

Management Discussion and Analysis



Business Review

In FY2025, the Group recorded revenue amounting to HK\$8,159.9 million, representing a decrease of HK\$288.0 million or 3.4%, as compared with HK\$8,447.9 million in FY2024. Profit attributable to shareholders for the year was HK\$453.2 million, representing a decrease of HK\$47.9 million or 9.6% as compared with HK\$501.1 million in FY2024, mainly resulted from a decrease in government grants and lower contribution from the E&M services segment, partly offset by the effect of the strong performance of the city essential services segment (namely the systems security, guarding & event services, cleaning & pest control, technical support & maintenance and insurance solutions businesses) and the property & facility management services segment. Details of the government grants recognised by the Group are set out in Note 6 to the consolidated financial statements and summarised in the table below.

Summary of government grants

For the year ended 30 June	2025 HK\$'M	2024 HK\$'M
Recognised as deduction of staff costs included in "Cost of services and sales"	1.6	9.5
Recognised as deduction of staff costs included in "General and administrative expenses"	–	1.1
Recognised as "Other income"	–	15.2
Total	1.6	25.8

Results excluding non-recurring items

To better illustrate the Group's financial results for both years, if excluding the effects of government grants (2025: HK\$1.6 million; 2024: HK\$25.8 million) in the Group's profit attributable to shareholders of the Company (2025: HK\$453.2 million; 2024: HK\$501.1 million), the Group would record a decrease in adjusted net profit for the Year of 5.0% to HK\$451.6 million as compared to its adjusted net profit for last year of HK\$475.3 million.

Tenders submitted and contracts awarded

For the year ended 30 June 2025	Tenders submitted ⁽ⁱ⁾ HK\$'M	Contracts awarded ⁽ⁱ⁾⁽ⁱⁱ⁾ HK\$'M
Property & facility management services	4,030	1,299
City essential services		
– Cleaning & pest control services	9,651	1,882
– Insurance solutions	68	32
– Technical support & maintenance services	6,474	733
– Environmental solutions	896	228
– Systems security, guarding & event services	1,070	528
City essential services subtotal	18,159	3,403
E&M services	23,549	2,622
Total	45,738	7,324

Notes:

(i) With net contract sum not less than HK\$1 million for each contract.

(ii) Combining the submitted tenders from the previous months.

Gross value of contract sum and outstanding contract sum

As at 30 June 2025	Gross value of contract sum HK\$'M	Outstanding contract sum HK\$'M
Property & facility management services	2,226	1,784
City essential services		
– Cleaning & pest control services	6,679	3,216
– Insurance solutions	167	51
– Technical support & maintenance services	2,515	1,463
– Environmental solutions	706	427
– Systems security, guarding & event services	1,906	1,166
City essential services subtotal	11,973	6,323
E&M services	10,029	6,425
Total	24,228	14,532

CUSTOMERS' MESSAGES



The Masterpiece, Tsim Sha Tsui

A tenant from The Masterpiece expresses gratitude and praise for the colleagues at Kiu Lok Service Management for their assistance in completing the leasing transaction swiftly. Thanks to the employees' excellent service attitude and proactive, attentive follow-up. The tenant felt happy and at ease throughout the entire process, from unit selection to moving in.



Hong Kong International Airport

We are pleased to receive feedback from passengers who gave compliments to waihong's cleaners. We appreciate that your staff has shown a positive and dedicated attitude in maintaining the cleanliness of the Terminal. Their quality of service has certainly created a good impression to the passengers of Hong Kong International Airport.



Edward Wong Development Company Limited

Urban Group's professional management team assisted in the preparation of projects, such as rooftop leakage prevention and reinforcement, glass curtain wall maintenance, and fire alarm system maintenance and replacement. In addition, the team responded quickly to clients' enquiries and provided professional suggestions, including assisting tenants in reviewing tenancy agreement and introducing the latest building management technology, which demonstrated the team's expertise and sincere service attitude.



North District Hospital

We would like to express our gratitude to Waihong Services Group for the new cleaning arrangements in the operating theatres and changing rooms of North District Hospital. Our colleagues have appreciated the improvement in the hygiene condition after new measures have been implemented, thanks to the dedication of your team. We hope that you will continue to strive for excellence to achieve a higher level of performance.





New World Property Management Company Limited

Thanks to the swift and efficient response during the emergency pipe burst incident. General Security team's professionalism and expertise were evident as they worked diligently into the night to resolve the issue, minimizing potential damage and disruption. We appreciate your readiness to assist us on such short notice. Your commitment to service excellence and customer satisfaction made a significant difference in managing this critical situation.



The Hong Kong Housing Authority

With your team's hard work and commitment, all installation works related to the regulatory inspection were completed on time, even ahead schedule. Your team's performance is highly appreciated. Their thoroughness and pro-active approach played a crucial role in the successful outcome. Their professionalism, expertise, and cooperation throughout the construction were truly commendable.



Hong Kong Sheng Kung Hui Welfare Council

I want to express my sincere gratitude to HK Island Landscape for your partnership in enhancing Life Garden at The Providence Garden for Rehab. This space offers relaxing and sensory-rich interactions with nature, helping our members connect with themselves and their families. Thank you to your entire team for their dedication and professionalism; your efforts were instrumental to the project's success. We look forward to future collaborations to create more exceptional experiences.



Kerry Property Management Services

We are writing this letter to extend our appreciation to Young's Engineering team for the successful completion of the replacement of existing central air conditioning system, chiller platform and related accessories with outstanding performance. We truly appreciate your company's efforts and professionalism. Once again, we would like to thank you for your entire team for the hard works and dedication for your quality works and we wish that you continue your spirit in your coming projects.



EMPLOYEES' MESSAGES



FSE Lifestyle Services Limited

At FSE Lifestyle, the well-being of colleagues is a top priority, demonstrated through our diverse wellness and fitness activities. As the Wellness Club leader, I proudly organize initiatives that promote a positive culture. Our programs, including exercise, mindfulness and creative workshops, help everyone relax, recharge and gain practical skills. I look forward to our upcoming parenting workshop, offering valuable insights for colleagues.

Spencer Tam

Assistant Manager –
Talent Development and Training



Urban Group

The Company provides valuable training and engagement sessions that keep employees informed about its development and strategy. I appreciate these opportunities for enhancing my leadership skills and fostering a sense of belonging. The innovative exchange tour in Shenzhen, including visits to Huawei, Vanke and Tian'an Cyber Park showcased advanced technologies and AI integration, broadening my horizons and enriching my professional growth.

Tammy Cheung

Senior Property Asset Manager



Kiu Lok Group

In 2025, our Sport Club members excelled in two major competitions, promoting various sports like table tennis, badminton and bowling. I enjoy our bowling sessions, which help us relax and strengthen team spirit. These activities enhance fitness and foster valuable connections, allowing colleagues to relieve stress and exchange ideas, ultimately improving communication across our business units.

Derek Chow

Engineer



FSE Environmental Solutions Limited

As an FSE employee, I take pride in our commitment to ESG principles through the 5P framework. Our people-centric culture fosters fulfilling work with strong CSR initiatives and training programs. By using innovative technologies to conserve resources, we protect our planet and ensure sustainable growth. I feel empowered to contribute to a greener future, actively participating in the production of our ESG Report.

Dominic Chow

Manager – Green Profession & Sustainability



General Security Group

The Company actively engages in CSR initiatives, contributing over 28,000 hours of community service in 2024-2025. This impressive figure reflects our team spirit and commitment to social responsibility. I am grateful to participate in events like "FSE Caring Day", flag selling, elderly visits where interacting with seniors brings me joy. I hope to continue spreading the spirit of helping others.

Carla Kwun

Human Resources Manager



Waihong Services Group

Safety is a top priority for the Group. Management at FSE Lifestyle actively supports safety initiatives at all levels, utilizing technology such as the Safety App to monitor incidents effectively. As the Quality Compliance Manager at Waihong, I value this commitment. Waihong has conducted a Pledge Ceremony and implemented safety training and an OSH task force to promote a safe work environment for all employees.

Simon Chan

Quality Compliances Manager



Beijing Nova Insurance Services Limited

My personal values align with the company's emphasis on passion, teamwork and integrity. FSE Lifestyle prioritizes sustainable success and fosters long-term customer relationships, supported by a strong leadership team. I appreciate the synergies across departments and business units. Working here is enjoyable, as colleagues are helpful and eager to share their experiences, creating a collaborative and supportive company culture.

Emily Liang

Account Manager – Guangzhou Branch



FSE Engineering Group

I am grateful for the opportunity to participate in the Executive Development Programme, which has significantly enhanced my leadership and management skills. Observing my team member's growth through the Young Executive Development Programme has been inspiring. Additionally, the company's engagement events, like the "FSE Management Exchange" and insightful Fireside Chats with experts, foster effective communication and broaden our perspectives, enriching our professional development.

Brian Yan

Project Manager

PROPERTY & FACILITY MANAGEMENT SERVICES



Property & Facility Management Services

Number of staff

Over **5,300**

Service contracts

Over **300**

Revenue*

HK\$'million



2025

2024

Profit

HK\$'million



2025

2024

Remaining Works

HK\$'million



2025

2024

* Segment revenue does not include inter-segment revenue.

The Group's property and facility management services business, comprising Urban, International Property Management and Kiu Lok (together, the "Property & Facility Management Group"), is the largest among all independent service providers in the residential, non-residential and car park property and facility management markets in Hong Kong, after excluding management companies owned by property developers. The companies provide comprehensive and recognised professional management services for their clients.

Our Property & Facility Management Group has expertise in six core property and facility management areas: (i) residential property asset management; (ii) facilities management and operations, including both public and private sectors; (iii) commercial, retail and industrial premises operations; (iv) project management; (v) leasing and tenancy management and (vi) car park operations and management. Its property asset and facility services cover all kinds of property and facility assets including high end residential properties, government facilities, offices and quarters, academic campus and educational institutes, service apartments, Grade A intelligent buildings and commercial complexes, modern industrial premises, composite residential developments to regional car parks and various kinds of public and private facility assets.

Our Property & Facility Management Group's unique market differentiation lies in their integration of services, strong pool of professional talents and partnership approach with our clients. In addition, innovation keeps our Property & Facility Management Group at the forefront of the industry. It is a pioneer in the introduction of modern international standards

and innovative service models in property and facility management in Hong Kong, including the self-developed eApplication systems – The Sm@rtUrban Apps for customers and the ComEasy App for internal operation, with the application of drones for high rise inspections, altogether create strong synergies to enhance the overall operational efficiency in its property and facility management services.

During FY2025, Kiu Lok expanded its service scope from being a conventional property management business into a comprehensive asset management group. Through the setup of an asset management company, Kiu Lok now provides its clients with one-stop asset management advisory, property & facility management, and sales & leasing services.

During FY2025, our Property & Facility Management Group submitted tenders for 55 service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total tender sum of HK\$4,030 million and, combining the submitted tenders from previous months, was awarded 29 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$1,299 million. Among these 29 service contracts, five of them were major service contracts (with net contract sum not less than HK\$20 million for each service contract) for government facilities in three Hong Kong regions and two residential estates in Fo Tan and Tuen Mun.

As at 30 June 2025, the property & facility management services segment has a total gross value of contract sum of HK\$2,226 million with total outstanding contract sum of HK\$1,784 million.

