by the Group (in relation to the FSE Services and the FSE Insurance Solutions Services); and
 - (d) the projected annual or annualised amounts in respect of the relevant FSE Services and the FSE Insurance Solutions Services to be provided by members of the Group to members of the relevant Connected Parties in the next three FY2027, FY2028 and FY2029, having taken into account the following major factors:
 - the estimated future demand for the relevant FSE Services and the FSE 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 FSE Insurance Solutions Services taking into account various factors like inflation rate of about 2.5% to 3.5%.
- (2) in relation to the **CTFE Contracting Services** to be provided to the Group by members of the CTFE Group pursuant to the CTFE Master Services Agreement:
 - (a) the potential projects (in relation to the FSE E&M 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 CTFE Contracting Services to be provided to the Group by members of the CTFE Group, in each case, in the next three FY2027, FY2028 and FY2029, having taken into account the following major factors:
 - the business growth and need of the Group; and

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- 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 **CTFE Facility and Property Management Services** to be provided to the Group by members of the CTFE Group pursuant to the CTFE Master Services Agreement:
- the historical annual or annualised amounts in respect of the CTFE Facility and Property Management Services provided to the Group by CTFE Group, in each case, during the FY2024, FY2025 and the six months ended 31 December 2025;
 - 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 **CTFE Insurance Related Services** to be provided to the Group by the CTFE Group pursuant to the CTFE Master Services Agreement:
- the business growth and need of the Group; and
 - the headcount of the Group, medical inflation and claim history.
- (5) in relation to the **NWD IT Support Services** to be provided to the Group by the NWD Group pursuant to the NWD Master Services Agreement:
- the historical annual or annualised amounts in respect of the NWD IT Support Services provided to the Group by NWD Group during the FY2024, FY2025 and the six months ended 31 December 2025;
 - 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 **Rental Services** to be provided to the Group by members of the NWD Group, the CTFE Group and the Doo's Associates Group pursuant to the NWD 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 FY2024, FY2025 and the six months ended 31 December 2025;

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- (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 FY2027, FY2028 and FY2029, 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.
- (7) in relation to the **NWD 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 NWD Sundry Services provided to the Group by the NWD Group during the FY2024, FY2025 and the six months ended 31 December 2025; and
- (b) the projected annual or annualised amounts in respect of the NWD Sundry Services to be provided to the Group by the NWD Group in the next three FY2027, FY2028 and FY2029, 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%.

Assessment of low historical utilization rates

In determining the proposed Annual Caps for the relevant services mentioned above, the Directors have specifically noted and taken into account the relatively low historical transaction amounts and low utilization rates of the existing Annual Caps. When formulating the projected amounts, the Group used the historical transaction amounts as a baseline, but

LETTER FROM THE BOARD

made necessary upward adjustments. These adjustments reflect the expected transaction volume to be generated from the continuation of existing projects currently in progress, the anticipated increase in demand driven by the relevant Connected Parties' and the Group's potential new projects and overall business growth, as well as expected inflation in costs. Accordingly, the Directors consider that the proposed Annual Caps reasonably reflect the anticipated demand and are fair and reasonable despite the low historical utilization rates.

BOARD'S ASSESSMENT ON RELIANCE ON THE CTFE GROUP

The CTFE Group is an established and highly-regarded conglomerate with an impressive track record of success as a major main contractor in Hong Kong for decades. The Group is one of the handful few of service providers with exceptional reputation, extensive engineering and design capabilities, and credentials align with the stringent requirements that the CTFE Group seeks in its subcontractors or service providers, and the Group's E&M engineering business is the top 2 player in Hong Kong. The Group has therefore been the subcontractor and service provider of the CTFE Group for many years, providing it with the Group's services on a project basis to development and infrastructure projects of the CTFE Group or in which it was or is involved. Without the Group's involvement, the CTFE Group's ability to secure new projects or execute existing ones would be significantly hindered. For example, teaming up with the Group as a top-tier E&M service provider enhances the chance of success in tender for projects by the builder of the CTFE Group. As the CTFE Group is a major player in the construction market and the Group is a major player in the E&M engineering market, it is reasonable that both the CTFE Group and the Group will have substantial cooperation as it is an industry norm that a major E&M contractor enters into substantial contracts with a major builder. Having said that, most contracts are awarded by tender nowadays, the construction industry is known for its stringent tender system that award will depend on numerous scientific criteria including price, quality, safety, procedures and numerous quantitative and qualitative specifications and also the track records, financial, technical, human resource and IT capabilities of the tenderer that the CTFE Group will only award contract to tenderer which can meet all those requirements. As the top 2 player in the E&M engineering market, it is no wonder that the Group is capable to secure contract awarded by the major developer and builder.

Given the critical role that the Group plays in the CTFE Group's business in contracting services and also the capability of the Group as the top 2 player in the E&M engineering market, it is highly unlikely that their relationship will experience any material adverse changes or terminate.

Since the Group is the top 2 player in the E&M engineering market and in view of the stringent tender award system in the construction industry, the Group is capable of carrying out its business without material adverse impact even when there will be an adverse change in relationship with the CTFE Group or when the relationship were to terminate.

The expected estimated revenue from independent third party customers for FY2027 to FY2029 in terms of amount will remain stable. The Group has over the years been adopting a diversification approach to its client base and have been active and have succeeded in securing new independent clients over the years. The success of the Group's diversification approach

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has brought in new, reputable, large, international and well-branded independent private and governmental customers from across the broad with an aggregate contract sum of more than HK\$4,200 million since 2023. Revenue from independent customers accounted for 60%, 73% and 81% for FY2023, FY2024 and FY2025 respectively with a year-on-year growth in amount of approximately 7%, 34% and 7% for the same periods respectively.

All in all, given the strong track record of the Group in securing new independent clients with a steady and significant contract sum over the years and going forward, the Group would be able to effectively mitigate its exposure in the highly unlikely event that the long-standing relationship with the CTFE Group were to materially adversely change or terminate.

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

The Services Transactions contemplated under the New Master Services Agreements are recurrent in 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 possess profound experience, strong reputations in their respective service areas, and solid financial standing. Over the years, they have proven to be reliable services providers or customers of the Group. The Directors believe that maintaining these strategic business relationships with them will not only realise synergies and economies of scale but also make a sustainable contribution to the Group's long-term growth. The Board sees no disadvantage to the Group in entering into the New Master Services Agreements.

The Directors (excluding the independent non-executive Directors, whose views will be provided after considering the advice of the Independent Financial Adviser) are of the view that the terms of each of the New Master Services Agreements and the proposed Annual Caps for 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 Latest Practicable Date:

- 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 (Chairman and executive Director), and the uncle of Mr. Doo Jr. (an executive Director). Dr. Cheng

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is a member of the Cheng family which holds or controls each of the NWD Group, and the CTFE Group. As such, each of the NWD Group and the CTFE 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 (the Chairman and executive Director) 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.

REQUIREMENTS OF THE LISTING RULES

As the highest of the applicable Percentage Ratio in respect of the Annual Caps for the NWD Master Services Agreement and the CTFE Master Services Agreement is more than 25%, the NWD Master Services Agreement, the CTFE Master Services Agreement, the Services Transactions contemplated thereunder respectively, and their respective 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 for the Doo's Associates Group Master Services Agreement exceeds 5% and HK\$10,000,000, the 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.

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.

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Ms. Leung Wan Chong Christine and Mr. Martin Nicholas Hadaway, all of them are independent non-executive Directors) has been established to consider the EGM Matters and advise and provide recommendation to the Independent Shareholders as to whether the EGM Matters are on normal commercial terms, fair and reasonable in so far as the Company and the Independent Shareholders are concerned, 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, and whether they are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

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APPROVAL BY THE BOARD

A Director whose name is set out opposite to a New Master Services Agreement in the table below is regarded as having a material interest or potential conflict of interest in the corresponding New Master Services Agreement.

Services Transactions contemplated under:	Director who is regarded as having a material interest or potential conflict of interest in the relevant New Master Services Agreement	Basis upon which the Director is regarded as having a material interest or potential conflict of interest
NWD Master Services Agreement	Dr. Cheng	<ul style="list-style-type: none"> ● A member of the Cheng family which holds or controls the NWD Group. ● A director of NWD and several other members of the NWD Group.
	Mr. Doo	<ul style="list-style-type: none"> ● A director of NWD.
CTFE Master Services Agreement	Dr. Cheng	<ul style="list-style-type: none"> ● A member of the Cheng family which holds or controls the CTFE Group. ● A director of CTFE and several other members of the CTFE Group.
	Mr. Doo Jr.	<ul style="list-style-type: none"> ● A director of CTF Services Limited (stock code: 659) (“CTFS”), a member of the CTFE Group.
	Mr. Lam	<ul style="list-style-type: none"> ● An alternate director of CTFS to Mr. Doo Jr.

LETTER FROM THE BOARD

Services Transactions contemplated under:	Director who is regarded as having a material interest or potential conflict of interest in the relevant New Master Services Agreement	Basis upon which the Director is regarded as having a material interest or potential conflict of interest
Doo's Associates Group Master Services Agreement	Mr. Doo	<ul style="list-style-type: none"> ● The spouse of Mrs. Doo, who has a controlling interest in the Doo's Associates Group. ● Has interest in several members of the Doo's Associates Group. ● A director of several members of the Doo's Associates Group.
	Mr. Doo Jr.	<ul style="list-style-type: none"> ● Has interest in several members of the Doo's Associates Group. ● A director of several members of the Doo's Associates Group.
	Mr. Lam	<ul style="list-style-type: none"> ● Has interest in several members of the Doo's Associates Group. ● A director of several members of the Doo's Associates Group.
	Mr. Lee	<ul style="list-style-type: none"> ● Has interest in several members of the Doo's Associates Group. ● A director of several members of the Doo's Associates Group.

At the Board meeting held to approve the New Master Services Agreements, Mr. Doo, Mr. Doo Jr., Mr. Lam (acting both in his own capacity and as the alternate director to Dr. Cheng), and Mr. Lee were present. Each of them had abstained from voting on the Board resolutions approving the relevant EGM Matters in which he or his associate is regarded as having a material interest (or a potential conflict of interest).

Save as disclosed in "4. DISCLOSURE OF OTHER INTERESTS — (1) Interests in contract or arrangement" in the Appendix to this Circular, none of Dr. Cheng, Mr. Doo, Mr. Doo Jr., Mr. Lam and Mr. Lee, had a material interest in the Former Master Services Agreements, the New Master Services Agreements and the Services Transactions contemplated thereunder respectively.

LETTER FROM THE BOARD

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 circular and based on publicly available information, CTFE and its subsidiaries are interested in approximately 45.24% 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 hotels and other strategic businesses.

CTFE

CTFE is a company incorporated in Hong Kong with limited liability. As at the date of this circular 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 90.52% 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 circular 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, 7% by Mr. Doo Jr. 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: provision of property & facility management services, property agency and related services for buildings, asset management services, car park management services and guarding services;

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- city essential services: provision of cleaning & pest control and waste disposal services, recycling and environmental disposal services, insurance solutions, technical support & maintenance services, environmental solutions services (including environmental engineering services, EV charging infrastructure services and landscaping services) and systems security, guarding & event services and trading of environmental, EV charging, building materials and systems security products; and
- E&M services: provision of engineering and consultancy services on installation.

RECOMMENDATIONS

Your attention is drawn to (i) the advice of the Independent Board Committee set out in its letter set out on pages 54 to 55 of this Circular; and (ii) the letter from Somerley Capital to the Independent Board Committee and the Independent Shareholders set out on pages 56 to 105 of this Circular in respect of the EGM Matters and the principal factors considered by Somerley Capital in formulating its advice.

The Independent Board Committee, having taken into account the advice of Somerley Capital, considers that the EGM Matters are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions approving the EGM Matters.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of the Shareholders to attend and vote at the EGM (or at any adjournment thereof), the Company's register of Shareholders will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 18 June 2026.