CITY ESSENTIAL SERVICES



City Essential Services

Service contracts

Over **13,800**

Number of staff

Over **20,200**

Revenue*

HK\$'million



2025

2024

Profit

HK\$'million



2025

2024

Remaining Works

HK\$'million



2025

2024

* Segment revenue does not include inter-segment revenue.

Cleaning & Pest Control Services

The Group's cleaning and pest control services business, Waihong, covers four core areas: (i) specialist cleaning; (ii) disinfection; (iii) pest control and (iv) waste management. Waihong's services encompass a wide range of private and public facilities in every corner of Hong Kong, which includes office buildings, shopping malls, hotels, university campus, international schools, tourism facilities, government properties, public utilities, convention and exhibition centres, railway stations, airport terminal buildings, hospitals, industrial buildings and residential properties. Specialist cleaning mainly covers the services of general cleaning, initial cleaning, curtain wall cleaning, housekeeping, marble and granite floor maintenance. Disinfection services include disinfection, formaldehyde removal and antibacterial coating services. Pest control services provide general insecticide treatment, fogging treatment, rodent control and termite elimination. Waste management offers recycling services, food waste collection, solid waste collection, clinical waste and construction waste disposal.

Waihong's unique market differentiation lies in its integration of services, enormous working teams comprising over 13,000 staff, a strong fleet management with over 100 municipal vehicles and full support towards customers. Waihong has applied advanced technology, including AI systems for smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy). High degree of service commitments keeps Waihong ranked the largest in the cleaning service industry in Hong Kong. It is a market leader and competent in providing clients with quality services.

During FY2025, Waihong submitted tenders for 486 cleaning service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total

Waihong has applied advanced technology, including AI systems for smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy).

tender sum of HK\$9,651 million and, combining the submitted tenders from previous months, was awarded 130 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$1,882 million. Among these 130 service contracts, 17 of them were major service contracts (with net contract sum not less than HK\$20 million for each service contract), which included cleaning contracts for government facilities in four regions, three residential estates in Shatin, Fo Tan and Tai Koo, two shopping malls in Shatin and Tung Chung, two universities, a sports facility and a commercial complex in Kai Tak, an exhibition centre in Wan Chai, a bank, a public transport company and certain airport facilities.



Waihong's unique market differentiation lies in its integration of services, enormous working teams comprising over 13,000 staff and a strong fleet management with over 100 municipal vehicles.

Management Discussion and Analysis

Insurance Solutions

The Group's insurance solutions business, Nova, comprises Nova Insurance Consultants, International Reinsurance Management, Beijing Nova and FSE Nova (China) Company Limited. Both Nova Insurance Consultants and International Reinsurance Management hold Insurance Broker Company Licenses granted by the Insurance Authority. Nova Insurance Consultants is also a registered Mandatory Provident Fund ("MPF") Intermediary under the Mandatory Provident Fund Schemes Authority and the largest local broker in Hong Kong. Beijing Nova, holding a nationwide insurance broking license granted by the National Financial Regulatory Administration in China, is a national insurance brokerage company for the insured established in Mainland China. FSE Nova (China) Company Limited holds a 27% interest in Townlife Holding Company Limited (a 73%-owned subsidiary of The Hong Kong and China Gas Company Limited ("Towngas")).

Nova offers five core risk and insurance services: (i) insurance advisory and brokerage services; (ii) risk management services; (iii) global and regional insurance management services; (iv) reinsurance broking and (v) MPF intermediary services.



As one of the top five (out of 803) general insurance brokers in Hong Kong, Nova's unique market differentiation lies in its highly professional team and its serving network in both the GBA and in the world through

Nova's retention ratio in securing renewed contracts has always been over 90%, reflecting its competitiveness and high level of services.

As one of the top five (out of 803) general insurance brokers in Hong Kong, Nova's unique market differentiation lies in its highly professional team of brokers and specialists, strong expertise in various classes of insurance, customised services, good local knowledge and connections, strong bargaining power in the insurance market and its serving network in both the Greater Bay Area and in the world through its affiliated company in China and global broker partners. Nova serves many clients who are leaders within their respective industries.

During FY2025, Nova secured placements for a number of operational insurances for a commercial complex and new cyber insurance policies. Nova also won a contract from one of the leading tertiary education institutions. The vast majority of Nova's business involved general insurance, construction and employee benefits-related insurance. Each year Nova has to submit renewal quotations for all these policies to its clients and will only be awarded the renewal contracts when its terms and conditions are competitive. Nova's retention ratio in securing renewed contracts has always been over 90%, reflecting its competitiveness and high level of services.

On 27 December 2024, Nova acquired the entire registered and paid-up capital of Beijing Nova Insurance Services Limited from (i) Guangzhou Sheng Gao Property Development Limited (40.1%), (ii) Baohua Equity Investment Limited (35.0%) and (iii) Nova Risk Services Holdings Limited (24.9%) at a total cash consideration of RMB123.1 million (equivalent to HK\$133.0 million) funded by the Group's internal resources. During FY2025, Beijing Nova expanded its operation in Mainland China, through setting up a new branch in Suzhou, in addition to its Beijing headquarter and existing Shanghai and Guangzhou branches.

In January 2025, Nova deepened its cooperation with Towngas Lifestyle (China) Company Limited ("Towngas Lifestyle"), a wholly-owned subsidiary of Towngas, through investing in a 27% interest in Townlife Holding Company Limited (a 73%-owned subsidiary of Towngas Lifestyle), aiming at providing comprehensive insurance broker services to over 40 million Towngas household customers in Hong Kong and Mainland China.

During FY2025, Nova submitted tenders for 24 service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total tender sum of HK\$68 million and was awarded 15 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$32 million.

Technical Support & Maintenance Services

The Group's technical support & maintenance services business, comprising Far East Engineering Services and Turning Technical Services, provides services which covers three core areas: (i) system retrofit, including replacement of chiller units, upgrade of electrical supply systems, modification and enhancement of fire services and plumbing and drainage systems; (ii) operation and maintenance, including routine system maintenance and repairing works in heat, ventilation, and air conditioning ("HVAC") systems, testing and commissioning, periodic inspection in electrical and fire services installation works; and (iii) renovation works in E&M systems. All these different core services cover mostly in Hong Kong and Macau.

The Group's technical support & maintenance services business' unique market differentiation lies in its proven ability to deliver large-scale, technically complex building services upgrades with minimal disruptions to

By integrating BIM, MiMEP prefabrication and AI driven energy optimisation, we have ensured precision planning, shorter construction periods and superior sustainability outcomes.



Our technical support & maintenance services' unique market differentiation lies in our ability to deliver large-scale, technically complex building services upgrades with minimal disruptions to daily operations.

daily operations. It specialises in energy efficient chiller replacements, transforming air cooled to water cooled systems, and adopting high Coefficient of Performance units with green refrigerants. By integrating BIM, MiMEP prefabrication, and AI driven energy optimisation, it ensures precision planning, shorter construction periods, and superior sustainability outcomes. With strong project execution experience across Hong Kong and Macau, it combines engineering expertise, digital innovation, and collaborative project management into consistently exceeding client expectations' low carbon and high performance building environments.

During FY2025, the Group submitted tenders for 609 maintenance service contracts (with a contract sum not less than HK\$1 million for each contract) with a total tender sum of HK\$6,474 million and, combining the submitted tenders from previous months, was awarded 112 projects (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$733 million. Among these 112 projects, eight of them were major contracts (with net contract sum not less than HK\$20 million for each contract), which included two chiller replacement and system upgrading contracts for a commercial building in Central, two chiller replacement contracts for various shopping centres in Shatin, Yuen Long, Lok Fu and Tsing Yi, a term contract for government buildings in Cheung Sha Wan and Tsuen Wan, two renovation works and one system enhancement contract for hotels in Macau.

Management Discussion and Analysis



Our environment solutions provides electro-chlorination system to assist our customers in achieving their environmental protection and energy conservation objectives.

Environmental Solutions

The Group's environmental solutions division provides Environment Solutions, Smart Solutions and Green Solutions to its clients in order to achieve environmental protection, energy conservation, sustainability, enhance environmental quality and operational efficiency and the long-term goals of carbon neutrality to fight against climate change.

This division is divided into three business lines:

- (i) "Environment Solutions" (water and air treatment, laboratory testing & certification) to provide comprehensive HVAC water treatment services, environmental assessment in air and water quality, deodorisation system and electro-chlorination system to assist its customers in achieving their environmental protection and energy conservation objectives. Its HVAC water treatment service is well-known for the professionalism in the industry with over 40 years of history and it has a water treatment company which is under the list of approved specialist contractors for public works in fountain installation. As innovation is at the heart of this business, it has a patented application of using nanobubble ozonation to sterilize fresh water at cooling towers, swimming pools, public toilets, and water features. Its laboratory is accredited by Hong Kong Laboratory Accreditation Scheme ("HOKLAS") which is able to test a wide range of chemical and microbial parameters. For air quality related business,

it is one of the nine accredited IAQ certificate issuing bodies in Hong Kong.

- (ii) "Smart Solutions" (ELV, EV charging and smart facilities) to provide advanced information and communication infrastructure by providing Extra Low Voltage ("ELV") building technology with smart facility systems (i.e. smart office and smart toilet) to enhance operational efficiency, as well as a full range of services covering material supply, electrical installation, design and engineering and project management for electric vehicle ("EV") charging infrastructure. Through its IoT platform "Fiotech", it provides customised integrated IoT solutions to its clients' facilities, from consultation and solution design, system implementation and operation, to data analytics for routine support and maintenance.
- (iii) "Green Solutions" (landscape and building materials) to provide landscape management and maintenance services to a diversified business portfolio, including but not limited to property developers and managers, and trading of a wide range of building controls equipment and other building materials to improve environmental quality and promote carbon neutrality. Its landscape business offers a wide range of one-stop green solutions to its clients. It provides landscape design and performs landscape projects and various tree works. It also supplies festival plants to its client.

Our environmental solutions provides environment solutions, smart solutions and green solutions to achieve long-term goals of carbon neutrality to fight against climate change.

During FY2025, the Group submitted 156 service contracts tenders and quotations for its environmental, landscape and building material trading businesses (with a sum not less than HK\$1 million for each contract or quotation) with a total tender and quotation sum of HK\$896 million and, combining the submitted tenders from previous months, was awarded 45 environmental,

landscape, ELV and building material trading service contracts and quotations (with a sum not less than HK\$1 million for each contract or quotation) with a total sum of HK\$228 million.

Systems Security, Guarding & Event Services

The Group's systems security, guarding & event services business comprises General Security and Perfect Event, which provides systems security, guarding, escort and surveillance security, security system and technology, customer service ambassador and event services.

General Security serves a broad range of clients of residential properties (including estates, service apartments and luxury detached houses), office towers, shopping malls and buildings, private clubs, entertaining facilities, event and exhibition venues. General Security holds all three types of licences for operating a security company in Hong Kong which covers three core areas: (i) Type I Licence for provision of systems security, guarding services; (ii) Type II Licence for providing armoured transportation services and (iii) Type III Licence for installation, maintenance and/or repairing of a security device and/or designing a security system incorporating a security device. It has a strong workforce capable of serving multiple events concurrently involving over 100,000 people. In addition, General Security operates a 24-hour Central Alarm Monitoring Station, an additional Central Alarm Monitoring Station ("CAMS") license endorsement and is providing monitoring services to many jewelry stores and houses. It has adopted new technologies, including electronic key management systems, to enhance its service quality and efficiency.