EGM

The EGM will be held at 17th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 25 June 2026 at 10:45 a.m. to consider and, if thought fit, to approve the EGM Matters. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this Circular.

The voting at the EGM will be taken by poll.

LETTER FROM THE BOARD

In accordance with the Listing Rules, any Shareholders with a material interest in all or any of the EGM Matters are required to abstain from voting at the EGM 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, NWD, and Mrs. Doo in the CTFE 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, NWD, and Mrs. Doo and their respective associates are required to abstain from voting at the EGM as aforesaid. As at the Latest Practicable Date, 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 the controlling shareholders of the Company, was holding 75% of the issued Shares (i.e. 337,500,000 issued Shares). FSE Holdings will therefore abstain from voting at the EGM as aforesaid. To the best of the 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.

A form of proxy for use in connection with the EGM is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, as soon as possible but in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this Circular.

Yours faithfully
For and on behalf of
FSE Lifestyle Services Limited
Lam Wai Hon, Patrick
Executive Vice-Chairman and
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this Circular.



FSE LIFESTYLE SERVICES LIMITED

豐盛生活服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

29 May 2026

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS
(1) NWD MASTER SERVICES AGREEMENT
(2) CTFE MASTER SERVICES AGREEMENT
(3) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT

We refer to the circular dated 29 May 2026 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the EGM Matters (namely, the New Master Services Agreements, the Services Transactions contemplated thereunder respectively and their Annual Caps) and to advise the Independent Shareholders as to whether, in our opinion, the EGM Matters are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Somerley Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the EGM Matters and whether the EGM Matters are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

We wish to draw your attention to the letter from the Board as set out on pages 11 to 53 of the Circular which contains, among others, information on the EGM Matters as well as the letter from Somerley Capital as set out on pages 56 to 105 of the Circular which contains its advice in respect of the EGM Matters.

Having taken into account the advice of Somerley Capital, we consider that the EGM Matters are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the EGM Matters.

Yours faithfully

Independent Board Committee

Mr. Kwong Che Keung, Gordon

Mr. Hui Chiu Chung, Stephen

Mr. Lee Kwan Hung, Eddie

Ms. Leung Wan Chong Christine

Mr. Martin Nicholas Hadaway

LETTER FROM SOMERLEY CAPITAL

The following is the letter of advice from Somerley Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

29 May 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS
(1) NWD MASTER SERVICES AGREEMENT
(2) CTFE MASTER SERVICES AGREEMENT
(3) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with (a) the terms of the New Master Services Agreements entered into by the Company on the one hand and Connected Parties on the other hand and the Services Transactions contemplated thereunder; and (b) their respective Annual Caps, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 29 May 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular and the letter from the Board unless the context requires otherwise.

As stated in the letter from the Board, 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 (Chairman and executive Director), and the uncle of Mr. Doo Jr. (an executive Director). Dr. Cheng is a member of the Cheng family which holds or controls each of the NWD Group and the CTFE Group. As such, each of the NWD Group and the CTFE 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 (the Chairman and executive Director) 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.

LETTER FROM SOMERLEY CAPITAL

As the highest of each of the applicable Percentage Ratios in respect of the Annual Caps for both the NWD Master Services Agreement and the CTFE Master Services Agreement is more than 25%, the NWD Master Services Agreement, the CTFE Master Services Agreement, the Services Transactions contemplated thereunder respectively and their respective Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest of the applicable Percentage Ratios in respect of the Annual Caps for the Doo's Associates Group Master Services Agreement exceeds 5% and HK\$10,000,000, the 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 of the Listing Rules.

The Independent Board Committee (comprising Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Ms. Leung Wan Chong Christine and Mr. Martin Nicholas Hadaway, 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 interests of the Company and the Shareholders as a whole. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and to advise the Independent Shareholders on how to vote.

We, Somerley Capital Limited, are not associated with the Company, each of NWD, CTFE, Doo's Associates Group, or any of their respective associates, and accordingly, are considered eligible to give independent advice on the terms of the New Master Services Agreements and the Services Transactions. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we receive any fees or benefits from the Company, each of NWD, CTFE, Doo's Associates Group or their respective associates. In addition, we have not acted as the independent financial adviser to the Company regarding other transactions in the past two years. Accordingly, we are independent as defined under Rule 13.84 of the Listing Rules to act as an independent financial adviser to the Independent Board Committee of the Company and the Independent Shareholders.

In formulating our opinion, we have reviewed, amongst others, the New Master Services Agreements, the calculations for determining the proposed Annual Caps for the Services Transactions, and the information contained in the Circular. We have also discussed with the management of the Group regarding the businesses of the Group, the commercial implications of the New Master Services Agreements and the Services Transactions.

We relied on the information and facts supplied, and the opinions expressed to us, by management of the Group and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have

LETTER FROM SOMERLEY CAPITAL

been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice and recommendation with regard to the New Master Services Agreements and the Services Transactions, we have taken into account the principal factors and reasons set out below:

1. Information on 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 (i) property and facility management services including property & facility management services, property agency and related services for buildings, asset management services, car park management services and guarding services; (ii) city essential services, including cleaning & pest control and waste disposal services, recycling and environmental disposal services, insurance solutions, technical support & maintenance services, environmental solutions services (including environmental engineering services, EV charging infrastructure services and landscaping services) and systems security, guarding & event services and trading of environmental, EV charging, building materials and systems security products; (iii) E&M services, including engineering and consultancy services on installation.

2. Information on the Connected 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 circular and based on publicly available information, CTFE and its subsidiaries are interested in approximately 45.24% 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 hotels and other strategic businesses.

CTFE Group

CTFE is a company incorporated in Hong Kong with limited liability. As at the date of this circular 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 90.52% 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.

LETTER FROM SOMERLEY CAPITAL

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 circular 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, 7% by Mr. Doo Jr. and 1% by Mr. Lee.

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

3. Reasons for, and benefits of, entering into the New Master Services Agreements

The Services Transactions contemplated under the New Master Services Agreements are recurrent in 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 possess profound experience, strong reputations in their respective service areas, and solid financial standing. Over the years, they have proven to be reliable service providers or customers of the Group. The Directors believe that maintaining these strategic business relationships with them will not only realise synergies and economies of scale but also make a sustainable contribution to the Group's long-term growth. The Board sees no disadvantage to the Group in entering into the New Master Services Agreements.

Based on the above and given that most of the Connected Parties are well-known companies in Hong Kong or the PRC, we concur with the Directors' view that entering into of the New Master Services Agreements is in the ordinary and usual course of business of the Group, and, with most of the Services Transactions generating revenue to the Group we consider that it is in the interests of the Company and Shareholders as a whole.

4. New Master Services Agreements and pricing policies

As set out in the letter from the Board, on 24 April 2026, the New Master Services Agreements have been entered into by the Company on the one hand and each of the Connected Parties on the other hand. Each of the New Master Services Agreements shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2029 (both days inclusive). Members of the Group and members of the Connected Parties will, from time to time during the term of the New Master Services Agreements, 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 New Master Services Agreements. All definitive agreements entered into in respect of the transactions contemplated under the Former Master Services Agreements which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the New Master Services Agreements and continue in full force and effect until their termination in accordance with their respective terms. The type of services to be provided by the Group and members of the Connected Parties, the relevant pricing policies and our assessment are set out as follows:

4.1 Pricing policies of the services to be provided by the Group:

4.1.1 FSE Cleaning Services

- 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 third party 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. In assessing the historical profit

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margin of similar type of existing contracts, the Group will refer to its internal records of completed and ongoing cleaning service contracts with independent third-party customers of comparable nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's management accounts and tender records and are reviewed and updated on a periodic basis. Generally, the Group will consider contracts entered into with independent third-parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract and will take into account the average profit margins of these comparable contracts as a reference point for determining the profit margin to be charged to the Connected Parties. 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 deputy general managers, director and general manager and managing director 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 is 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.

Our assessment

We have randomly selected and reviewed 11 samples (FY2024: 1; FY2025: 2; FY2026: 8) of costing worksheets prepared for projects in relation to the FSE Cleaning Services awarded by members of the Connected Parties in the past three years, covering all Connected Parties which have procured the FSE Cleaning Services from the Group (namely NWD Group, CTFE Group and Doo's Associates Group), and compared the margins or fee rates set out in them with those in 11 samples (FY2024: 3; FY2025: 5; FY2026:3) of costing worksheets for those awarded by independent third parties for similar services as randomly selected by us, and noted that (i) the margins or fee rates charged to members of the Connected Parties as set out in the costing worksheets were no less favourable than those charged to independent third parties; and (ii) all costing worksheets with margins have been reviewed and approved by managerial staff in accordance with the pricing policy under the New Master Services Framework Agreements.

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4.1.2 FSE E&M Services

Members of the Group are typically engaged as subcontractor, contractor, management contractor or project manager of the FSE E&M Services of the relevant projects after having been selected from participating tenderers or contractors by members of the relevant Connected Parties and the pricing policy is set out below.

- 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 number 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

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prices by the Group and successful tender prices from other competitors (if available) 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. In determining the tender price (and in particular, the mark-up) and comparing it with current and historical market prices, the Group will refer to its internal records of existing contracts and tenders with independent third-parties of comparable nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider market prices and mark-ups of at least two similar projects and tenders entered into with independent third-parties within the past year, or, if no such projects and tenders are available, the latest projects and tenders, and uses these as a reference in determining tender prices to ensure fairness and reasonableness. 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 the independent third party customers 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.

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Our assessment

We have randomly selected and reviewed 17 samples (FY2024: 1; FY2025: 1; FY2026: 15) of contracts or costing worksheets prepared for projects in relation to FSE E&M Services awarded by members of the Connected Parties in the past three years, covering all Connected Parties (namely NWD Group, CTFE Group and Doo's Associates Group), and compared the margins set out in them with those set out in 7 samples (FY2024: 1; FY2025: 1; FY2026: 5) of contracts or costing worksheets for those awarded by independent third parties for similar services as randomly selected by us, and noted that (i) the margins charged to members of the Connected Parties as set out in the costing worksheets were no less favourable than those charged to independent third parties; and (ii) all costing worksheets with margins have been reviewed and approved by managerial staff in accordance with the pricing policy under the New Master Services Framework Agreements.

4.1.3 FSE Environmental Solutions Services

Environmental management services (classified under the FSE Environmental Solutions Services):

- 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 estimate 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 Group will obtain the information on the latest market trend through meetings with independent clients, and industry association meeting with other environmental management service providers. To determine acceptable price levels and the appropriate mark-up, the Group will make reference to its internal records of existing contracts with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider the prices and mark-ups of

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at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contracts with independent third parties. These prices and average mark-ups are then used as a reference in determining the appropriate mark-up and ensuring fairness and reasonableness. The prices including the mark-up for the relevant services are reviewed and approved by the general manager of the environmental solutions 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 customers under a fair basis. The general manager of the environmental solutions 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 solutions 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.

Landscaping services (classified under the FSE Environmental Solutions Services):

- The fees payable by the relevant Connected Parties to the Group will be determined by reference to comparables of fee quotations provided by the Group to other independent third party customers, taking into account factors including the nature and type of services to be rendered.
- In assessing the service fees for the 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. Furthermore, 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.

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- 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 (if available) in coming up with a competitive quotation. In determining the service fee and acceptable profit margin based on historical fee quotations and profit margin for similar type of contracts, the Group refers to its internal records of existing contracts and fee quotations with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's records and are reviewed and updated on a periodic basis. Generally, the Group will consider at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract, and refers to the average profit margins of these comparable independent contracts. With respect to recent fees charged by the competitors, the Group obtains such information, where available, from tender results recorded in meeting minutes, notifications, or other records maintained by the property management of the relevant estates.
- Strategic consideration is also important for the Group in assessing its landscaping services fees, 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 baseline for the tender proposal, depending on the tender requirement and the background of customers, the charges 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

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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 Group than those offered to the independent third party customers.

Sale of goods (classified under the FSE Environmental Solutions Services):

The sale of goods by the Group are mainly in respect of the supply of tiles and building services products including pipes, pumps, accessory valves and fittings, building automation systems, heating, ventilation, air-conditioning parts, fire services products, environmental engineering products covering building services water treatment and odour abatement systems, air quality monitoring machines, construction site wastewater treatment systems, EV charging products and plants.

- The Group's contract sums will be at a fixed monetary amount primarily based on the Group's purchase costs which include mainly the costs of purchasing of tiles and building service products, 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 tiles and building service products are to be provided by the Group) above or reflective of the current market prices of the tiles and/or building service products to be supplied by the Group.
- The corporate development manager/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 tiles and/or building service products 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

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relevant supplier of a particular of tiles or building service products 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 tiles and building service products 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 tiles and/or building service products 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.

Our assessment

We have randomly selected and reviewed 24 samples (FY2024: 7; FY2025: 11; FY2026: 6) of costing worksheets prepared for projects in relation to FSE Environmental Solutions Services (including environmental management services, landscaping services and supply of goods) awarded by members of the Connected Parties in the past three years, covering all Connected Parties which have procured the FSE Environmental Solutions Services from the Group (namely NWD Group, CTFE Group and Doo's Associates Group), and compared the margins set out in them with those 19 samples (FY2024: 2; FY2025: 11; FY2026: 6) of costing worksheets for those awarded by independent third parties for similar services as randomly selected by us, and noted that (i) the margins charged to members of the Connected Parties as set out in the costing worksheets were no less favourable than those charged to independent third parties; and (ii) all costing worksheets with margins have been reviewed and approved by managerial staff in accordance with the pricing policy under the New Master Services Framework Agreements.

4.1.4 FSE Facility and Property Management Services

- The FSE 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.

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- Main types of FSE 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 on the basis of the estimated manpower and qualified professional staff required according to the scope of services, material and consumables required, equipment required by the customer plus a profit margin on normal commercial terms based on the prevailing market rate. The proposed profit margin for the FSE 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. In determining the profit margin based on the prevailing market rate and/or the historical profit margin of similar type of existing contracts, the Group refers to its internal records of existing property management contracts with independent third parties that are comparable in nature, scale, scope of services, and contract duration. Such historical data are extracted from the Group's portfolio analysis report and are reviewed and updated on a periodic basis. Generally, the Group will consider at least two similar contracts entered into with independent third parties within the most recent quarter, or, if no such contracts are available, the latest comparable contract, and refers to the average profit margins of these independent contracts. Also, there are management service contracts which the Group receives the income 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 (including cost of material and consumables required and equipment required by the customer), and having regard to the Group's business strategy (including the expansion of the Group's market share in the industry and exploration of strategic locations for the Group's business), the market comparable charge rate and normal commercial terms. In determining the remuneration and service charge rate based on market comparable charge rates for similar type of existing contracts, the Group will obtain, for reference, at least two comparable charge rates

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from other estates managed by independent third parties from the accessible income and expenditure accounts of properties displayed to the relevant owners in accordance with the Buildings Management Ordinance (Chapter 344 of the Laws of Hong Kong) with comparable nature, scale, scope of services, and contract duration in the region relevant to the service contract. Such information will be used as a reference in determining the remuneration or service fee charge rate to ensure fairness and reasonableness. 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/ assistant director and a director in accordance with the company's approval procedures with limits of authority.

- For tendering contract, where a member of the Group is 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 is 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.

Our assessment

We have randomly selected and reviewed 9 samples (FY2024: 2; FY2025: 2; FY2026: 5) of contracts entered into with the Connected Parties in relation to the FSE Facility and Property Management Services which are still valid in the past three years and their profit margins as provided by the management of the Group, covering all Connected Parties which have procured the FSE Facility and Property Management Services from the Group (namely NWD Group, CTFE Group and Doo's Associates Group), and compared their profit margins with those of 9 contracts (FY2024: 1; FY2025: 3; FY2026: 5) entered into with independent third parties for similar services as randomly selected by us, and noted that (i)

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the profit margins charged to members of the Connected Parties were no less favourable than those charged to independent third parties; and (ii) those contracts have been approved by managerial staff in accordance with the pricing policy under the New Master Services Framework Agreements.

4.1.5 FSE Insurance Solutions Services

- 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 third party 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. In determining the brokerage rate, the Group refers to prevailing market commission levels for similar types of insurance products. These are obtained from multiple sources, including quotations and commission schedules provided by independent insurers, market intelligence gathered through the Group's ongoing business dealings with independent insurers, and publicly available industry information in the most recent year where applicable. The Group also considers factors such as the type of insurance product, coverage scope, risk profile, premium size, and policy complexity. The brokerage rate received by the Group is in line with the normal level of commission paid in the insurance market. To ensure this rate is in line with the normal level of commission paid in the market, the Group compares the proposed brokerage rate with a range of commission rates offered by at least two different independent insurers for comparable insurance products in the most recent year, taking into account the prevailing market range. This assessment is conducted on a case-by-case basis. On this basis, the Group does not charge its customers in providing its FSE Insurance Solutions Services. The commission received by the Group from the insurers depends on various factors, including, among others, the amount of premium, the type of the insurance policy and the insurance market practice.

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- 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 clients' proposal, quotation slips, confirmation slips and debit notes) are prepared by the relevant account manager or executive, the documents 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 managing director of the relevant business group. For other insurance policy with small premium and/or insured values, the department heads are 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 FSE 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. In determining the service charge (including the profit margin) for such consultancy services, the Group generally adopts a cost-plus pricing approach. Under this approach, a reasonable mark-up is applied to the estimated direct staff costs and out-of-pocket expenses to reflect an appropriate profit margin, taking into account the nature and complexity of the assignment and prevailing market practices for similar consultancy services. The Group may also consider quotations obtained from, or fee levels charged by, at least two independent service providers for comparable consultancy services (where available) as a benchmark to ensure that the proposed service charge and profit margin are fair, reasonable, and consistent with normal commercial terms.

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- The proposed service charge, brokerage rate, and profit margin are initially prepared by the responsible personnel in charge of the assignment based on the above pricing principles. They are then reviewed and approved by the team-in-charge and senior management (including, where applicable, the Chief Commercial Officer and Managing Director) in accordance with the Group's internal approval procedures and limits of authority before being offered to the customer. This review is intended to ensure consistent application of the pricing policy and that the service charge (including the profit margin) is fair, reasonable, and aligned with the interests of the Group.
- 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 the FSE 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.

Our assessment

As advised by the management of the Group, no transactions in relation to the provision of insurance brokerage services under the FSE Insurance Solutions Services have been entered into with Connected Parties in the past three years. In respect of provision of consultancy services under the FSE Insurance Solutions Services, we have randomly selected and reviewed 3 samples of debit notes issued to the CTFE Group in the past three years. As advised by the management of the Group, no similar services have been provided to independent third parties and therefore no price comparison can be made due to the uniqueness of nature of consultancy services but instead the price charged in relation to those insurance brokerage services and consultancy services will be reviewed and approved by supervisors to ensure the price has been determined after taking into account the scope of services, complexity, time and manpower required to arrive at an acceptable profit margin.

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In ensuring that the pricing is on normal commercial terms, the Group follows the following grid in approving the transactions (including insurance brokerage services and consultancy services) under the FSE Insurance Solutions Services:

Premium	Sum insured	Authorised persons to approve	
I	<ul style="list-style-type: none"> (i) For all classes of insurance less than or equal to HK\$300,000 per policy (ii) For endorsement less than or equal to HK\$100,000 per policy 	<ul style="list-style-type: none"> (i) For Property insurance less than or equal to HK\$150 million (ii) For liability insurance less than or equal to HK\$30 million (iii) For contractors' all risk insurance less than or equal to HK\$40 million (iv) For motor insurance and employees' compensation insurance, follow the premium amount requirements in this table (v) For others⁽¹⁾, less than or equal to HK\$15 million 	Deputy account manager
II	<ul style="list-style-type: none"> (i) For all classes of insurance less than or equal to HK\$800,000 per policy (ii) For endorsement less than or equal to HK\$300,000 per policy 	<ul style="list-style-type: none"> (i) For Property insurance less than or equal to HK\$700 million (ii) For liability insurance less than or equal to HK\$120 million (iii) For contractors' all risk insurance less than or equal to HK\$160 million (iv) For motor insurance and employees' compensation insurance, follow the premium amount requirements in this table (v) For others⁽¹⁾, less than or equal to HK\$80 million 	Assistant Account Director/Senior Account Manager/Account Manager

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Premium	Sum insured	Authorised persons to approve
III (i) For all classes of insurance less than or equal to HK\$2 million per policy	(i) For Property insurance less than or equal to HK\$1,200 million	Senior Director/Director/ Account Director
(ii) For endorsement less than or equal to HK\$600,000 per policy	(ii) For liability insurance less than or equal to HK\$200 million	
	(iii) For contractors' all risk insurance less than or equal to HK\$1,000 million	
	(iv) For motor insurance and employees' compensation insurance, follow the premium amount requirements in this table	
	(v) For others ⁽¹⁾ , less than or equal to HK\$140 million	
IV Unlimited	Unlimited	Managing Director/Chief Commercial Officer

Notes:

- (1) It excludes jewellery and any form of bonds

We have reviewed the biographies of the authorized persons for each type of insurance and noted that the authorized persons of insurance division to approve the transactions under the FSE Insurance Solutions Services have (i) 5 years of experience; (ii) 8 years of experience; (iii) over 25 years of experience; and (iv) over 30 years of experience in insurance industry for Type 1, Type II, Type III and Type IV, respectively. We have reviewed the review records for those sample debit notes in relation to provision of consultancy services to the Connected Parties and noted that they have all been reviewed and approved in accordance with the requirements set out in the above table. In addition, we have been further advised by the management of the Group that same internal review and approval procedures are also applicable to customised services to be provided to independent third parties.

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4.1.6 FSE Security, Guarding and Event Servicing Services

- 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 third party customers, taking into account factors including the nature and type of services to be rendered.
- Where the Group participates in a tender, the Group would conduct a detailed analysis which begins with a thorough study of the tender requirements. Factors that the Group takes into account include the number of staff required for the contract, the qualifications of the staff required for the contract (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 contract.
- In assessing the costs of the contract, the labour cost plays a significant factor given the FSE 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 contracts in certain geographical area or contracts 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 contract, the expectation of the service level and the historical profit margin for similar type of contracts. In assessing the historical profit margin for similar types of contracts, the Group will refer to its internal records of completed and ongoing security, guarding, and event servicing contracts with independent third-party customers of comparable nature, scale, scope of services, and contract duration. Such information is derived from the Group's management accounts and tender records, which are maintained on a contract-by-contract basis and reviewed periodically. Generally, the Group will consider at least two contracts entered into within the past three years and will take the average profit margin of these independent contracts as a reference. The Group would also consider the recent tender prices by its competitors (if available) in

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order to remain competitive in the market. Information on competitors' tender prices is obtained from publicly available sources (such as tender results announced by customers), industry knowledge, and feedback from customers during or after the tender process. Where available, this information serves as a general market reference and is considered alongside the Group's internal cost structure and target profit margin when determining the proposed pricing.

- The tender requirements are examined with inputs from operations and marketing staff of the Group. The latter will also prepare a costing worksheet with all costs elements and profit margins as illustrated above. The proposal, including the costing worksheet, will then be approved and signed by a director and 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 FSE 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.