General Security has a strong workforce to serve multiple events concurrently involving over 100,000 people, we operate a 24-hour Central Alarm Monitoring Station.

Perfect Event has steadily gained a foothold in its two core businesses: (i) providing customer service



General Security provides systems security, guarding, escort and surveillance security, security system and technology, customer service ambassador and event services.

ambassadors for a variety of events such as art displays, exhibitions, concerts, pop music award ceremonies as well as private club events and (ii) providing technological support enhancements for events. Perfect Event is supported by General Security in management and back-office support, leaning on its vast operations experience and expertise. General Security and Perfect Event together offers comprehensive "one-stop-shop" professional systems security, guarding and event services to its clients.

During FY2025, General Security and Perfect Event submitted tenders for 70 systems security, guarding and event services contracts (with a contract sum not less than HK\$1 million for each contract) with a total tender sum of HK\$1,070 million and, combining the submitted tenders and quotations from previous months, was awarded 42 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$528 million. Among these 42 service contracts, six of them were major service contracts (with net contract sum not less than HK\$20 million for each service contract) including five residential estates in Shatin, Sai Kung, Tin Hau, North Point and Tsuen Wan and a sports facility in Kai Tak.

As at 30 June 2025, the city essential services segment has a total gross value of contract sum of HK\$11,973 million with a total outstanding contract sum of HK\$6,323 million.

E&M SERVICES



E&M Services

Number of staff

Over **1,000**

Service contracts

Over **150**

Revenue*
HK\$'million



2025

2024

Profit
HK\$'million



2025

2024

Remaining Works
HK\$'million



2025

2024

* Segment revenue does not include inter-segment revenue.

The Group's E&M services business, comprising FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group, serving Hong Kong, Mainland China and Macau. These companies have maintained its position as one of the leading E&M companies in Hong Kong, capable of providing quality professional management and a comprehensive range of E&M services to its clients, ranging from design, installation, testing and commissioning services. The Group's E&M projects encompassed a wide range of buildings and facilities, including government buildings and facilities, offices, shopping malls, hotels, integrated resorts, sports park and residential properties.

Our E&M services is recognised as one of the industry pioneers in adoption of green building design, MiC, MiMEP and DfMA in our projects.

The Group's E&M services business' unique market differentiation lies in its integration of all E&M services, a strong pool of professional talents, a well-established network of suppliers and subcontractors, and a team-based partnership approach towards its clients. Innovation by using advanced technology keeps it at the forefront of the E&M industry. It is also recognised as one of the industry pioneers in adoption of green building design, Modular Integrated Construction ("MiC"), Multi-trade Integrated Mechanical, Electrical and Plumbing ("MiMEP"), Design for Manufacture and Assembly ("DfMA") in its projects. With such competitive edges over its competitors, the Group has strong confidence in securing and undertaking integrated E&M projects in Hong Kong, Mainland China and Macau.



Our E&M services' unique market differentiation lies in our integration of all E&M services, a strong pool of professional talents, a well-established network of suppliers and subcontractors.

During FY2025, the Group's E&M services business submitted tenders for 291 E&M engineering projects (with a contract sum not less than HK\$1 million for each project) with a total tender sum of HK\$23,549 million and, combining the submitted tenders from previous months, was awarded 55 contracts (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$2,622 million. Among these contracts, ten of them were major projects (with net contract sum not less than HK\$100 million for each project), which included, in Hong Kong, three residential projects North Point and To Kwa Wan, three public housing projects in Tung Chung, Fanling and Shek Kip Mei, a shopping mall development in Kwun Tong and a commercial office in Lok Ma Chau Loop and, in Mainland China, a hotel in Zhengzhou and a residential and commercial complex in Hangzhou.

As at 30 June 2025, the E&M services segment has a total gross value of contract sum of HK\$10,029 million with a total outstanding contract sum of HK\$6,425 million.



Revenue

In FY2025, the Group's revenue decreased by HK\$288.0 million or 3.4% to HK\$8,159.9 million from HK\$8,447.9 million in FY2024, reflecting lower revenue from the E&M services segment amounting to HK\$754.4 million, mitigated by higher revenue from the city essential services segment and the property & facility management services segment amounting to HK\$428.5 million and HK\$37.9 million respectively.

	For the year ended 30 June		
	2025 HK\$'M	2024 HK\$'M	% Change
Property & facility management services*	701.3	663.4	5.7%
City essential services*	4,887.6	4,459.1	9.6%
E&M services*	2,571.0	3,325.4	(22.7%)
Total	8,159.9	8,447.9	(3.4%)

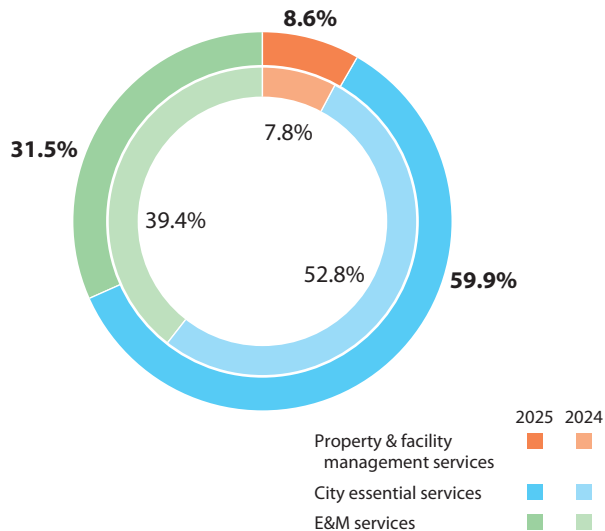
* Segment revenue does not include inter-segment revenue.

The Group's revenue from the property & facility management services segment and the city essential services segment in aggregate contributed 68.5% in FY2025 (2024: 60.6%), whereas the revenue from E&M services segment contributed 31.5% in FY2025 (2024: 39.4%).

In FY2025, the Group's revenue contribution from Hong Kong, Mainland China and Macau was 91.2%, 6.8% and 2.0% (2024: 90.4%, 7.3% and 2.3%) respectively.

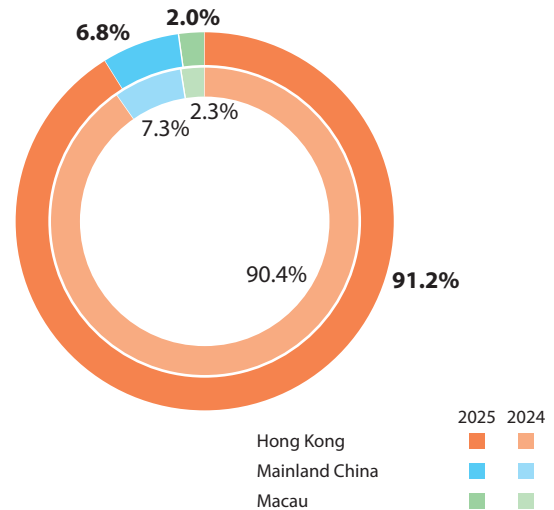
Revenue by Segment

For the year ended 30 June



Revenue by Region

For the year ended 30 June



- *Property & facility management services*: This segment contributed 8.6% (2024: 7.8%) of the Group's total revenue. The services were principally provided in Hong Kong.

Segment revenue increased by 5.7% or HK\$37.9 million to HK\$701.3 million from HK\$663.4 million. It mainly reflected an increase from the contract extensions for government office buildings and quarters.

Under the respective contract terms, approximately 20% of the property & facility management services segment's revenue is accounted for based on the management fees received. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its lump sum contracts (i.e. with all direct operational costs for performing the related services borne by it) which are primarily facility management contracts, the property & facility management services segment's revenue for the Year would increase by HK\$3,200.0 million from its reported amount of HK\$701.3 million (2024: HK\$663.4 million) to about HK\$3,900.0 million (2024: HK\$3,800.0 million).

- *City essential services*: This segment contributed 59.9% (2024: 52.8%) of the Group's total revenue. The revenue of individual divisions of this services segment is as below:

For the year ended 30 June			
	2025 HK\$'M	2024 HK\$'M	% Change
Cleaning & pest control services	2,535.9	2,349.6	7.9%
Insurance solutions	141.7	114.4	23.9%
Technical support & maintenance services	1,164.1	1,060.0	9.8%
Environmental solutions	335.2	304.2	10.2%
Systems security, guarding & event services	710.7	630.9	12.6%
Total	4,887.6	4,459.1	9.6%

The revenue reflected an increase in contributions from Hong Kong (HK\$372.5 million), Macau (HK\$35.1 million) and Mainland China (HK\$20.9 million).

Management Discussion and Analysis

Segment revenue grew by 9.6% or HK\$428.5 million to HK\$4,887.6 million from HK\$4,459.1 million reflected growth in all its divisions.

- *E&M services*: This segment contributed 31.5% (2024: 39.4%) of the Group's total revenue and 80%, 20% and 0.1% (2024: 80%, 18% and 2%) of this segment's revenue were contributed from Hong Kong, Mainland China and Macau respectively. Lower revenue contribution was recorded in the Year from Hong Kong (HK\$618.4 million), Mainland China (HK\$70.7 million) and Macau (HK\$65.3 million).

For the year ended 30 June			
	2025 HK\$'M	2024 HK\$'M	% Change
Hong Kong	2,051.8	2,670.2	(23.2%)
Mainland China	517.9	588.6	(12.0%)
Macau	1.3	66.6	(98.0%)
Total	2,571.0	3,325.4	(22.7%)

Segment revenue decreased by 22.7% or HK\$754.4 million to HK\$2,571.0 million from HK\$3,325.4 million and mainly reflected lower revenue contributions from a number of E&M engineering installation projects which were near completion last year including Immigration Headquarters in Tseung Kwan O, a commercial building in Wan Chai and Ningbo New World Plaza Comprehensive Development in Mainland China, and delays of certain design and construction projects in Hong Kong, mitigated by the substantial progress of the expansion of a government building in Central and a residential estate in Tuen Mun.

Under contract terms, only the management fees and reimbursable costs of the Kai Tak Sports Park project management project were accounted as revenue. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its E&M installation contracts (i.e. with all direct project costs for performing the related installation services borne by it), this segment's revenue in the Year would increase by HK\$900.0 million from its reported amount of HK\$2,571.0 million (2024: HK\$3,325.4 million) to about HK\$3,500.0 million (2024: HK\$5,200.0 million).

Gross profit

The following table presents the breakdowns of the Group's gross profit by business segment:

For the year ended 30 June				
	2025		2024	
	Gross profit HK\$'M	Gross profit margin %	Gross profit HK\$'M	Gross profit margin %
Gross profit and gross profit margin including government grants				
Property & facility management services	225.0	32.1%	212.6	32.0%
City essential services	525.5	10.8%	482.4	10.8%
E&M services	303.0	11.8%	364.2	11.0%
Total	1,053.5	12.9%	1,059.2	12.5%

In FY2025, the Group's property & facility management services segment, city essential services segment and E&M services segment contributed 21.4% (2024: 20.1%), 49.9% (2024: 45.5%) and 28.7% (2024: 34.4%) of its gross profit respectively. The Group's gross profit decreased slightly by HK\$5.7 million or 0.5% to HK\$1,053.5 million from HK\$1,059.2 million in FY2024, with an overall gross profit margin increased to 12.9% from 12.5%, mainly reflecting a decrease in government grants and lower contribution from the E&M services segment, partly offset by the effect of the strong performance of the city essential services segment (namely the systems security, guarding & event services, cleaning & pest control, technical support & maintenance and insurance solutions businesses) and the property & facility management services segment.