Our assessment

We have randomly selected and reviewed 18 samples (FY2024: 8; FY2025: 9; FY2026: 1) of costing worksheets prepared for projects in relation to the FSE Security, Guarding and Event Servicing Services awarded by members of the Connected Parties in the past three years, covering all Connected Parties (namely NWD Group, CTFE Group and Doo's Associates Group), and compared the margins set out in them with those set out in 9 samples (FY2024: 6; FY2025: 2; FY2026: 1) of costing worksheets for those awarded by independent third parties for similar services as randomly selected by us, and noted that (i) the margins charged to members of the Connected Parties set out in the costing worksheets were no less favourable to those charged to independent third parties; and (ii) all costing worksheets with margins have been reviewed and approved by managerial staff in accordance with the pricing policy under the New Master Services Framework Agreements.

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4.2 Pricing basis of the services to be provided by the members of the Connected Parties:

4.2.1 CTFE Contracting Services

- 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 the CTFE 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 CTFE 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 CTFE 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, after considering all the above factors, the project director will determine and approve to award the contract to such member of the CTFE Group.

Our assessment

As advised by the management of the Group, the CTFE Contracting Services provided to the Group in the last three years were only pertaining to provision of the secondment services for contracting work to the Group. No CTFE Contracting Services were undertaken in FY2025 and FY2026. We have randomly selected and reviewed 5 samples (FY2024: 5) of contracting service invoices issued by CTFE Group to the Group in the past three years and noted that the monthly contracting service fees per head charged by CTFE Group are based on the type of professionals (including senior project manager, project manager, building services engineer and senior building services engineer) provided the services, which fall within the range of the average monthly salary of such relevant type of professionals (i) as published by Randstad Hong Kong (a major recruitment platform in the Asia Pacific region that provides market salary information on its website), or (ii) as indicated in the email confirmation from Pride's Recruitment Limited (a human resources consultancy firm active in the Asia Pacific region) and thus consider the CTFE Contracting Service fees to be in line with market rates. We understand from the

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management of the Group that, for other possible types of CTFE Contracting Services, their prices would be determined in accordance with the pricing policy as stated above. Upon further enquiry, we understand from the management of the Group that the Group will only procure other types of CTFE Contracting Services from the CTFE Group when the fees payable by the Group for the other types of CTFE Contracting Services are no less favourable than the quotations obtained from other independent service providers.

4.2.2 CTFE Facility and Property Management Services

- The fees payable by the Group will be determined by reference to the market prices provided to the administration and support department manager of the Group by quotations obtained from other independent service providers which are on the list of service providers of the Group and hold the property management company licence if applicable and a minimum of two relevant quotations will be obtained if available, taking into account factors including the nature, type of services to be rendered and the venue or locations and requirements of the event, functions or activities as determined by the general manager of the relevant business group that if a member of the CTFE 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 CTFE Group.

Our assessment

We have randomly selected and reviewed 5 samples of invoices or costing worksheets prepared for projects in relation to the CTFE Facility and Property Management Services (FY2024: 2; FY2025: 2; FY2026: 1) and compared the venue rental charges with two relevant quotations obtained by the Group for similar seating capacity and facility functions from Hong Kong Science & Technology Parks Corporation and the Langham Hotels and Resorts. The rental charges under these quotations are also published on the websites of Hong Kong Science & Technology Parks Corporation and the Langham Hotels and Resorts, and noted that the service fees paid by the Group to the CTFE Group was no less favourable than those charged by independent service providers.

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4.2.3 CTFE Insurance Related Services

- The premium or fees payable by the Group will be determined by the managing director of the relevant business group by reference to the quotations obtained by department head of the relevant business group from other independent insurers which are on the register of Authorized Insurers of the Insurance Authority and a minimum of two relevant quotations will be obtained 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)) that if a member of the CTFE 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 CTFE Group.

Our assessment

As advised by the management of the Group, no transactions in relation to such services have been entered into with CTFE Group in the past three years. We have reviewed the pricing policy above regarding the Insurance Services and noted that the premium or fee payable by the Group for the CTFE Insurance Related Services will be compared with the quotations obtained from other independent insurers. Upon further enquiry, we understand from the management of the Group that the Group will only procure such CTFE Insurance Related Services from CTFE Group when the premiums or fees payable by the Group for the CTFE Insurance Related Services are no less favourable than the quotations obtained from other independent insurers.

In ensuring that the pricing is on normal commercial terms, the Group follows the policy on insurer selection and pricing. The policy sets out the pricing policy and procedures of the Group in relation to the selection of insurers for insurance placement for the relevant business group of the Group. The department head of relevant business group shall obtain two quotations from independent insurers on the register of authorized insurers of the Insurance Authority for comparison whenever possible. All quotations obtained shall be subject to a detailed comparative analysis by the department head of relevant business group. We have reviewed the internal pricing policy and have interviewed the Group's senior finance manager (who will check the actual monthly continuing connected

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transactions) and are advised that the Group shall strictly adhere to the requirements set out in this internal pricing policy in the course of conducting any CTFE Insurance Related Services transactions.

4.2.4 NWD IT Support Services

- 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, then two quotations from other independent services providers will be obtained, they would also be taken into account when the service charges are determined that 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.
- Administration and support department manager considers the above factors, and submits the proposal to the general manager — IT and the general manager of the relevant business group for approval.

Our assessment

As advised by the management of the Group, the Group procures NWD IT Support Services for maintaining its operations. We have obtained and reviewed the latest IT support service agreement entered into with the NWD Group in January 2024 for a one-year service period and compared the service fees set out in the agreement with the IT support service fees for the same requirements published on the website (<https://www.topnet.hk/it/en/it-support>) of Top Network Technology and IT Solution, an independent service provider principally engaged in provision of services with respect to IT support, server and server rack, networking engineering and others, and noted that the service fees charged by the NWD Group is no less favourable than those charged by the independent third party service provider. Moreover, the IT support service agreement entered into with the NWD Group has been reviewed and approved by the general manager in accordance with the pricing policy under the New Master Services Framework Agreements.

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4.2.5 Rental Services

As regards the Rental Services to be provided to the Group by members of the NWD Group, the CTFE Group and the Doo's Associates Group pursuant to the NWD 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 two 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 which are on the register of Estate Agents Authority.
- 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.
- 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 that if a member of the NWD Group, CTFE Group, or Doo's Associates Group offers the rental and terms equal to or better than those offered by the independent owners and conforms to all the essential requirements (including but not limited to locations, user, area, facilities) of the properties to be provided, the Group may enter into agreement with such member of the NWD Group, CTFE Group, or Doo's Associates Group.

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Our assessment

We have randomly selected and reviewed 8 samples (FY2024: 1; FY2025: 6; FY2026: 1) of lease agreements entered into with members of the Connected Parties or debit note issued by members of the Connected Parties, covering Connected Parties which have provided the Rental Services for commercial buildings and carparks to the Group (namely the CTFE Group and Doo's Associates Group), and compared the rents set out in them with those under the comparable leases entered into by the Group with independent third parties in 2024 and 2025 with respect to the nearby buildings or carparking spaces or such market rents information as published on the websites of independent third party property agents or website of the carparking space management company (the "**Market Rents**"). It is noted that the rents paid by the Group to members of the Connected Parties were no less favourable than those Market Rents.

4.2.6 NWD Sundry Services

- The fees payable by the Group will be determined by reference to at least two comparables if available of the market prices obtained by the group manager/assistant director of the relevant business group from other independent suppliers, taking into account factors including the nature, locations and type of services to be rendered for approval by the director of the relevant business group that if a member of the NWD Group offers the fee 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, capability and historical relationship) of the services to be provided, the Group may enter into agreement with such member of the NWD Group.

Our assessment

As advised by the management of the Group, there are three contracts in relation to the NWD Sundry Services entered into with NWD Group, being two contracts signed in April 2012 and one contract signed in June 2012 which are still valid in the past three years. Such NWD Sundry Services expenses were regarding the appointment fees paid by the Group to NWD Group based on a certain percentage of the property management fees received by the Group as the property manager with respect to the properties developed by the NWD Group. We have obtained and reviewed the contracts entered into with NWD Group and compared the rates set out thereunder with those set out in 2 samples of contracts entered into with independent third parties in July 2003 and August 2004 which are still valid in the past three years for similar services, and noted that the rates charged by NWD Group were no less favourable than those charged by independent third parties.

4.3 *Our view*

As set out earlier in this section, the pricing basis of each of FSE Services, FSE Insurance Solutions Services, CTFE Services and Doo's Associates Services is "equal to or better than those offered to/by independent service providers" which basically aligns "normal commercial terms or better" as defined in Chapter 14A of the Listing Rules. Our review of the historical transactions with respect to FSE Services, NWD Services, CTFE Services and Doo's Associates Services and (if available) similar services provided to/by independent service providers in the last three years suggested that the pricing basis of FSE Services, NWD Services, CTFE Services and Doo's Associates Services are in compliance with the Group's pricing policies. For those services with no similar services provided to/by independent service providers in the last three years, we have reviewed the Group's internal approval and signing authority policy and the biographies of the relevant management and consider that such management have sufficient experience in the industry where the division operates and have no reason to doubt the effectiveness and appropriateness on the Group's internal approval procedure and policy for its daily operation. On these bases, we consider that the pricing policies and procedures adopted by the Group are appropriate to ensure the fairness and reasonableness of the connected transactions carried out by the Group.

Given that (i) the historical transactions that we have reviewed strictly followed the Group's pricing policies and procedure; and (ii) the terms of the New Framework Agreements, which are substantially the same as those of the Former Master Services Agreements, set out the pricing policies that are in compliance with Chapter 14A of the Listing Rules, we are of the view that the Services Transactions contemplated under the New Master Service Agreements shall be conducted on normal commercial terms and thus the pricing basis and terms are fair and reasonable.

5. The proposed Annual Caps

5.1 *Caps projection basis*

We have discussed with the management of the Group on the Annual Caps projection basis and were advised that the Annual Caps under the New Master Services Agreements are determined with reference to (i) existing projects (the "**Existing Projects**") which are based on contracts secured, contract sum agreed and their respective expected income schedule; and (ii) potential projects (the "**Potential Projects**") which are based on (a) the tender sums under the tenders having been submitted; or (b) the estimated tender sums under tenders to be submitted pursuant to forecast of invitations to tender issued by customers; or (c) estimated future demand for the FSE Services and the FSE Insurance Solutions Services or the services provided by Connected Parties and estimated service fees taking into account the projected costs for provision of such services and projected profit margins (the "**Project-based Projection Method**").

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To assess the fairness and reasonableness of the Project-based Projection Method, we have obtained and reviewed the calculations of the Annual Caps and samples (e.g. contracts, tenders submitted, forecast of invitations to tender, or internal worksheets) randomly selected from the full lists of Existing Projects and Potential Projects. For the Existing Projects, we noted that the estimated transaction amounts for the Existing Projects have been determined based on the contract sums as set out in the contracts plus additional fees arising from possible variation works which are estimated reasonably with reference to the historical splits of the transaction amounts under variation works and the contract sums in its other similar projects, observed by Project Directors and Contracts Managers through their regular project review meetings. We have reviewed the summaries of project review meetings conducted in FY2026 and noted that Project Directors and Contract Managers regularly assess the reasonableness of additional fees arising from potential variation works with reference to the historical splits. For the Potential Projects from tenders, we noted that the estimated transaction amounts for the Potential Projects have been determined based on tender sums set out in the tenders submitted by the Group or estimated tender sums set out in the internal worksheets prepared for tenders to be submitted by the Group. The estimated transaction amounts for the remaining Potential Projects have been arrived at following the discussion between the Group and the relevant Connected Parties having taken into account factors including the business and operations, and development plans of the Connected Parties, which are considered reasonable for producing the Annual Caps. We have also reviewed the email correspondences between the Company and the Connected Parties and noted that the Company has sent out the Annual Cap projection to all Connected Parties following their discussion and the Annual Caps have been concluded based on either the confirmations collected from the Connected Parties or “no further comments” received therefrom. Given the efforts having been made by the management of the Group to seek the written confirmation or “no further comments” from the Connected Parties, we have no reason to doubt the accuracy of the estimated transaction amounts for the Potential Projects which have been arrived at following the discussion with the Connected Parties.