	For the year ended 30 June			
	2025		2024	
	HK\$'M	Gross profit margin %	HK\$'M	Gross profit margin %
Gross profit and gross profit margin excluding government grants				
Gross profit and gross profit margin as reported	1,053.5	12.9%	1,059.2	12.5%
Excluding government grants	(1.6)	–	(9.5)	(0.1%)
Gross profit and gross profit margin excluding government grants	1,051.9	12.9%	1,049.7	12.4%

To better illustrate the Group's performance for both years, if excluding the effects of these grants in the Group's gross profit (i.e. HK\$1.6 million for the Year and HK\$9.5 million in last year), its adjusted gross profit margin would increase to 12.9% from 12.4% last year, mainly caused by margin improvements at the Group's property & facility management and E&M services businesses.

- *Property & facility management services:* This segment recorded an increase in its gross profit of HK\$12.4 million to HK\$225.0 million from HK\$212.6 million, with a stable gross profit margin at 32.1%. This was caused by an increase in revenue from the contract extensions for government office buildings and quarters, partly offset by a decrease in government grants.
- *City essential services:* This segment recorded an increase in its gross profit of HK\$43.1 million to HK\$525.5 million from HK\$482.4 million, with its gross profit margin remained stable at 10.8%. This was caused by higher contributions from (i) more new contracts from regular guarding and ad-hoc services; (ii) an increase in new cleaning service contracts mainly from the government; (iii) its technical support and maintenance services business' renovation works for a hotel in Macau; (iv) an increase in new general insurance service contracts awarded in Hong Kong and (v) contribution from the acquisition of Beijing Nova in December 2024.
- *E&M services:* The gross profit of the E&M services segment decreased by HK\$61.2 million to HK\$303.0 million from HK\$364.2 million, while its gross profit margin increased to 11.8% from 11.0%, principally reflected lower revenue from its projects in Hong Kong, Mainland China and Macau. The increased gross profit margin was mainly driven by additional income from projects' variation orders and cost saving measures.

Management Discussion and Analysis

General and administrative expenses

General and administrative expenses of the Group for the Year increased by HK\$36.1 million or 7.3% to HK\$527.6 million from HK\$491.5 million last year, mainly reflected the effects of the Group's acquisition of Beijing Nova in December 2024, an increase in staff costs and a decrease in government grants.

For the year ended 30 June				
	2025 HK\$'M	2024 HK\$'M	Change HK\$'M	% Change
General and administrative expenses excluding government grants				
General and administrative expenses as reported	527.6	491.5	36.1	7.3%
Excluding government grants	–	1.1	(1.1)	(100.0%)
General and administrative expenses excluding government grants	527.6	492.6	35.0	7.1%

To better compare their amounts for both years, if excluding the effects of government grants in the Group's general and administrative expenses (i.e. Nil for the Year and HK\$1.1 million last year), the adjusted general and administrative expenses would increase by 7.1% to HK\$527.6 million compared to HK\$492.6 million last year.

Other income, net

Other net income of HK\$8.0 million was recorded by the Group during FY2025 compared to HK\$23.0 million recorded in FY2024.

The other net income recorded during the Year mainly represented gains on disposal of properties in the Mainland China. The net income recorded last year mainly represented the recognition of government grants in Hong Kong and gains on disposal of properties in the Mainland China.

Finance income

In FY2025, the Group recorded finance income of HK\$23.0 million (2024: HK\$18.9 million).

Finance costs

The Group's finance costs of HK\$22.3 million (2024: HK\$19.5 million) for FY2025 included interest expenses of (i) HK\$19.4 million (2024: HK\$17.7 million) for the Group's bank borrowings and other liabilities and (ii) HK\$2.9 million (2024: HK\$1.8 million) for lease liabilities.

Income tax expenses

The effective tax rate of the Group remained stable at 15.6% (2024: 15.4%).

Profit for the year attributable to shareholders of the Company

The following table presents breakdown of the Group's profit contribution by business segment:

For the year ended 30 June				
	2025 HK\$'M	2024 HK\$'M	Change HK\$'M	% Change
Profit attributable to shareholders including government grants				
Property & facility management services	90.5	108.6	(18.1)	(16.7%)
City essential services	236.1	223.8	12.3	5.5%
E&M services	147.8	189.9	(42.1)	(22.2%)
Unallocated corporate expenses and finance costs*	(21.2)	(21.2)	–	–
Total	453.2	501.1	(47.9)	(9.6%)

* Unallocated corporate expenses and finance costs comprise the Company's corporate expenses of HK\$7.5 million (2024: HK\$7.3 million) and interest expenses of HK\$13.7 million (2024: HK\$13.9 million).

The Group's profit for the Year decreased by 9.6% or HK\$47.9 million to HK\$453.2 million compared to HK\$501.1 million last year. The decrease mainly resulted from a decrease in government grants (2025: HK\$1.6 million; 2024: HK\$25.8 million) and lower contribution from the E&M services segment, partly offset by the effect of the strong performance of the city essential services segment (namely the systems security, guarding & event services, cleaning & pest control, technical support & maintenance and insurance solutions businesses) and the property & facility management services segment. Details of the government grants recognised by the Group are set out in Note 6 to the consolidated financial statements. The net profit margin of the Group reduced to 5.6% for the Year from 5.9% last year.

For the year ended 30 June				
	2025 HK\$'M	2024 HK\$'M	Change HK\$'M	% Change
Profit attributable to shareholders excluding government grants				
Profit attributable to shareholders as reported	453.2	501.1	(47.9)	(9.6%)
Excluding government grants	(1.6)	(25.8)	24.2	(93.8%)
Profit attributable to shareholders excluding government grants	451.6	475.3	(23.7)	(5.0%)

To better illustrate the Group's financial results for both years, if excluding the effects of government grants (2025: HK\$1.6 million; 2024: HK\$25.8 million) in the Group's profit attributable to shareholders (2025: HK\$453.2 million; 2024: HK\$501.1 million), the Group would record a decrease in adjusted net profit of 5.0% to HK\$451.6 million for the year ended 30 June 2025 as compared to its adjusted net profit of HK\$475.3 million for the year ended 30 June 2024.

Management Discussion and Analysis

Other comprehensive income

The Group recorded other comprehensive income for the Year of HK\$18.7 million (2024: losses of HK\$6.6 million), reflected the remeasurement gains of HK\$13.0 million (2024: losses of HK\$5.5 million) on long service payment liabilities and HK\$0.7 million (2024: losses of HK\$0.2 million) on defined benefit retirement scheme and a favourable exchange reserve movement of HK\$5.0 million (2024: an unfavourable exchange reserve movement of HK\$0.9 million) recorded during the Year following an appreciation of the Renminbi ("RMB") for conversion of the Group's net investments in Mainland China.

Capital structure

As at	30 June 2025 HK\$'M	% to total equity	30 June 2024 HK\$'M	% to total equity	Increase/ (decrease) HK\$'M
Non-current assets	410.9	32.6%	304.6	30.8%	106.3
Cash and bank balances	743.9	59.0%	601.3	60.8%	142.6
Borrowings ⁽ⁱ⁾	318.9	25.3%	235.8	23.8%	83.1
Net cash ⁽ⁱⁱ⁾	425.0	33.7%	365.5	37.0%	59.5
Working capital ⁽ⁱⁱⁱ⁾	1,296.4	102.8%	774.0	78.3%	522.4
Total equity	1,261.7	100.0%	988.9	100.0%	272.8

Notes:

(i) All borrowings are bank loans.

(ii) Net cash is calculated as cash and bank balances less total bank borrowings.

(iii) Being net current assets.

Liquidity and financial resources

The Group's finance and treasury functions are centrally managed and controlled at its headquarters in Hong Kong. As at 30 June 2025, the Group had total cash and bank balances of HK\$743.9 million (30 June 2024: HK\$601.3 million), of which 84%, 14% and 2% (30 June 2024: 96%, 2% and 2%) were denominated in Hong Kong dollar, RMB and other currencies respectively, and total borrowings of HK\$318.9 million (30 June 2024: HK\$235.8 million) was denominated in Hong Kong dollars (30 June 2024: HK\$218.8 million was denominated in Hong Kong dollars and HK\$17.0 million was denominated in RMB). The Group's net cash balance increased by HK\$59.5 million to HK\$425.0 million as at 30 June 2025 as compared to

HK\$365.5 million as at 30 June 2024 mainly reflecting the net cash inflow from operating activities, partly offset by the distribution of the Company's final dividend for its financial year ended 30 June 2024 of HK\$96.3 million, interim dividend for its financial year ended 30 June 2025 of HK\$94.9 million and preferred distribution on the convertible preference shares of HK\$8.5 million and net cash outflow from the acquisition of Beijing Nova of HK\$78.0 million. The Group's net gearing ratio was maintained at zero as at 30 June 2025 (30 June 2024: zero). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less cash and cash equivalents.

Adopting a prudent financial management approach in implementing its treasury policies, the Group maintained a healthy liquidity position throughout the reporting period. As at 30 June 2025, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK\$3,119.9 million (30 June 2024: HK\$3,134.9 million). As at 30 June 2025, HK\$318.9 million (30 June 2024: HK\$235.8 million) of the Group's banking facilities had been utilised for bank borrowings and HK\$862.8 million (30 June 2024: HK\$790.8 million) of the Group's banking facilities had been utilised for bank guarantees and trade finance. The Group believes it has sufficient committed and unutilised banking facilities to meet current business operation and capital expenditure requirements.

Debt profile and maturity

As at 30 June 2025, the Group's total debts amounted to HK\$318.9 million (30 June 2024: HK\$235.8 million), which mature in October 2026. The Group has managed its debt maturity profile to minimise its refinancing risks. All of these debts are denominated in Hong Kong Dollar and bear interest at floating rates.

Foreign currency exposure

The Group operates primarily in Hong Kong, Mainland China and Macau and is not exposed to significant exchange risk. The Group does not have a foreign currency hedging policy and foreign currency risk is managed by closely monitoring the movements of the foreign currency rates. It will consider entering forward foreign exchange contracts to reduce exposure should the need arise.

As part of the Group's business is carried out in Mainland China, some of its assets and liabilities are denominated in RMB. The majority of these assets and liabilities had arisen from the net investments in Mainland China operations with net assets of HK\$230.8 million as at 30 June 2025 (30 June 2024: HK\$130.2 million). The foreign currency translation

arising from translation of these Mainland China operations' financial statements from RMB (functional currency of these Mainland China operations) into Hong Kong dollars (the Group's presentation currency) does not affect the Group's profit before and after tax and will be recognised in its other comprehensive income.

During the Year, the fluctuation of RMB against Hong Kong dollars was 5% (comparing the highest exchange rate with the lowest exchange rate of the RMB against the Hong Kong dollars during the Year).

As at 30 June 2025, if the Hong Kong dollars had strengthened/weakened by another 5% against the RMB with all other variables unchanged, the Group's other comprehensive income would have been HK\$11.5 million lower/higher.

Capital commitments

As at 30 June 2025, the Group had capital commitments of HK\$15.9 million (30 June 2024: HK\$5.4 million) in relation to investment in an associate and additions of property, plant and equipment.

Contingent liabilities

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group mainly includes claims for compensation by the Group's existing or former employees for work-related injuries. The Group maintains insurance cover and, in the opinion of the Directors, based on current available evidence, any such existing claims and legal proceedings against the Group are not expected to have significant adverse financial impact to the Group as at 30 June 2025.