Given that (i) the Group operates a project-driven business model as advised by the management of the Group; (ii) the Annual Caps have been determined based on existing contracts and estimated variation works, tenders submitted, internal estimated bidding prices for tenders to be submitted and following the discussion between the Group and the relevant Connected Parties; and (iii) the projected amounts having been determined after discussion with the connected counterparties are not uncommon in the market, we consider the Project-based Projection Method adopted by the management of the Group for estimation of the Group’s revenue to be generated and costs to be incurred under the New Master Services Agreement to be fair and reasonable.

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5.2 Caps under New Master Services Agreements

5.2.1 NWD Master Services Agreement

The historical transaction amounts for FY2024, FY2025 and six months ended 31 December 2025 in respect of (i) the FSE Services and the FSE Insurance Solutions Services to NWD Group; and (ii) the NWD Services are set out as follows:

TABLE 1: HISTORICAL TRANSACTION AMOUNTS UNDER FORMER NWD MASTER SERVICES AGREEMENT

	Historical transaction amounts		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	First half of FY2026 (HK\$'000)
Categories			
<i>Provision of FSE Services and FSE Insurance Solutions Services by the Group</i>	1,232,199	621,968	210,617
Caps under the Former NWD Master Services Agreement ⁽¹⁾	2,788,667	2,659,098	3,422,431 ⁽²⁾
Cap utilization	44.2%	23.4%	n.a.⁽²⁾
<i>Provision of services by the NWD Group</i>	6,063	3,086	1,482
Caps under the Former NWD Master Services Agreement ⁽¹⁾	51,140	42,151	55,009 ⁽²⁾
Cap utilization	11.9%	7.3%	n.a.⁽²⁾

Notes:

1. The annual caps for FY2024, FY2025 and FY2026 have been extracted from the Company's announcement dated 20 November 2023.
2. It refers to the sum of the caps for the full year of FY2026.

For provision of the FSE Services and FSE Insurance Solutions Services by the Group, the historical transaction amounts received from the NWD Group decreased by 49.5% in FY2025 and fell further by 32.3% in its first half of FY2026 as compared to half of that for FY2025. For provision of the NWD Services to the Group, the historical transaction amounts paid to the NWD Group decreased by 49.1% in FY2025 and further decreased by 4.0% in the first half of FY2026 as compared to half of that for FY2025. As advised by the management of the Group, the overall cap utilization rates were low, mainly due to (i) the Group failing to win FSE E&M Services and FSE Cleaning Services tenders for some residential development projects and government

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projects in Hong Kong and for some commercial complex projects and department store projects in the PRC; (ii) the delay of FSE E&M Services and FSE Facility and Property Management Services tenders with respect to some potential projects; (iii) the transfer of Kai Tak Sports Park by NWD to CTFE in November 2024; and (iv) less than expected demand from NWD Group for the Group's FSE E&M Services and FSE Environmental Solutions Services after it disposed of Hip Seng Group in June 2023.

The Annual Caps under the NWD Master Services Agreement in respect of (i) the FSE Services and the FSE Insurance Solutions Services to NWD Group; and (ii) the NWD Services for the three years ending 30 June 2029 are set out as follows:

TABLE 2: ANNUAL CAPS UNDER THE NWD MASTER SERVICES AGREEMENT

	Proposed Annual Caps		
	FY2027 <i>(HK\$'000)</i>	FY2028 <i>(HK\$'000)</i>	FY2029 <i>(HK\$'000)</i>
Categories			
Provision of FSE Services and FSE Insurance Solutions Services by the Group (the "NWD Income Projection") ⁽¹⁾	1,033,552	1,250,182	1,244,105
Provision of NWD Services by the NWD Group ("NWD Expenditure Projection") ⁽²⁾	11,726	12,355	12,896

Notes:

- (1) Approximately HK\$600.7 million (FY2027), HK\$822.8 million (FY2028) and HK\$789.7 million (FY2029) of the NWD Income Projection are from estimated potential income.
- (2) Approximately HK\$8.6 million (FY2027), HK\$9.1 million (FY2028) and HK\$9.6 million (FY2029) of the NWD Expenditure Projection are from estimated potential expenditure.

Based on the information set out in the letter from the Board and our discussion with the management of the Group, we noted that (i) provision of the FSE Services and FSE Insurance Solutions Services to the NWD Group consist of FSE Security, Guarding and Event Servicing Services, FSE Insurance Solutions Services, FSE Environmental Solutions Services, FSE E&M Services, FSE Cleaning Services and FSE Facility and Property Management Services; and (ii) provision of the NWD Services to the Group consist of NWD IT Support Services, Rental Services and NWD Sundry Services.

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We have reviewed the full list of the Existing Projects and Potential Projects and the income schedules for the next three years, and noted that (i) provision of the FSE E&M Services to the NWD Group will remain the largest contributor, accounting for 41.6%–41.9% of the NWD Income Projection for FY2027 and FY2028 but is expected to become the second largest contributor, accounting for 36.4% of the annual cap for FY2029; (ii) provision of FSE Security, Guarding and Event Servicing Services to the NWD Group is expected to grow by 36.8% and 12.5% year-on-year in FY2028 and FY2029, respectively and accounts for 28.6%, 32.4% and 36.6% of the NWD Income Projection for FY2027, FY2028 and FY2029, respectively; and (iii) the rest of the FSE Services and FSE Insurance Solutions Services are seen year-on-year growth for FY2028 and FY2029 ranging from 1.9% to 18.3%. As advised by the management of the Group, (i) the increases in the provision of FSE Security, Guarding and Event Servicing Services are due to additional 11 residential properties rolled out by NWD Group in phases over FY2027–FY2029; and (ii) given part of the provision of FSE E&M Services to the NWD Group in Hong Kong has been shifted to CTFE after the transfer of CTFS (as defined hereinafter) and Kai Tak Sports Park to CTFE in November 2023 and November 2024, respectively, they expect the contribution from the provision of the FSE E&M Services to the NWD Group will be less than before and therefore provision of FSE Security, Guarding and Event Servicing Services to the NWD Group will become the largest contributor in FY2029 in terms of the revenue derived from the NWD Group.

We have reviewed the full list of the Existing Projects and Potential Projects and the expenditure schedules for the next three years, and noted that (i) provision of NWD Rental Services to the Group accounted for 71.2%–72.8% of the NWD Expenditure Projection for FY2027–FY2029 and its projected growth rates for FY2028 and FY2029 are 6.4% and 4.9%, respectively; and (ii) the rest of the NWD Services have been projected to be either stable or 5% year-on-year growth over FY2027–FY2029.

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The estimated transaction amounts for the Existing Projects which account for 41.7%, 34.1% and 36.4%, the Potential Projects which account for 58.3%, 65.9% and 63.6% of the aggregate Annual Caps for NWD Income Projection and NWD Expenditure Projection under NWD Master Services Agreement for FY2027, FY2028 and FY2029 respectively, the major projects of which are set out below:

TABLE 3: MAJOR PROJECTS UNDER NWD INCOME PROJECTION

	FY2027 (HK\$'million)	FY2028 (HK\$'million)	FY2029 (HK\$'million)
Existing Projects	432.9	427.4	454.4
Existing contracts with respect to E&M system enhancement, operation and maintenance, cleaning and general security services for various office buildings and commercial complexes in SKYCITY at Hong Kong International Airport, Central, North Point, Tsim Sha Tsui, Lai Chi Kok & Cheung Sha Wan and a golf club in Sai Kung	219.9	214.8	230.2
Three commercial development projects in Guangzhou, Shenzhen and Hangzhou in the PRC	13.7	2.0	—
Property management, cleaning and general security services for an industrial building in Kwai Chung	4.2	4.5	5.0
Others ^(Note)	195.1	206.1	219.2

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	FY2027 (HK\$'million)	FY2028 (HK\$'million)	FY2029 (HK\$'million)
Potential Projects	600.7	822.8	789.7
Cleaning and general security services for 10 residential projects in Fanling, Yuen Long, North Point, Wong Chuk Hang, Shatin, Tseung Kwan O, Sai Kung	72.0	158.3	186.5
Property and facility management services for NWD's existing commercial complexes and hotels in Wanchai and Tsim Sha Tsui	106.4	106.4	106.4
Electrical & mechanical engineering services for six potential commercial construction projects in Beijing, Wuhan, Shanghai, Hangzhou & Shenzhen	145.8	220.3	149.1
Renovation, fitting out, decoration works and cleaning services for certain potential projects of NWD Group's existing department stores in Beijing, Shanghai & Shenyang in the PRC	31.1	35.4	25.1
Electrical & mechanical engineering services for certain commercial developments in Tsim Sha Tsui, Tung Chung and Central	93.7	126.8	149.9
Others ^(Note)	<u>151.7</u>	<u>175.6</u>	<u>172.7</u>
Total	<u>1,033.6</u>	<u>1,250.2</u>	<u>1,244.1</u>

Note: Others refers to over 100 Existing Projects and 70 Potential Projects covering the FSE Services and FSE Insurance Solutions Services.

Other than certain sample transactions as reviewed by us set out in section 4.1 above that will continue and subsist from FY2027 onwards (i.e. the Existing Projects), we have also reviewed recent interim and annual reports of NWD and New World Department Store China Limited (“NWDS”, together with its subsidiaries, “NWDS Group”), and noted that (i) the NWD Group (excluding NWDS Group) is developing some residential projects in Hong Kong including the Pavilia Farm III in Shatin (to be completed in second half of FY2026), PAVILIA ROSA in Kowloon, “BOHEMIAN COLLECTION” in West Kowloon and in China including New World 188, Canton View of Central Parkview, THE SILLAGE, Guangzhou, New Metropolis • New Metropolis Mansion, the Parkville in Shenyang and Hangzhou Wangjiang New Town Office Project; and (ii) the NWDS Group, as at 31 December 2025, operated 21 department

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stores in the PRC, covering 11 major cities including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang and Mianyang. It is noted that the major projects set out in table 3 above are in line with those stated in the latest interim reports or annual reports of NWD and NWDS.

**TABLE 4: EXISTING AND POTENTIAL CONTRACTS UNDER
NWD EXPENDITURE PROJECTION**

	FY2027 <i>(HK\$'million)</i>	FY2028 <i>(HK\$'million)</i>	FY2029 <i>(HK\$'million)</i>
9 existing contracts for NWD Services	3.1	3.3	3.3
27 potential contracts for NWD Services	8.6	9.1	9.6
Total	11.7	12.4	12.9

Certain sample transactions as reviewed by us set out in section 4.1 above will continue and subsist from FY2027 onwards (i.e. the existing contracts). The existing contracts are relating to the appointment fees payable by the Group for being appointed by NWD Group for its property manager and service fee payable by the Group for the provision of NWD IT Support Services by NWD Group. The potential contracts are principally relating to the rentals and carparking fees.

Given that (i) the Annual Caps under the NWD Master Services Agreement has adopted the Project-based Projection Method that the Existing Projects have been substantiated with existing contracts and the Potential Projects have been in line with the NWD Group's business plans and (ii) as advised by the management of the Group, the NWD Income Projection and the NWD Expenditure Projection have been incorporated into the annual caps of the continuing connected transactions as announced by NWD on 24 April 2026, we consider the Annual Caps under the NWD Master Services Agreement to be fair and reasonable.

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5.2.2 CTFE Master Services Agreement

The historical transaction amounts for FY2024 and FY2025 and six months ended 31 December 2025 in respect of (i) the FSE Services (not including lift repair and maintenance services under the FSE E&M Services) and the FSE Insurance Solutions Services to Others and (ii) the CTFE Services provided are set out as follows:

TABLE 5: HISTORICAL TRANSACTION AMOUNTS UNDER THE FORMER CTFE MASTER SERVICES AGREEMENT

Categories	Historical transaction amounts		
	FY2024 (HK\$'000)	FY2025 (HK\$'000)	First half of FY2026 ⁽²⁾ (HK\$'000)
Provision of FSE Services (not including lift repair and maintenance services under the FSE E&M Services) and the FSE Insurance Solutions Services to Others by the Group	962,258	904,126	567,871
Caps under the Former CTFE Master Services Agreement ⁽¹⁾	1,397,829	2,909,308	3,523,867 ⁽³⁾
Cap utilisation	68.8%	31.1%	n.a. ⁽³⁾
Provision of CTFE Services provided by the CTFE Group	3,675	850	462
Caps under the Former CTFE Master Services Agreement ⁽¹⁾	27,113	51,228	57,702 ⁽³⁾
Cap utilisation	13.6%	1.7%	n.a. ⁽³⁾

Notes:

- (1) The annual caps for FY2024, FY2025 and FY2026 have been extracted from the Company's announcement dated 20 November 2023 after CTF Services Limited (stock code 659) ("CTFS") and its subsidiaries (the "CTFS Group") became members of the CTFE Group.
- (2) Chow Tai Fook Jewellery Group Limited (stock code 1929) and its subsidiaries (the "CTFJ Group") became members of the CTFE Group on 5 December 2025, following CTFE's acquisition of a greater than 50% shareholding in Chow Tai Fook Jewellery Group Limited. The historical amounts for this six-month period has included those attributable to the CTFJ Group for the period of 5 December 2025 to 31 December 2025.
- (3) It refers to the caps for the full year of FY2026.

LETTER FROM SOMERLEY CAPITAL

For provision of the FSE Services and FSE Insurance Solutions Services by the Group, the historical transaction amounts received from the CTFE Group decreased by 6.0% in FY2025 but increased by 25.6% in its first half of FY2026 as compared to half of that for FY2025. As advised by the management of the Group, the decrease in FY2025 was mainly due to the substantial completion of FSE E&M Services project of the Immigration Headquarters in Tseung Kwan O in FY2024 and the increase in FY2026 was mainly due to the delays of FSE E&M Services project of the District Court in Caroline Hill Road and the dedicated rehousing project at Kwu Tung occurred in FY2025.

For provision of the CTFE Services by the CTFE Group, the historical transaction amounts paid to the CTFE Group decreased from HK\$3.7 million in FY2024 to HK\$0.9 in FY2025 and then increased slightly to HK\$0.5 million in its first half of FY2026 as compared to half of that for FY2025. As advised by the management of the Group, the decrease in FY2025 was mainly due to the substantial completion of FSE E&M Services' project of Kai Tak Sports Park in FY2024 resulting in lesser demand for CTFE Contracting Services.

Despite CTFS was transferred from NWD to CTFE in November 2023, the historical transaction amounts for both services provided by/to the CTFE Group decreased year-on-year in FY2025. As advised by the management of the Group, the decrease was mainly due to the substantial completion of several FSE E&M Services projects such as Immigration Headquarters in Tseung Kwan O, the expansion of Legislative Council Expansion and Kai Tak Sports Park in FY2024 and the delay of the District Court at Caroline Hill Road in FY2025. The overall cap utilization rates were low, as advised by the management of the Group, mainly due to (i) the Group failing to win some FSE E&M Services and FSE Cleaning Services tenders for some residential development projects, education campus and government projects in Hong Kong and for some commercial complex projects in the PRC; and (ii) the delay of the potential projects with respect to some FSE E&M Services.

LETTER FROM SOMERLEY CAPITAL

The Annual Caps under the CTFE Master Services Agreement in respect of (i) the FSE Services (not including lift repair and maintenance services under the FSE E&M Services); and the FSE Insurance Solutions Services to Others and (ii) the CTFE Services for the three years ending 30 June 2029 are set out as follows:

TABLE 6: ANNUAL CAPS UNDER THE CTFE MASTER SERVICES AGREEMENT

Categories	Proposed Annual Caps		
	FY2027	FY2028	FY2029
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Provision of FSE Services (not including lift repair and maintenance services under the FSE E&M Services) and the FSE Insurance Solutions Services to Others by the Group (the “ CTFE Income Projection ”) ⁽¹⁾	3,507,465	3,148,411	3,389,918
Provision of CTFE Services by the CTFE Group (“ CTFE Expenditure Projection ”) ⁽²⁾	39,205	41,113	44,304

Notes:

- (1) Approximately HK\$678.9 million (FY2027), HK\$1,805.0 million (FY2028) and HK\$2,535.9 million (FY2029) of the CTFE Income Projection are from estimated potential income.
- (2) Approximately HK\$38.6 million (FY2027), HK\$40.5 million (FY2028) and HK\$43.7 million (FY2029) of the CTFE Expenditure Projection are from estimated potential expenditure.

Based on the information set out in the letter from the Board and our discussion with the management of the Group, we noted that (i) provision of the FSE Services to the CTFE Group mainly consist of the FSE E&M Services, the FSE Cleaning Services and the FSE Security, Guarding and Event Servicing Services; and (ii) provision the CTFE Services to the Group mainly includes CTFE Insurance Related Services.

LETTER FROM SOMERLEY CAPITAL

We have reviewed the full list of the Existing Projects and Potential Projects and their respective income schedule for the next three years, and noted that (i) provision of FSE E&M Services to the CTFE Group is the major contributor, accounting for 80.0%–85.4% of the CTFE Income Projection for FY2027–FY2029 but it decreases by 14.7% in FY2028 and then increases by 6.0% in FY2029; and (ii) the rest of the FSE Services grow 0.4%–22.0% year-on-year. We have discussed with the management of the Group and are advised that the relatively less provision of FSE E&M Services to the CTFE Group in FY2028 as compared with FY2027 reflects substantial progress of several sizeable projects in FY2027, including the District Court in Caroline Hill Road and the dedicated rehousing project at Kwun Tong followed by an increase in sizeable projects in FY2029, including a construction project for a government building in Cheung Sha Wan, a public residential estate in Kowloon Bay and an exhibition and event venue in Tung Chung.

We have reviewed the full list of the Existing Projects and Potential Projects and the expenditure schedules for the next three years, and noted that (i) provision of CTFE Insurance Related Services accounts for 71.1%, 74.6% and 76.2% of the CTFE Expenditure Projection for FY2027, FY2028 and FY2029, respectively and is expected to increase by 10% in each of FY2028 and FY2029; and (ii) the rest of the CTFE Services are projected to be 0%–7% year-on-year growth in FY2028 and FY2029 except for provision of CTFE Contracting Services to the Group which decreases by 20% in FY2028 due to, as advised by the management of the Group, the expected completion of certain CTFE Contracting Services in FY2027.

LETTER FROM SOMERLEY CAPITAL

The estimated transaction amounts for the Existing Projects which account for 79.8%, 42.1% and 24.9%, the Potential Projects which account for 20.2%, 57.9% and 75.1% of the aggregate Annual Caps for CTFE Income Projection and CTFE Expenditure Projection under CTFE Master Services Agreement for FY2027, FY2028 and FY2029 respectively, the major projects of which are set out below:

TABLE 7: MAJOR PROJECTS UNDER CTFE INCOME PROJECTION

	FY2027 (HK\$'million)	FY2028 (HK\$'million)	FY2029 (HK\$'million)
Existing Projects	2,828.6	1,343.4	854.0
Two construction projects for government building/complex in Causeway Bay and Cheung Sha Wan	1,056.4	354.8	171.6
Construction projects for two dedicated rehousing estates in Kwu Tung North and Ma Tau Kok	631.4	168.9	14.4
A construction project for a new public market in Tin Shui Wai	245.6	47.2	—
Two construction projects for public housing estates in Kowloon Bay and Kwun Tong	248.2	137.8	65.1
A construction project for a innovation and technology development in Lok Ma Chau Loop	111.4	64.5	—
A construction project for an exhibition and event venue in Tung Chung	36.3	130.5	116.0
Certain contracts for provision of cleaning & general security and event services for the convention and exhibition centre in Wanchai	171.2	208.8	256.8
Certain contracts for provision of cleaning, general security and event services for a sport complex in Kai Tak	137.9	162.5	224.6
Others ^(Note)	190.2	68.4	5.5

LETTER FROM SOMERLEY CAPITAL

	FY2027 <i>(HK\$'million)</i>	FY2028 <i>(HK\$'million)</i>	FY2029 <i>(HK\$'million)</i>
Potential Projects	678.9	1,805.0	2,535.9
14 residential projects in Yuen Long, Tseung Kwan O, Kowloon East, Kowloon Tong, Sai Kung, Tung Chung, Aberdeen and Quarry Bay	218.5	1,048.3	1,525.6
Government building and education campus development projects in Kwu Tung and Homantin	75.0	322.5	600.0
Certain potential projects for event and entertainment venue developments in Macau	131.8	131.8	65.9
Cleaning services to several kindergarden campuses in Hong Kong	72.0	72.0	72.0
Others ^(Note)	181.6	230.4	272.4
Total	3,507.5	3,148.4	3,389.9

Note: Others refers to over 110 Existing Projects and 40 Potential Projects covering the FSE Services and FSE Insurance Solutions Services.

Sample transactions as reviewed by us set out in section 4.1 above that will continue and subsist from FY2027 onwards also forms part of the Existing Projects. We noted that CTFS contributed 92.5%, 90.8% and 90.5% of the Annual Caps under the CTFE Master Services Agreement for FY2027, FY2028 and FY2029, respectively. We have then reviewed recent interim and annual reports of CTFS, and noted that (i) following acquisition of Hsin Chong Aster in March 2025, CTFS's construction segment has four established specialist entities: Hip Hing Group (building design and construction), Vibro Group (Hong Kong's longest standing foundation specialist), Quon Hing Group (a leading concrete supplier), and Hsin Chong Aster (a prominent provider of E&M engineering services); (ii) CTFS's construction segment portfolio comprised government and institutional projects (61%), private sector projects (including both commercial and residential developments) (31%), and the NWD Group (8%), and (iii) key projects awarded during FY2025 included AsiaWorld-Expo Phase 2 development, main contract works for residential development at Ma Wo Road, Tai Po, excavation and lateral support works (stages 1 & 2) for the integrated basement and underground road in zones 2A, 2B & 2C of The West Kowloon Cultural District, dedicated rehousing estate at Ma Tau Kok and Building 1 Development of Hong Kong-Shenzhen Innovation and Technology Park. It is noted that the major construction projects set out in table 7 above are in line with those stated in the latest interim report or annual report of CTFS.

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TABLE 8: EXISTING AND POTENTIAL CONTRACTS UNDER CTFE EXPENDITURE PROJECTION

	FY2027 <i>(HK\$'million)</i>	FY2028 <i>(HK\$'million)</i>	FY2029 <i>(HK\$'million)</i>
2 existing contracts for CTFE Services	0.7	0.7	0.7
18 potential contracts for CTFE Services	<u>38.6</u>	<u>40.5</u>	<u>43.7</u>
Total	<u>39.2</u>	<u>41.1</u>	<u>44.3</u>

Certain sample transactions as reviewed by us set out in section 4.1 above will continue and subsist from FY2027 onwards (i.e. the existing contracts). The existing contracts are relating to the CTFE Contracting fee and the CTFE Facility and Property Management Services fee payable by the Group to CTFE Group. The potential contracts, which involve all types of CTFE Services, are mainly attributable CTFE Insurance Related Services.