Management Discussion and Analysis

Convertible preference shares

On 16 December 2019, the Group acquired Legend Success Investments Limited (“Legend Success”) (together with its subsidiaries, the “Legend Success Group”), which was principally engaged in the provision of property and facility management services, at a total consideration of HK\$743.4 million upon which the initial sum of consideration of HK\$704.9 million was satisfied by the Company through (i) the payment of HK\$564.0 million in cash and (ii) a non-cash consideration of HK\$140.9 million through the issuance and allotment by the Company of 43,676,379 non-voting redeemable convertible preference shares of HK\$0.10 each at the issue price of HK\$3.2260 per share. A final cash payment of the consideration of HK\$38.5 million was made on 13 February 2020.

The convertible preference shares are (i) convertible into 43,676,379 ordinary shares of the Company at an initial price of HK\$3.2260 per share (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 the holder(s) of the convertible preference shares), provided that any conversion shall not result in the Company failing to comply with any public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, within a period of 10 years after their date of issue of 16 December 2019 (the “Issue Date”) and (ii) redeemable by the Company at its sole discretion at a redemption price equals to the Issue Price together with all outstanding preferred distributions accrued to the date fixed for redemption at any time after 10 years following the Issue Date. The convertible preference shares are treated as contingently issuable potential ordinary shares under Hong Kong Accounting Standard (“HKAS”) 33 “Earnings per Share” and, since the conditions for their conversion were not met as at 30 June 2025, the effect of their conversion is not included in the calculation of the

diluted earnings per share for years ended 30 June 2025 and 2024 pursuant to HKAS 33’s requirements as described in Note 12 to the consolidated financial statements. Assuming that all of the outstanding convertible preference shares were converted as at the end of the financial year of 30 June 2025 and assuming their conditions for conversion were met, the Company’s earnings per share after taking into account of the dilutive impact of such conversion for the year ended 30 June 2025 would be HK\$0.92 per share, calculated as the Group’s profit attributable to shareholders of the Company of HK\$453.2 million divided by the weighted average number of the Company’s ordinary shares in issue of 493.7 million (after taking into account the weighted average number of incremental number of ordinary shares that would be issued from the conversion of the convertible preference shares on its Issue Date of 43.7 million). The convertible preference shares confer their holder(s) the right to receive preferred distributions from the Issue Date at a rate of 6.0% per annum on its Issue Price, payable annually in arrears. As (i) the Company may at its sole discretion redeem either in whole or in part the convertible preference shares for the time being outstanding (i.e. it has no obligation to settle them in cash unless it elects at its sole discretion to redeem) and (ii) the convertible preference shares are only convertible within a period of 10 years after the Issue Date but redeemable only after 10 years following the Issue Date, an analysis on the Company’s share price at which it would be equally financially advantageous for the convertible preference share holder(s) to convert or redeem the convertible preference shares based on their implied rate of return at a range of dates in the future is not applicable. Based on the financial and liquidity position of the Group (with details set out in the paragraphs headed “Liquidity and financial resources” of this section), to the best knowledge of the Company, the Company expects that it will be able to meet its redemption obligations under the outstanding convertible preference shares issued by it.



Our Board of Directors, who leads our governance framework, are responsible for overseeing the Group's ESG strategies. Through regular board meetings and training sessions, the Board stays updated on the latest ESG-related insights and developments, ensuring they make informed decisions in managing the Group's ESG risks.

In line with our commitment to sustainability, we have established an ESG committee. This committee comprises three executive directors and two independent non-executive directors of our Company, all elected by the Board.

The ESG committee meets regularly to ensure the Group is on the right path toward integrating ESG principles across all business services. The committee advises the Board on managing ESG-related risks, conducting materiality assessments, and making sustainability-related disclosures.

The purposes of establishing Environmental, Social, and Governance are to integrate sustainability and ethical practices into its operations, which helps the Group navigate risks, create long-term value, and enhance its reputation and stakeholder trust. ESG serves as a strategic framework to address global challenges like climate change, social inequality, and ethical governance while aligning a company's values with those of its stakeholders.

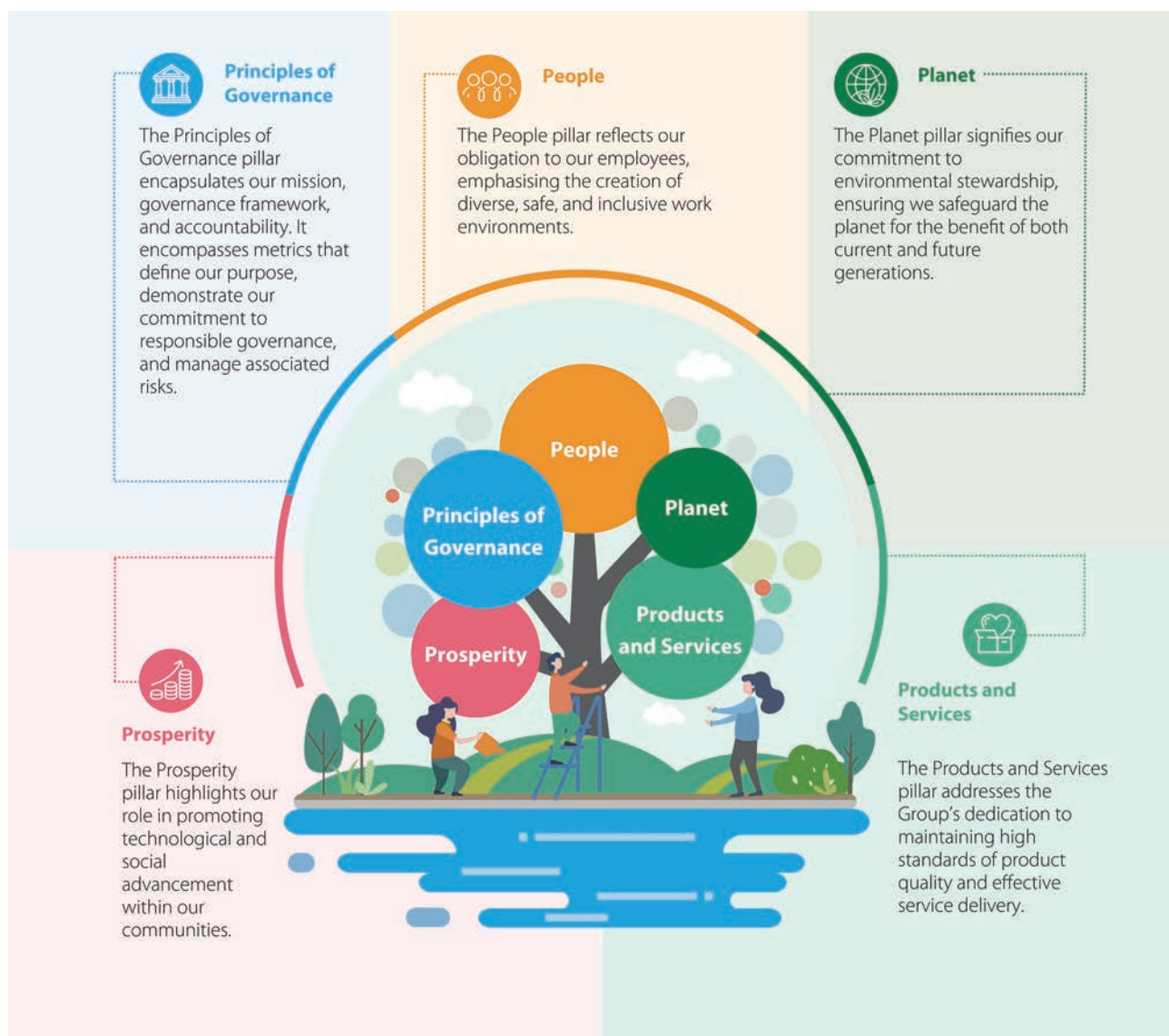
A stand-alone ESG report which references Appendix C2, Environmental, Social and Governance Reporting Guide, to the Listing Rules will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited in October 2025.

In FY2025, the Group advanced ESG via sustainable KTSP project, innovative safety technologies, elderly care initiatives, community volunteering, and EV infrastructure, aligning with Hong Kong's 2050 carbon neutrality.

5P Sustainability Framework

We introduced the Group's 5P Sustainability Framework to strengthen sustainability governance and promote an ESG-driven culture. Inspired by the World Economic Forum's common metrics, the 5P Framework consists of five pillars essential to the Group's sustainability and business continuity: Principles of Governance, People, Products and Services, Prosperity, and Planet.

We updated our material topics through a comprehensive stakeholder engagement and materiality assessment to ensure alignment with long-term value creation and stakeholder concerns. To complete the assessment for establishing the framework, we have arranged and conducted focus group discussion sessions, online surveys and individual interview with internal and external stakeholders in August and September 2024.



Environmental

Environmental concerns

Guided by an ISO14001-certified Environmental Management System, our management approach ensures that our business develops sustainably and addresses environmental impacts effectively. Our Sustainability Policy and Energy and Carbon Management Policy enable us to reduce our carbon footprint and manage energy usage responsively. We work to make a positive and lasting contribution to the environment while ensuring the long-term viability and success of our operations.

We recognise the importance of addressing climate-related issues that may significantly impact on our operations and stakeholders. In recent years, we have encountered climate-related challenges, such as increased frequency of extreme weather events, which have disrupted our service delivery and increased operational costs.

To manage these impacts, we have implemented a comprehensive climate action plan focused on enhancing operational resilience and sustainability. Our key measures include reducing our carbon footprint through energy efficiency lighting system, promoting electric vehicles to reduce fuel consumption and emissions, and developing guidelines for energy efficient practices in workplaces.

For our business operations, we have developed effective contingency plans from past experiences to cope with different challenges of extreme weather events. Additionally, we also provide our clients with sustainable environmental solutions through our various lines of service.

By prioritising these principles, we are committed to mitigating climate-related risks and contributing to creating a sustainable future.

Commitment to the environment

Our environmental targets set by the ESG Committee in FY2024 have been well achieved. To demonstrate further commitment in reducing environmental footprint, new environmental targets regarding reduction in fuel consumption, electricity consumption and paper procurement have been set to reflect our strong passion in environmental sustainability. Our new set of targets aims to reduce 1.0% of fuel consumption, 1.5% of electricity consumption, and 3.0% of paper procured.

Building a culture of sustainability

We believe fostering behavioral change within the Group is key to driving sustainable growth. Our dedicated ESG taskforce, with representatives from different business units, drives our efforts to become more environmentally friendly through various initiatives.

To curtail fuel consumption and greenhouse gas emissions, 17 company vehicles have already been replaced with 12 electric vehicles and 5 hybrid cars. The initiative will be scaled up with plans to replace an additional 12 company vehicles with electric or hybrid models by 2027.

The Group is committed to sustainability through the use of renewable energy. In 2018, Urban Group partnered with CLP to install 902 solar panels on the rooftops of 12 buildings, covering an area of 1,479 square meters. Since their installation on October 1, 2018, these solar panels have produced 12,500 kWh monthly, generating HK\$1,000,000, with HK\$220,000 allocated to subsidising management expenses.

Through the Renewable Energy "Feed-in Tariff" scheme, we were able to reduce the financial burden of our tenants, whilst promoting environmentally friendly agendas.

Management Discussion and Analysis

Additionally, the Group aims to reduce electricity consumption through two main initiatives implemented by the ESG taskforce. All employees are encouraged to abide by the “4-Offs” initiative, ensuring that lights, air conditions, monitors, and computers are turned off when office facilities are not in use. To further reduce electricity consumption, the ESG Taskforce has also urged employees to turn off non-essential lights for one hour during their lunch break.

Green loan principles

The Group will explore green loan initiatives and is interested in collaborating with potential partners who share our commitment to sustainable finance. We believe such partnerships can drive impactful environmental projects, advance our ESG goals, and create shared value through innovative green financing solutions. These initiatives follow established principles and guidelines to ensure the financing supports sustainable projects aimed at environmental impact reduction, climate change mitigation, and sustainable development.

Social

Talent management, acquisition and retention

We believe that our team is the greatest asset and thus the key to our continued success. We take pride in our diverse workforce, and we are constantly looking to strengthen our team through the attraction, development, and retainment of talent. We cultivate a culture that promotes continuous growth and development of our people.

We are always looking to attract top talents who shares our values. We aim to provide a comprehensive development programme which enables us to attract, develop and retain our team. The Group’s continuous attraction and retention of top talent will help drive sustainable growth, whilst enabling us to cater to our client’s ever-evolving needs.

Mental and physical health of our employees

The Group is committed to ensuring the mental and physical health of our employees by establishing FSE Clubs dedicated to Sports, Wellness, and Recreation. These clubs are designed to provide a wide variety of activities and interests, encouraging employees to engage in healthier lifestyles, reducing stress, and fostering social connections. By promoting holistic wellness through these initiatives, the Group aims to create a supportive and vibrant workplace environment where employees feel valued and motivated.

This commitment not only enhances individual well-being but also drives job satisfaction and team cohesion across the organisation. The FSE Clubs have been a big success, they recorded 6,249 attendance hours since establishment in April 2025 average 2,100 hours per month.

Training and development

We are a strong advocate and supporter of continuous learning for our people. Through various training and learning initiatives, we are constantly motivating our employees to reach their highest potential. Along with skill development programmes, we also offer our employees diversified career paths, support systems and an array of new opportunities to help them grow their skills and career within the Group.

With our clients’ needs constantly evolving, continuous learning remains essential in our line of work. Various client engagement workshops including Proactive Marketing and Client Engagement, Being an Effective Service Coach, and Connecting and Engaging People have been arranged for our frontline and management colleagues to attend. We support our employees through a variety of career development opportunities.

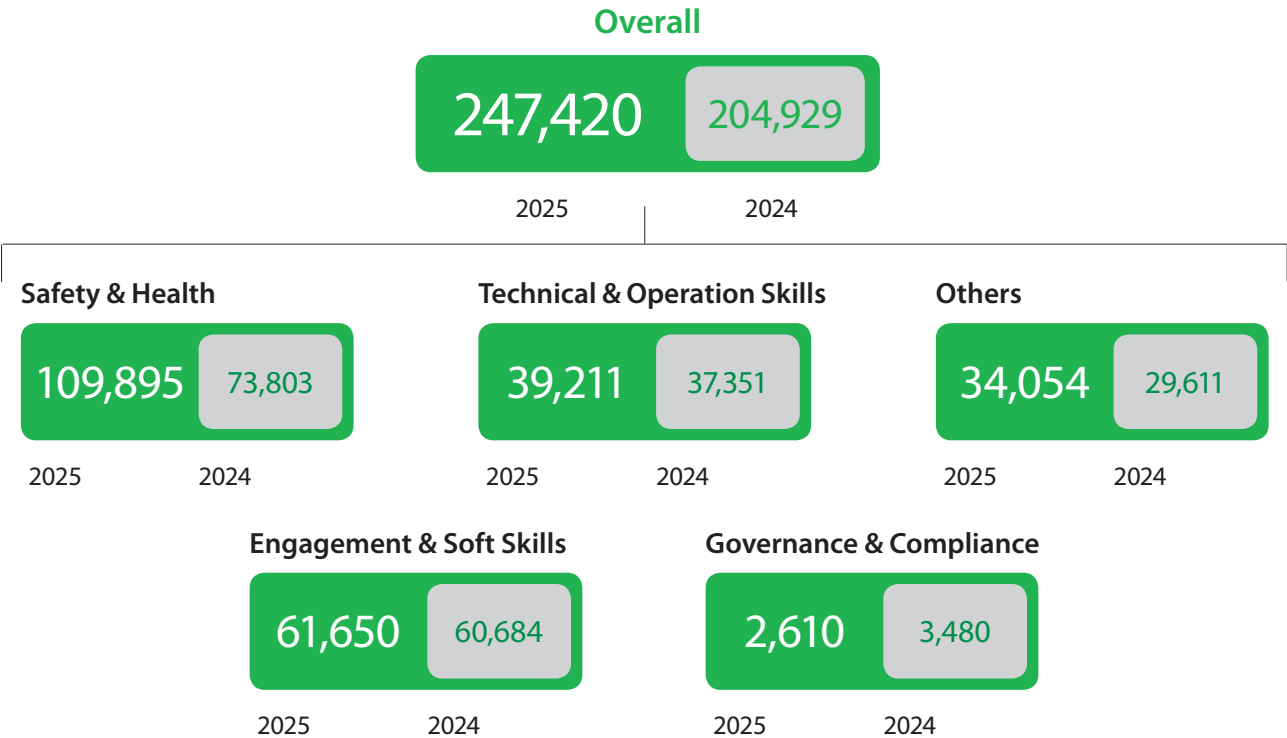
In 2020 and 2021, FSE launched executive Development Training Programme (“EDP”) and Young Executive Training Programme (“YETP”). Both programmes are specifically designed to advance the business skills and leadership capabilities of our managers and young executives to become future leaders in our Group. The programmes take a multidimensional approach to learning and knowledge transfer, combining lectures, group discussions, case studies, networking opportunities and executive coaching to provide new insights and offer participants opportunities to apply them in daily works. During FY2025, 26 managers and 28 young executives participated in our EDP and YETP programmes.

Diversity, Equity and Inclusion (“DEI”)

We acknowledge the importance of maintaining a diverse workforce in enhancing productivity. As a group, we ensure that all our people have equal opportunities regardless of their race, gender, age, professional and education background, or religion. Moreover, we have robust systems in place to ensure pay equality through impartial and transparent performance assessment.

To enhance inclusivity, we collaborated with the Hong Kong Council of Social Service to conduct cultural sensitivity workshops. Additionally, we partnered with Chi Lin Buddhist Secondary School to implement a Summer Work Experience Programme for students with Special Educational Needs (SEN) and joined forces with The Zubin Foundation to create employment opportunities for ethnic minorities, advocating for fair recruitment practices.

Training hours



Management Discussion and Analysis

Advancing diversity and Inclusion through Inclusive recruitment

Our commitment to fostering a diverse and inclusive workplace is at the core of our organisational values. We believe that everyone should have the opportunity to thrive, regardless of their background or abilities. This dedication was exemplified through our participation in the eConnect Career Fair during reporting period, organised by Baptist Oi Kwan Social Service in collaboration with eight NGOs.

The eConnect Career Fair aimed to connect job seekers with a wide range of employment opportunities, featured 21 commercial and government organisations, offering over 600 employment opportunities specifically for individuals with disabilities. This initiative aligns with our ethos of promoting equal opportunities and creating an environment where talent is recognised beyond limitations.

Our participation in the fair, alongside our three member companies — FSE Engineering Group, Urban Group, and Waihong Services Group — demonstrates our unwavering commitment to diversity and inclusion. By actively engaging in initiatives like this, we not only strengthen our workplace but also contribute positively to the broader community.

Occupational Health, Safety and Wellness

We believe that prioritising the health, safety, and wellness of our people is vital for increasing employee satisfaction, productivity, and overall sustainable business growth. At FSE Lifestyle, we have a Safety Task

Force with members from all business units which is responsible for developing and promoting workplace safety policies and procedures. We track and evaluate our safety management performance by monitoring our accident rates of individual business units on monthly basis. Our continued commitment to our employees' health, safety, and wellness will drive our long-term success.

Maintaining high Health and Safety standards across our operations is one of our top priorities. We review our health and safety performance regularly to enhance our protocols and mechanisms, ensuring they align with the industry's best practices.

Corporate Social Responsibility (“CSR”)

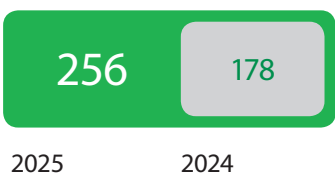
Care for the community lies in the heart of our corporate vision. As the leading lifestyle service provider in Hong Kong, we are proud to have contributed and serviced the community through many social service initiatives. We are committed to sustainable development and contributing to the community through our various lines of service. This commitment takes root in our vision to create an integrated, convenient, and safe living environment for people, and our desire to give back to the communities that support us on this journey.

We have established an FSE Charity Fund and aimed at enhancing our community engagement and social responsibility. The key objectives are supporting vulnerable groups, fostering community development and encouraging employee engagement.

CSR Activities Total hours



CSR Activities Total activities



CSR Volunteers Total participants



Throughout the year, we have initiated and participated in a total of 256 charity drives and community engagement events for our beneficiaries, supporting children, the elderly, and people from disadvantaged backgrounds.

We are proud that our efforts have been recognised by the Hong Kong Council of Social Service. We have received 20 caring company logos in total, and over half of our business units have maintained their Caring Company status for over 15 years. This demonstrates our strong dedication towards giving back to the community and our continuous efforts in supporting Hong Kong through both our business operations and community service.

FSE Lifestyle Partners with Food Angel to Support the Needy

In a demonstration of community commitment, our volunteers joined forces with Food Angel by Bo Charity Foundation for the 2025 豐盛生活 饑暖傳愛 initiative, preparing meals and fresh food boxes at Food Angel's Food Stations on March 19 and April 11, 2025.

22 volunteers from the EDP and YETP programs gathered at the Food Station in Kwun Tong, where they prepared an impressive 4,372 meal boxes for underprivileged individuals. Utilizing "cook-chill" technology, the team ensured food quality without

the need for preservatives. These meal boxes were then distributed through Food Angel's charity partners and outreach teams across various districts, providing essential nourishment to those in need.

Following this, on the next day, 30 volunteers took part in preparing fresh food boxes at Food Angel's Laichikok Food Station. They sorted, washed, cut, and packed 400 kg of fresh vegetables and dry food donated by generous supporters. These fresh food boxes were then distributed to vulnerable community members in the area.

Through this collaboration with Food Angel, we are dedicated to reducing food waste while providing nutritious meals to those in need. The efforts of our volunteers exemplify the spirit of service and community care that drives our ESG mission.

FSE Lifestyle Supports "YO! Let's Walk the Road 2024"

The Group participated in the "YO! Let's Walk the Road 2024" charity event, marking our ninth consecutive year of support for this important initiative organised by The Youth Outreach. This annual charity walk aims to raise funds for at-risk youth, helping them develop a positive mindset, enhance their self-worth, and rebuild their self-esteem and confidence.



FSE Lifestyle supports "YO! Let's Walk the Road 2024" for 9 consecutive years to support the youth

Management Discussion and Analysis



FSE Caring Day 2025: FSE Lifestyle partners with TWGHs to serve 650 elderly

This year, 136 FSE Lifestyle staff members, along with their family and friends, took part in the walk, demonstrating our commitment to community engagement and youth support. The event began at the Charles K. Kao Auditorium at the Hong Kong Science Park and concluded at Tai Po Park in Yuen Chau Tsai, covering a distance of 5 kilometers.