Given that (i) the Annual Caps under the CTFE Master Services Agreement has adopted the Project-based Projection Method that the Existing Projects have been substantiated with existing contracts and the Potential Projects have been generally in line with the CTFE Group's business plans; and (ii) as advised by the management of the Group, the CTFS' projected income and expenditure under the CTFE Income Projection and the CTFE Expenditure Projection have been incorporated into the annual caps of the continuing connected transactions as announced by CTFS on 24 April 2026, we consider the Annual Caps for the CTFE Master Services Agreement to be fair and reasonable.

LETTER FROM SOMERLEY CAPITAL

5.2.3 Doo's Associates Group Master Services Agreement

The historical transaction amounts for FY2024 and FY2025 and six months ended 31 December 2025 in respect of (i) the FSE Services and the FSE Insurance Solutions Services to Others; and (ii) the Doo's Associates Services are set out as follows:

TABLE 9: HISTORICAL TRANSACTION AMOUNTS UNDER THE FORMER DOO'S ASSOCIATES MASTER SERVICES AGREEMENT

Categories	Historical transaction amounts		
	FY2024 <i>(HK\$'000)</i>	FY2025 <i>(HK\$'000)</i>	First half of FY2026 <i>(HK\$'000)</i>
Provision of FSE Services and the FSE Insurance Solutions Services to Others by the Group	22,786	10,075	3,924
Caps under the Former Doo's Associates Master Services Agreement	280,791	356,559	422,082
Cap utilization	8.1%	2.8%	n.a.⁽¹⁾
Provision Doo's Associates Services by the Doo's Associates Group	9,526	76,048	8,415
Caps under the Former Doo's Associates Master Services Agreement	33,887	104,619	18,690 ⁽¹⁾
Cap utilization	28.1%	72.7%	n.a.⁽¹⁾

Note:

1. It refers to the caps for the full year of FY2026.

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In FY2025, it has seen a 55.8% decrease in FSE Services and FSE Insurance Solutions Services to Others provided by the Group and a 698.3% increase in Doo's Associates Services provided by the Doo's Associates Group as compared to FY2024. For the first half of FY2026, the historical transaction amounts regarding the FSE Services and FSE Insurance Solutions Services to Others provided by the Group amounted to HK\$4 million while the Doo's Associates Services provided by the Doo's Associates Group amounted to HK\$8 million. The cap utilisation rates for provision of FSE Services and the FSE Insurance Solutions Services to Others by the Group were 8.1% in FY2024 and 2.8% in FY2025. As advised by the management of the Group, the relatively low utilisation was mainly due to (i) certain tenders in relation to the FSE E&M Services and FSE Facility and Property Management Services in the PRC not taken place as expected; and (ii) some contracts awarded in relation to the FSE E&M Services in the PRC with less contract sums than expected. The cap utilisation rates for provision of Doo's Associates Group by the Group were 28.1% in FY2024 and 72.7% in FY2025.

The Annual Caps under the Doo's Associates Master Services Agreement in respect of (i) the FSE Services and the FSE Insurance Solutions Services to Others; and (ii) the Doo's Associates Services for the three years ending 30 June 2029 are set out as follows:

TABLE 10: ANNUAL CAPS UNDER THE DOO'S ASSOCIATES MASTER SERVICES AGREEMENT

Categories	Proposed Annual Caps		
	FY2027 <i>(HK\$'000)</i>	FY2028 <i>(HK\$'000)</i>	FY2029 <i>(HK\$'000)</i>
FSE Services and the FSE Insurance Solutions Services to Others provided by the Group (the "Doo's Income Projection") ⁽¹⁾	118,030	123,209	106,191
Doo's Associates Services provided by the Doo's Associates Group (the "Doo's Expenditure Projection") ⁽²⁾	11,260	88,817	14,078

LETTER FROM SOMERLEY CAPITAL

Notes:

1. Approximately HK\$109.5 million (FY2027), HK\$113.6 million (FY2028) and HK\$95.4 million (FY2029) of the Doo's Income Projection are from estimated potential income.
2. Approximately HK\$3.4 million (FY2027), HK\$3.9 million (FY2028) and HK\$4.8 million (FY2029) of the Doo's Expenditure Projection are from estimated potential expenditure.
3. The Annual Caps relating the leasing services to be provided by Doo's Associates Group include the lease expenses to be paid/payable by the Group under short term leases (with lease term not exceeding 12 months) and the total value of the addition of right-of-use assets to be recognised by the Group for long term leases (with lease term more than 12 months) in compliance with HKFRS 16.

Based on the information set out in the letter from the Board and our discussion with the management of the Group, we noted that (i) the FSE Services and FSE Insurance Solutions Services to Others provided by the Group to the Doo's Associates Group mainly consist of FSE E&M Services, FSE Cleaning Services, FSE Security, Guarding and Event Servicing Services and FSE Facility and Property Management Services; and (ii) the Doo's Associates Services provided by the Doo's Associates Group to the Group mainly consist of the Rental Services.

We have reviewed the full list of the Existing Projects and Potential Projects and their respective income schedule for the next three years, and noted that provision of the FSE E&M Services to the Doo's Associate Group will be the largest contributor, accounting for 57.6%–64.4% of the Doo's Income Projection for FY2027–FY2029; (ii) each type of the FSE Services and FSE Insurance Solutions Services to Others are seen year-on-year growth ranging from 0.3% to 20.0% except for projected amount for provision of FSE E&M Services in FY2029 which is expected to decrease by 23.3%. As advised by the management of the Group, the projected amount for provision of FSE E&M Services is based on the estimated percentage of completion of the Doo's Associates Group's various potential commercial and hotel development projects in Shanghai and the PRC.

As advised by the management of the Group, the Doo's Associates Services mainly include certain Rental Services and other related services to meet the Group's daily operation needs including the leasing of the Group's head office and other offices at Kowloon Bay, To Kwan Wan and Wan Chai in Hong Kong and various offices in Macau and Shanghai. Based on the Doo's Expenditure Projection, the projected amount will increase by 688.8% in FY2028 and decrease by 84.1% in FY2029 due to, as advised by the management of the Group, the expected renewal of 15 lease contracts in FY2028 which will be accounted for as the Group's right of use assets.

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The estimated transaction amounts for the Existing Projects which account for 12.7%, 44.5% and 16.7%, the Potential Projects which account for 87.3%, 55.5% and 83.3% of the aggregate Annual Caps for Doo's Income Projection and Doo's Expenditure Projection under the Doo's Associates Master Services Agreement for FY2027, FY2028 and FY2029 respectively, the major projects of which are set out below:

TABLE 11: MAJOR PROJECTS UNDER THE DOO'S INCOME PROJECTION

	FY2027 (HK\$'million)	FY2028 (HK\$'million)	FY2029 (HK\$'million)
<i>Existing Projects</i>	8.5	9.6	10.8
Existing contracts for general security services, cleaning services, facility and property management services and E&M services for two commercial and office buildings and one residential building	8.5	9.6	10.8
<i>Potential Projects</i>	109.5	113.6	95.4
FSE E&M Services to be provided for various potential commercial and hotel renovation and system retrofit projects in Shanghai in the PRC and residential and commercial renovation and system retrofit projects in Hong Kong	75.3	79.0	60.4
Others ^(Note)	34.2	34.6	35.0
Total	118.0	123.2	106.2

Note: Others refers to over 10 Potential Projects covering the FSE Services and FSE Insurance Solutions Services.

LETTER FROM SOMERLEY CAPITAL

The Doo's Associates Group is engaged in property investment and development and the provision of property leasing. Sample transactions as reviewed by us set out in section 4.1 above that will continue and subsist from FY2027 onwards also form part of the Existing Projects. As discussed above, the property development projects of the Doo's Associates Group were delayed due to poor property market sentiment in the PRC despite certain members of the Group have qualifications to carry out the electrical & mechanical engineering works in both Hong Kong and the PRC. Nevertheless, the management of the Group had discussion with the Doo's Associates Group and was given to understand that those property projects may resume in the next three years and the Group is well poised to succeed in winning tenders for the provision of electrical & mechanical engineering services for the above development projects undertaken by the Doo's Associates Group, which contributed majority of the potential transaction amounts.

TABLE 12: EXISTING AND POTENTIAL CONTRACTS UNDER THE DOO'S EXPENDITURE PROJECTION

	FY2027 <i>(HK\$'million)</i>	FY2028 <i>(HK\$'million)</i>	FY2029 <i>(HK\$'million)</i>
19 existing and high likelihood renewal contracts for Doo's Associates Services	7.9	84.9	9.3
6 potential rental contracts for Doo's Associates Services	3.4	3.9	4.8
Total	11.3	88.8	14.1

Sample transactions as reviewed by us set out in section 4.1 above that will continue and subsist from FY2027 onwards also form part of the existing contracts. For the leased properties that are used as the Group's head office and other offices in Hong Kong, Macau and the PRC, the management of the Group considered them high likelihood renewal contracts. As advised by the management of the Group, the potential rental contracts are relating to estimated future demand for leasing of office premises in Hong Kong and the PRC to cope with the business needs of the Group.

Given that the projection of the Annual Caps under the Doo's Associates Group Master Services Agreement has adopted the Project-based Projection Method that the Existing Projects have been substantiated with existing contracts and the Potential Projects have been generally in line with Doo's Associates Group's business plans, we consider the Annual Caps for the Doo's Associates Group Services Agreement to be fair and reasonable.

6. Internal Control Measures

As set out in the letter from the Board, the Group has established internal control measures for reporting and monitoring on continuing connected transactions to ensure compliance with Chapter 14A of the Listing Rules.

According to the Group's prevailing internal accounting policy and procedure manual which covers the identification, approval and execution, registration, reconciliation and checking, reporting and monitoring of the continuing connected transactions, the designated officer of operation department and supporting department who will ensure that the continuing connected transactions are on normal commercial terms and no less favourable to those offered to/by independent third parties, 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 of the Listing Rules for final confirmation by the company secretary of the Company. 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 and senior finance 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 by examining records and documents of the continuing connected transactions to check whether the policy and procedures on the identification, approval and execution, registration, reconciliation and checking, reporting and monitoring of the continuing connected transactions are in order and effective 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. For further details of the Group's internal procedures in place which help to ensure that the Definitive Agreements will be entered into in accordance with the terms of the New Master Services Agreements, on normal commercial terms and no less favourable to those offered to/by independent third parties, please refer to the section headed "Internal control measures" in the letter from the Board.

Furthermore, pursuant to Chapter 14A of the Listing Rules, (i) 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 (ii) 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.

LETTER FROM SOMERLEY CAPITAL

To assess whether the internal control measures of the Group are sufficient and put in place effectively, we have reviewed circulars in relation to continuing connected transactions released by other Hong Kong listed companies (the “**Other CCT Circulars**”) and noted that the internal control measures adopted by the Group as stated above are similar to those disclosed in the Other CCT Circulars. Furthermore, we have randomly selected sample transactions under the Former Master Services Agreements and noted that the terms of those sample transactions entered into with the Connected Parties were no less favourable than those entered into with independent third parties or market rates. For the details of our work done in this regard, please refer to section 4 above. Given that (i) the Group has established internal accounting policy and procedure manual to monitor the Services Transactions contemplated under the New Master Services Agreements; (ii) the designated officers including but not limited to legal and company secretarial manager and the internal audit department of the Group would monitor and review the Services Transactions contemplated under the New Master Services Agreements; (iii) the independent non-executive Directors and the auditors of the Group will, pursuant to Chapter 14A of the Listing Rules, review, among other matters, whether the Services Transactions contemplated under the New Master Services Agreements are conducted on normal commercial terms; (iv) those internal control measures adopted by the Group are similar to those adopted by other Hong Kong listed companies; and (v) the terms of the transactions contemplated under the Former Master Services Agreements were no less favourable than those entered into with the independent third parties as discussed in section 4 above, we are of the view that adequate internal control measures have been in place to monitor the Services Transactions contemplated under the New Master Services Agreements.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the New Master Services Agreements is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the New Master Services Agreements are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM in relation to the New Master Services Agreements and the Services Transactions contemplated thereunder, and the proposed Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jenny Leung
Director

Ms. Jenny Leung is a licensed person and responsible officer of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and have participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

Save as disclosed below, as at the Latest Practicable Date, 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) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of listed issuers to be notified to the Company and the Stock Exchange:

(a) Long position in ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary shares in issue <i>(Note 1)</i>	Number of underlying shares <i>(Note 1)</i>	Total number of ordinary shares interested in <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Doo	Interest of spouse <i>(Note 3)</i>	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%

Notes:

- (1) The letter "L" denotes the long position of the Director in the shares of the Company.
- (2) The percentage of shareholding is calculated on the basis of 450,000,000 shares in issue of the Company as at the Latest Practicable Date.
- (3) These shares are beneficially owned by Mrs. Doo, spouse of Mr. Doo. Details of these shares are set out in notes 3, 5 and 6 to the Interest and Short Positions of Substantial Shareholders of the Company and its Associated Corporation below in this circular. 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.