The walk featured various game booths that provided participants with fun and engaging experiences, including an inflatable climbing wall and a photo-taking area. This added an element of enjoyment to the event while fostering community spirit.

The Group's leadership team emphasizes the importance of social responsibility. Our participation in this charity walk reflects our ongoing dedication to building a harmonious society that supports individuals from all walks of life. Together, we continue to seek opportunities to contribute positively to our community and empower the youth of Hong Kong.

FSE Caring Day 2025: A Commitment to Serving the Community

On April 12, 2025, FSE Lifestyle launched its flagship annual social service event, FSE Caring Day, in collaboration with the Tung Wah Group of Hospitals (TWGHs) at the TWGHs Shuen Wan Complex for

the Elderly. This initiative highlights FSE Lifestyle's dedication to fostering a culture of care while contributing to a sustainable society in Hong Kong.

This year marked our third partnership with TWGHs, with FSE Lifestyle mobilising a team of 230 volunteers to support 650 elderly residents in their care homes. The event included key representatives from both organizations, emphasizing the importance of community engagement and support.

In preparation for Caring Day, on March 12, 2025, FSE volunteers participated in a heartfelt Knitting Workshop, crafting beautiful scarves that would later be distributed to the elderly. A total of 37 staff members from various business units gathered to learn knitting techniques, allowing them to express their love and compassion through meaningful acts of service. These handmade scarves became symbols of care and solidarity, showcasing FSE's team spirit and commitment to making a positive impact in society.

During the Caring Day event, volunteers distributed goodie bags filled with these handmade scarves and essential daily necessities to the elderly residents. The day was filled with joy, featuring amusement booths with interactive activities such as planting, instant photo taking, coin tossing, and magic shows, all designed to bring smiles and laughter to the elderly.

To acknowledge the dedication of the volunteers, fresh fruits were provided as tokens of appreciation, along with lunch boxes from 5loavesn2fish, a non-profit organization that creates meaningful employment opportunities for rehabilitated individuals.

Our ESG mission is clear: to collaborate with various NGOs and continuously serve the community. The success of Caring Day 2025 reflects the company's unwavering commitment to making a positive impact in the lives of the elderly and reinforcing its role as a responsible corporate citizen. Through initiatives like this, FSE Lifestyle strengthens its commitment to social responsibility, ensuring that we give back and support those in need.

Governance

Compliance with relevant laws and regulations

During the Year, there were no reported case of non-compliance with relevant laws and regulations that have had a significant impact on business regarding the environment, health and safety, labour standards, and data privacy.

Risk Management Committee

The Risk Management Committee oversees the Group's risk management mechanism, including risks and opportunities related to ESG, and is also responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. The Group has adhered to a formally established Risk Management Policy to identify, evaluate, and manage risks on a regular basis. The Safety Committee reports to the Risk Management Committee.

Internal audit

The Board has authorised the Audit Committee with the responsibility to review the risk management and internal control systems of the Group, which include financial, operational and compliance controls. The internal audit function, which is fully independent of the daily operations of the Group, is conducted by the Company's Internal Audit Department.

Ethical governance

We uphold the highest ethical standards and accountability throughout the Group's daily operation and have a stringent zero-tolerance approach towards any fraudulent or unethical conduct. All employees are required to follow the instructions as stated in the Employee Handbook.

The Group's whistleblowing and grievance mechanisms have been stated in our Whistleblowing Policy and Employee Handbook, to facilitate the Group's ongoing due diligence against unethical behaviour and provide confidential channels for concerned employees at all levels to report bribery or malpractice of any form. Moreover, our Anti-Fraud Policy provides a dedicated confidential channel for employees and external stakeholders to report any suspected or actual fraud, corruption, illegal acts, or unethical practices by employees and other personnel of the Group.

During the reporting period, the Group has fully complied with the laws and regulations relating to bribery, extortion, fraud, and money laundering, and did not have any corruption cases press against the Group or its employees.

Training on governance

The Group is dedicated to fostering a strong culture of ethical governance by investing significant effort into comprehensive employee training. A total of 2,610 training hours has been produced through diverse programmes designed to enhance awareness and compliance across critical areas. These include the Competition Ordinance, cybersecurity, prevention of sexual harassment in the workplace, and management of counterparty risks. By equipping employees with knowledge and practical skills through these targeted training courses, the Group ensures that ethical standards are deeply embedded in daily operations and decision-making processes. This commitment not only supports regulatory compliance but also strengthens the integrity, accountability, and trustworthiness of the organisation.



EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 26,678 employees (30 June 2024: 25,297), including 10,125 (30 June 2024: 8,939) casual workers and employees whose relevant costs are directly reimbursed by or charged to our customers or charged by sub-contractors. Staff costs for the Year, including salaries and benefits, was HK\$3,964.1 million (2024: HK\$3,674.3 million). The increase mainly reflects an increase in the number of staff.

The Group offers attractive remuneration packages, including competitive fixed salaries plus performance-based annual bonuses, and continuously provides tailored training to its employees with the aim of promoting upward mobility within its organisation and fostering employee loyalty. Our employees are subject to regular job performance reviews which determine their promotion prospects and compensation. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

The Company maintains a share option scheme, which aims at providing incentives to the eligible participants (including the employees of the Group) to contribute to the Group and enables us to recruit high-caliber employees and attract human resources that are valuable to the Group. As at the date of this report, no share options under this scheme have been granted.

All of our employees in Hong Kong have joined a mandatory provident fund scheme. The scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The Group has complied with the relevant laws and regulations, and the relevant contributions have been made by the Group in accordance with the relevant laws and regulations.

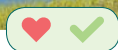
Business continuity by supply of labour

The Group supports the Enhance Supplementary Labour Scheme ("ESLS") as a strategic response to addressing manpower shortages and ensuring smooth business operations across its diverse functions. As of 30 June 2025, five business units have hired 107 imported workers under this scheme. The Group recognises that the scheme enables access to qualified labour to meet specific job demands that are challenging to fill locally, while simultaneously maintaining employment priority for local workers.

By participating in the ESLS, the Group effectively balances operational efficiency with social responsibility, adhering strictly to all related laws and regulations designed to protect the rights and welfare of imported workers. This support also helps the Group sustain growth, meet contractual obligations, and continue contributing to the wider economy.



OUTLOOK



Property & Facility Management Services segment

Our Property & Facility Management Group has over 50 years' experience providing management services to properties and facilities, improving their quality, reputation and value. Increasing demand for enhanced and one-stop professional property and facility management solutions is presenting growth opportunities to the Group. The business has a robust outlook:

- Demand for professional property management services in Hong Kong is increasing and will continue to increase with government policies boosting residential unit supply in the next decade.
- Alongside increase in social awareness of property owners' rights, demand for services from independent (non-property own developer related) property and facility management companies is growing.
- Growing residential properties supply in Hong Kong is presenting the Group opportunities in the first-hand property sales market. Also, the government's

Demand for professional property management services in Hong Kong is increasing and will continue to increase with government policies boosting residential unit supply in the next decade.

new immigrant admission schemes, particularly the Top Talent Pass Scheme ("TTPS"), are in favour of property sales and leasing, in turn housing demand and the Group offering sale and leasing services.

- Our Property & Facility Management Group has an over 5,000-strong staff and is apt in adopting new operating methods, combining skills with innovative technologies and IoT applications to enhance overall service efficiency and effectiveness, therefore can serve more clients opting for technological solutions. The Group has adopted technological applications, including Sm@rtUrban, ComEasy and Drones, at over 120 sites to enhance operational efficiency and service effectiveness.

Management Discussion and Analysis



- Urban, International Property Management and Kiu Lok are licensed property management companies under the Property Management Services Ordinance (“PMSO”) (Cap. 626 of the Laws of Hong Kong). With over 400 Tier 1 and Tier 2 property management practitioners, they are among industry players with the largest licensed service teams to ensure smooth operation and statutory compliance of managed properties and facilities. Thus, the Group is well-prepared to cater to PMSO-associated market demand and maintain competitive advantages in new tenders and business development to come.
- Our Property & Facility Management Group has a technical and engineering team with more than 500 technicians highly trained in building repair, maintenance, renovation and refurbishment works for large private housing estates, commercial premises and modern intelligent buildings, helping raise their value. Urban renewal and urgent Mandatory Building Inspection Scheme repair works will be another growth driver.
- Enjoying synergies with other business units, the segment has partners in different professional service providers and contractors. Boasting economies of scale and strong bargaining power, it is able to deliver the most cost-effective services at competitive prices and the highest operational efficiency.
- Beyond meeting statutory requirements, the segment implements stringent governance practices covering environmental protection and care, corporate social responsibility, and risk and crisis control. Urban, for example, is dubbed “Hong Kong’s Premier Community Manager”, mounting over 50 corporate social responsibility activities a year. It also maintains a meticulous risk and crisis management system to address issues from building service disruptions to pandemic control.
- As a reputable property manager, the Group has earned clients’ trust, thus has a strong customer network for providing property sales and leasing services. It uses such digital platforms as webpages, social media channels and instant messaging to effectively engage clients and provide them with convenient access to property information plus promote its property sale and leasing services.

City Essential Services segment

1. Cleaning Services & Pest Control Services

Building on the healthy and stable growth of its business in the past year, particularly in expanding its Kai Tak Development Area portfolio, Waihong sees promising prospects in coming years:

- Many tenders and quotations, in both the private and public sectors, are expected to hit the market in coming years, with contract value totalling billions of Hong Kong dollars. Waihong, as a major player in the cleaning services market, while retaining a good number of ongoing service contracts, will be open to more new businesses.
- Hong Kong is striving to support the general economy via hosting or providing venues for mega events. And, with the tourism and exhibition industries recovering, there will be massive extra business opportunities for Waihong.
- Waihong is exploring more potential businesses from different market segments by introducing smart innovative equipment to attract more clients. It has also used advanced software and hardware like IoT systems, smart toilet systems, Check-in Easy attendance systems, ComEasy inspection systems, and robots, etc. to improve work processes, including scheduling and inventory management, allowing



Many tenders and quotations, in both the private and public sectors, are expected to hit the market in coming years, with contract value totalling billions of Hong Kong dollars.

it to enhance operational efficiency and customer satisfaction. Waihong will continue to invest in technology to hone its competitive edge and boost long-term profitability.

- Embracing sustainability, Waihong is introducing more innovative services and green initiatives to differentiate itself in the cleaning industry and sharpen its competitive edge for achieving high-quality growth in the future. Sustainability being a growing concern worldwide, Waihong is going to grasp relevant business opportunities by implementing green practices such as municipal solid waste, medical waste, liquid waste and construction waste disposal and wastepaper, food waste and aged batteries collection services.

2. Insurance Solutions

The largest local insurance broker founded and based in Hong Kong, Nova has a 37-year history and a strong professional team, competitive advantages over its peers, setting it for growth in the foreseeable future:

- Corporate insurance buyers with complex requirements and extremely price conscious need professional brokers to help them get better deals. Nova's quality services have enabled it to win more accounts from its competitors.