(b) Long position in ordinary shares of associated corporation — FSE Holdings

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Doo	FSE Holdings (Note 3)	Interest of spouse (Note 4)	440,000,000 shares of HK\$0.10 each (L)	88%
Mr. Lam	FSE Holdings (Note 3)	Interest of controlled corporation (Note 5)	20,000,000 shares of HK\$0.10 each (L)	4%
Mr. Doo Jr.	FSE Holdings (Note 3)	Interest of controlled corporation (Note 6)	35,000,000 shares of HK\$0.10 each (L)	7%
Mr. Lee	FSE Holdings (Note 3)	Interest of controlled corporation (Note 7)	5,000,000 shares of HK\$0.10 each (L)	1%

Notes:

- (1) The letter “L” denotes the long position of the Director in the shares of the relevant associated corporation of the Company.
- (2) The percentage of shareholding is calculated on the basis of 500,000,000 shares in issue of FSE Holdings as at the Latest Practicable Date.
- (3) FSE Holdings is the holding company of the Company and falls under the definition of “associated corporation” within the meaning under Part XV of the SFO.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND ITS ASSOCIATED CORPORATION

Saved as disclosed below, as at the Latest Practicable Date, no other person (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) 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) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which the Shareholders were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long position in ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares in issue <i>(Note 1)</i>	Number of underlying shares <i>(Note 1)</i>	Total number of ordinary shares interested in <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 7)</i>
FSE Holdings	Beneficial interest and interest of controlled corporation	337,500,000 (L) <i>(Note 2)</i>	43,676,379 (L) <i>(Note 3)</i>	381,176,379 (L) <i>(Note 4)</i>	84.71%
Sino Spring <i>(Note 5)</i>	Interested of controlled corporation	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%
Fung Seng Holdings (X) Limited ("Fung Seng") <i>(Note 6)</i>	Interested of controlled corporations	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%
Fungseng Prosperity Holdings Limited ("Fungseng Prosperity") <i>(Note 6)</i>	Interested of controlled corporations	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%
Doo Family Prosperity Holdings Limited ("Doo Family") <i>(Note 6)</i>	Interested of controlled corporations	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%
Mrs. Doo <i>(Note 6)</i>	Interested of controlled corporations	337,500,000 (L)	43,676,379 (L)	381,176,379 (L)	84.71%
FSE Management <i>(Note 3)</i>	Beneficial interest	—	43,676,379 (L)	43,676,379 (L)	9.71%

Notes:

- (1) The Letter “L” denotes the long position of the Shareholder in the shares of the Company.
- (2) These shares are held by FSE Holdings.
- (3) These shares are issuable to FSE Management upon full conversion of a total of 43,676,379 non-voting redeemable convertible preference shares (the “CPS”) issued by the Company to FSE Management 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. FSE Management 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 FSE Management is interested.
- (4) 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 FSE Management upon full conversion of the 43,676,379 CPS as referred to in Note 3 above.
- (5) 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.
- (6) Sino Spring, Power Victory and Frontier Star are wholly-owned subsidiaries of Fung Seng, which in turn is owned as to 75% by Fungseng Prosperity and 25% by Mrs. Doo. Fungseng 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, Fungseng Prosperity, Doo Family and Mrs. Doo is deemed to be interested in all the shares in which Sino Spring is interested.
- (7) The percentage of shareholding is calculated on the basis of 450,000,000 shares in issue of the Company as at the Latest Practicable Date. 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 FSE Management will be 77.21% and 8.85% respectively and in each case, each of Sino Spring, Fung Seng, Fungseng 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.
- (8) Set out below are the Directors who are also directors of the above substantial shareholders:

FSE Holdings	:	Mr. Doo Jr. and Mr. Lam
Sino Spring	:	Mr. Doo and Mr. Doo Jr.
Fung Seng	:	Mr. Doo and Mr. Doo Jr.
Fungseng Prosperity	:	Mr. Doo and Mr. Doo Jr.
Doo Family	:	Mr. Doo and Mr. Doo Jr.
FSE Management	:	Mr. Doo Jr., Mr. Lam and Mr. Lee

Save as disclosed above, none of the Directors or proposed Directors (if any) is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DISCLOSURE OF OTHER INTERESTS

(1) Interests in contract or arrangement

As at the Latest Practicable Date, the following Directors had a material interest in the following contracts which were significant in relation to the business of the Group:

Name of Director	Contracts which were significant in relation to the business of the Group in which the Director had a material interest as at the Latest Practicable Date
Dr. Cheng	The Former Master Services Agreements. The NWD Master Services Agreement. The CTFE Master Services Agreement.
Mr. Doo	The Former Doo's Associates Group Master Services Agreement. The Former NWD Master Services Agreement. The Doo's Associates Group Master Services Agreement. The NWD Master Services Agreement.
Mr. Doo Jr.	The Former Doo's Associates Group Master Services Agreement. The Former CTFE Master Services Agreement. The Doo's Associates Group Master Services Agreement. The CTFE Master Services Agreement.
Mr. Lam	The Former Doo's Associates Group Master Services Agreement. The Former CTFE Master Services Agreement. The Doo's Associates Group Master Services Agreement. The CTFE Master Services Agreement.
Mr. Lee	The Former Doo's Associates Group Master Services Agreement. The Doo's Associates Group Master Services Agreement.

Save as disclosed above, 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 which was significant in relation to the business of the Group as at the date of this Circular.

(2) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which, since 30 June 2025, being the date to which the latest published audited consolidated accounts of the Company were made up, had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(3) Interests in competing business

As at Latest Practicable Date, the following Directors have interests in the following businesses apart from the Group's businesses which competed or would likely to compete, either directly or indirectly, with the businesses of the Group.

Name of Director	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business 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	NWD Group	Property and carpark management	Director
	CTFE Group	Carpark management and E&M engineering	Director
Mr. Doo	NWD Group	Property and carpark management	Director
Mr. Doo Jr.	CTFE Group	Carpark management and E&M engineering	Director of CTFS, a member of the CTFE Group
Mr. Lam	CTFE Group	Carpark management and E&M engineering	Alternate director of CTFS (a member of the CTFE Group) to Mr. Doo Jr.

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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates have interests in any business apart from the businesses of the Group, which was considered to compete or is likely to compete, either directly or indirectly, with those of the Group.

5. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

6. QUALIFICATIONS AND CONSENT OF EXPERTS

The following are the qualifications of the experts whose opinions or advice are contained in this Circular:

Name	Qualifications
Somerley Capital Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley Capital:

- (1) had no direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and
- (2) had no interests, direct or indirect, in any assets which had been, since 30 June 2025 being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group.

Somerley Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion therein of its letter dated 29 May 2026 in the form set out in the Letter from Somerley Capital in this Circular, report or opinion and reference to its name in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 30 June 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

Copies of the New Master Services Agreements will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fse.com.hk) from the date of this Circular up to and including 14 days (except public holidays).

NOTICE OF EGM



FSE LIFESTYLE SERVICES LIMITED

豐盛生活服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of **FSE LIFESTYLE SERVICES LIMITED** (the “**Company**”) will be held at 17th Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 25 June 2026 at 10:45 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions each to be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the NWD Master Services Agreement dated 24 April 2026 entered into between NWD and the Company (a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purpose), the Services Transactions contemplated thereunder and the proposed annual caps in respect of the Service Transactions contemplated thereunder for each of the three financial years ending 30 June 2029 as more particularly set out in the “Letter from the Board” in the circular of the Company dated 29 May 2026 (the “**Circular**”) be and are hereby approved (capitalised terms defined in the Circular have the same meanings when used in this resolution); and
- (b) the directors (the “**Directors**”) of the Company acting together or by committee, or any Director acting individually, be and is/are hereby authorised to take all steps necessary on behalf of the Company whatever as he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the above matters”.

2. “**THAT:**

- (a) the CTFE Master Services Agreement dated 24 April 2026 entered into between CTFE and the Company (a copy of which has been produced to the meeting marked “B” and initialled by the chairman of the meeting for identification purpose), the Services Transactions contemplated thereunder and the proposed annual caps in respect of the Service Transactions contemplated thereunder for each of the three financial years ending 30 June 2029 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved (capitalised terms defined in the Circular have the same meanings when used in this resolution); and

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(b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorised to take all steps necessary on behalf of the Company whatever as he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the above matters”.

3. “**THAT:**

(a) the Doo’s Associates Group Master Services Agreement dated 24 April 2026 entered into between FSE Management and the Company (a copy of which has been produced to the meeting marked “C” and initialled by the chairman of the meeting for identification purpose), the Services Transactions contemplated thereunder and the proposed annual caps in respect of the Service Transactions contemplated thereunder for each of the three financial years ending 30 June 2029 as more particularly set out in the “Letter from the Board” in the Circular be and are hereby approved (capitalised terms defined in the Circular have the same meanings when used in this resolution); and

(b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorised to take all steps necessary on behalf of the Company whatever as he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the above matters”.

By order of the Board
FSE Lifestyle Services Limited
Chan Ju Wai
Executive Director & Company Secretary

Hong Kong, 29 May 2026

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*
Units 801–810, 8th Floor
Chevalier Commercial Centre
8 Wang Hoi Road
Kowloon Bay, Kowloon
Hong Kong

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Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more ordinary shares (the “Shares”) of HK\$0.10 each in the Company may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy needs not be a member of the Company.
2. In the case of joint registered holders of any Share, any one of such joint holders may vote at the Meeting (or any adjournment thereof), either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders are present at the Meeting (or any adjournment thereof) personally or by proxy, that one of the said joint holders so present whose name stands first on the Company’s register of ordinary shareholders in respect of such Share shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the Meeting is enclosed. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Meeting (or any adjournment thereof) if you so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. To be valid, the instrument appointing a proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof).
5. In order to determine entitlement of a member of the Company to attend and vote at the Meeting (or any adjournment thereof), the Company’s register of ordinary shareholders will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026 (both days inclusive) during which period no transfer of Shares will be effected. The record date will be Thursday, 25 June 2026. In order to be eligible to attend and vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 18 June 2026.
6. Voting on the above resolutions will be taken by poll.

As at the date of this notice, the board of directors of the Company comprises Dr. Cheng Kar Shun, Henry (Chairman) as non-executive director, Mr. Doo Wai Hoi, William (Chairman), Mr. Lam Wai Hon, Patrick (Executive Vice-Chairman and Chief Executive Officer) (also acts as alternate director to Dr. Cheng Kar Shun, Henry), Mr. Doo William Junior Guilherme, Mr. Lee Kwok Bong, Mr. Soon Kweong Wah, Dr. Cheng Chun Fai and Mr. Chan Ju Wai as executive directors, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Ms. Leung Wan Chong Christine and Mr. Martin Nicholas Hadaway as independent non-executive directors.