Management Discussion and Analysis

- Nova has continued to do what it does best, including construction work related insurance. With new commercial and residential developments and infrastructure projects in the government pipeline, it is looking at ample business opportunities in Hong Kong.
- Nova has a vast local customer network and enjoys synergies with the Group's other divisions. Some international brokers tried to grow business in Hong Kong in recent years but failed is evidence of the importance of having local knowledge, which is one of Nova's strongest edges.
- Looking ahead, Nova will strive to win more clients in industries where its experience and expertise lie, such as construction, property management, hospitality, educational institutions, and non-government organisations. It is also expanding its employee benefits portfolio for delivering yet more comprehensive employee solutions to clients, plus will focus on specialty products with higher yields such as cyber insurance, professional indemnity insurance, directors & officers liability insurance and trade credit insurance.



Corporate insurance buyers with complex requirements and extremely price conscious need professional brokers to help them get better deals. Nova's quality services have enabled it to win more accounts from its competitors.

- Nova is confident of achieving sustainable growth and keeping its top spot among local insurance brokers. Using AI to automate its routine processes will add to its operational excellence, enabling it to streamline repetitive tasks, reduce human errors and hasten decision making. Able to focus on higher-value activities, as well as optimise manpower deployment over time, Nova can scale up business while saving costs.
- Having completed the acquisition of Beijing Nova Insurance Services Limited ("Beijing Nova") on 27 December 2024, Nova has entered and expanded its presence in the lucrative Chinese insurance brokerage market, as well as enlarged its business footprint geographically, lowering the risks from relying too much on a single market while ensuring it has a more balanced revenue stream. The collaboration between Beijing Nova and Nova Hong Kong will also allow both to tap new opportunities in the Greater Bay Area and the entire country.
- In the coming years, Beijing Nova will push for growth in several areas. It will apply its expertise in real estate development and property management to look for new clients, and to assist more overseas or Hong Kong partners in serving clients in China. It will also work on forging new partnerships.



3. Technical Support & Maintenance Services

The division has continued to push to increase government fire services system term contracts and targets to gain more electrical system contracts. Although it is a complementary business of the Group, the division has strong growth prospects and potential to bolster the Group's revenue and profit:

- In the private sector, the division brings in steady and stable income from maintenance and system retrofit works that support the Group's main businesses. In Macau, in the first half of 2025, casino groups raised investment mainly in enhancing gaming halls, guest accommodations and dining and retail setups. The division will strive to secure system upgrade contracts and large-scale alterations and additions works from casino groups.
- With Hong Kong targeting to achieve carbon neutrality before 2050 and society expecting better energy performance from buildings, large developers are looking to enhance the energy performance of their properties, existing and new. Demand for retrofitting works will prevail, giving the division an immense and sustainable market to expand business. In 2023, the division landed a chiller replacement contract from the CLP Holdings subsidiary CLPe Solutions. It completed this first zero-carbon chiller system in

Hong Kong, converting the air-cooled system to a 9,300-refrigerant-ton water-cooled chiller system, showing its competence in collaborating with power companies and other commercial parties on similar projects. In fact, the division has been awarded a new contract for 6,000-refrigerant-ton chiller replacement works in a prestige commercial building in Kwun Tong from CLPe Solutions this year. It is looking forward to collaborating with hospitals and major shopping complexes in the near future.

- The division embraces innovative technologies to heighten efficiency and effectiveness. Its innovative management system that combines Building Information Modelling ("BIM") with the Group's well-developed mobile app for maintenance services is designed with occupational safety in mind, allowing employees to effectively manage safety issues, reducing work-related accidents while enhancing work efficiency. For the forthcoming newly awarded large-scale HVAC maintenance contracts, it will offer clients a range of value-added services to help them improve energy savings and asset management.

Demand for retrofitting works will prevail, giving our technical support and maintenance services an immense and sustainable market to expand business.

4. Environmental Solutions

As public demand for better living environment grows and with the Hong Kong Government pledging to achieve carbon neutrality by 2050, the division sees abundant business opportunities for its Environment Solutions, Smart Solutions and Green Solutions in coming years:

Management Discussion and Analysis

Environment Solutions (water and air treatment, laboratory testing & certification)

- The segment's environmental engineering operation has grown steadily, driven by its seawater and freshwater treatment products, such as electrochlorination systems, and odour removal products like biotech deodorisation systems. Despite the fierce competition in HVAC water treatment services, equipped with a patented nanobubble ozonation system and capable of real-time monitoring, it has good prospects in enlarging market share.

Smart Solutions (ELV, EV charging and smart facilities)

- Regarding ELV business, with more property developers adopting IT infrastructure and advanced technologies in their projects to enhance building sustainability and energy control, it is well-poised to generate revenue and profit.
- The Hong Kong Roadmap on Popularisation of Electric Vehicle ("EV") announced by the Government in 2021, targeting to achieve zero vehicular emissions by 2050, has fuelled the demand for relevant installation in car parks, presenting the Group with ample business opportunities.
- For the evolving market, the segment has been identifying new and more powerful products. It will continue to work with vendors to customise systems according to specific customer needs and smart city blueprints, using advanced technologies and smart solutions such as AI and

As public demand for better living environment grows and with the Hong Kong Government pledging to achieve carbon neutrality by 2050, our environmental services have abundant business opportunities.

IoT, intelligent intellectual property/information technology-based systems and various 5G mobile applications to strengthen building management and environmental monitoring systems, thereby contribute to building sustainability and environmental quality, and in turn customer satisfaction.

Green Solutions (landscape and building materials)

- Growing market demand for green elements in indoor and outdoor spaces has provided more opportunities to the Group's landscape services business. The greening policies, urban planning initiatives of and relevant support from the government encourage development of the business.
- For the Group's building materials trading business, technological advancement and emphasis on healthy and green living concepts will translate into opportunities for promoting new products with new features. Collaborating with the Group's environment solutions team, the business has identified new building materials and products that agree with latest market trends.



5. Systems Security, Guarding & Event Services

Demand for security services is expected to grow significantly in coming years, with the event service industry as a main driver, giving the Group's systems security, guarding & event services division an optimistic outlook:



- The Government is making good progress by increasing, speeding up and enhancing the quality of public housing supply. Also, various private housing projects and the Hong Kong Housing Society's Dedicated Rehousing Estates will be completed in the near future. Apart from serving the regular guarding service demand of these new housing projects, the division is actively providing sales ambassadors, and systems security and guarding services to new property sales projects.
- To maintain Hong Kong as a major venue of international events, the Government has launched campaigns to attract visitors and encourage consumption. Perfect Event has substantial experience in crowd management and in providing services to different mega events including races, concerts and exhibitions, has an expanding market share in the sector.
- Facing economic challenges, reducing costs has been a major client emphasis. That has fuelled demand for technological solutions - including night patrol systems, tele-protection, central monitoring, IoT, and AI - to alleviate labour cost burdens. The division is responding by diversifying into integrated high-tech offerings, delivering all-round one-stop security services that can directly address clients' budget constraints while maintaining service quality.

Perfect Event has substantial experience in crowd management and in providing services to mega events including races, concerts and exhibitions, we have an expanding market share in the sector.

E&M Services segment

The Group's E&M services business is well-equipped to seize business opportunities in upcoming sizeable infrastructure and building projects in Hong Kong, Mainland China and Macau:

- Capital and Construction Expenditure – According to Construction Industry Council forecast in July 2023, expenditure on E&M construction works in each of the next five years will exceed HK\$30 billion for the public sector and over HK\$25 billion for the private sector, pointing to an increasing demand for professional construction services. The Group will focus on rendering those services to public and private housing and infrastructure projects in coming years.

Management Discussion and Analysis

The Hong Kong Government will improve the efficiency of land production and lower construction costs by streamlining approval processes, optimising administrative procedures, strengthening internal collaboration, applying technology, reviewing relevant standards and more, so as to safeguard public interests and meet development needs.

- Public and Private Housing – The Hong Kong Government, as stated in the Chief Executive’s 2025 Policy Address, will have sufficient land to build 189,000 public housing units (including 30,000 Light Public Housing units at eight sites) in the next five years and 126,000 private housing units in the next decade. It will also accelerate the “Northern Metropolis” development that includes supply of more than 500,000 housing units in 20 years.

Another more than 150,000 public and private housing units are also expected to be available in the next 10 to 15 years along the Northern Link and in the Siu Ho Wan MTR Depot topside development. In addition, the Hong Kong Housing Authority will announce redevelopment plans for Ma Tau Wai Estate and Sai Wan Estate.

Three sites have also been identified for building subsidised sales flats under a new public-private partnership pilot scheme, with the first two sites providing at least 2,000 units.

Continuing and forthcoming projects included private residential and commercial redevelopments driven by the Urban Renewal Authority (“URA”) and the Hong Kong Housing Society, developments in the Kai Tak Development Area, Yau Tong and Ap Lei Chau, associated railway property projects, and development of Tseung Kwan O Area 137. In the next five years, the URA will kick off redeveloping the “Nullah Road Urban Waterway” in Mong Kok East and the “Street Consolidation Areas” in Yau Ma Tei South, and in the second half of 2025 will also submit the renewal master plans for Tsuen Wan and Sham Shui Po.

- Railway Development – With the Hong Kong Government embarking on railway extension, the MTR has started building two-line extensions (Tuen Mun South Extension and Tung Chung Line Extension) and the Kwu Tung Station and Oyster Bay Station. In addition, the Government has completed the public consultation on enhancing three



railways, namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai), the Central Rail Link and the Tseung Kwan O Line Southern Extension. To match development of new towns in the proposed Northern Metropolis, the MTR has commenced studies on two new proposed railways – the Northern Link (NOL) Eastern Extension and Northeast New Territories Line.

- Smart and Green Mass Transit Systems – The Government has invited suppliers and operators to study and build three smart and green mass transit systems for the East Kowloon and Kai Tak projects, and the Hung Shui Kiu/Ha Tsuen projects.

The Hong Kong Government will have sufficient land to build 189,000 public housing units in the next five years and 126,000 private housing units in the next decade.

- Airport Development – The Government has also been working with the Airport Authority Hong Kong to the “Airport City” vision to turn Lantau into an Aerotropolis connecting the Greater Bay Area with the world. On top of a new hotel and three completed Grade-A office towers, 11 SKIES homing retail, dining and entertainment facilities, will open in the coming years. New projects including an ecosystem for the art industry, AsiaWorld-Expo Phase 2 development, a marina with ancillary facilities and a fresh food market, expected to be completed between 2026 and 2031 will serve high-end commercial, tourism and leisure activities.
- District Cooling System – Using District Cooling Systems (“DCS”) is also a government low-carbon development initiative. Apart from the additional

DCS in the West Kowloon Cultural District, tendering or construction is in progress to provide DCS in new development areas (i.e. Tung Chung East and Kwu Tung North). Such systems will also be available in new development areas including the proposed Northern Metropolis to help curb energy consumption.

- Convention and Exhibition – To ensure Hong Kong’s position as a premier venue for large-scale international conventions and exhibitions, the Airport Authority has started building AsiaWorld-Expo Phase 2 (which will include the largest indoor arena with up to 20,000 seats). In addition, the Government will proceed with the Wan Chai North redevelopment project near the Hong Kong Convention and Exhibition Centre in a few years.
- Sports and Recreational Facilities - The Culture, Sports and Tourism Bureau will map out a 10-year development blueprint for 30 sports and recreational facilities, including Hong Kong’s second sports park in Whitehead, Ma On Shan, and large-scale sports and recreation facilities in the proposed Northern Metropolis. The Government will review the redevelopment plan of the Hong Kong Stadium to maximise synergies with the Kai Tak Sports Park.
- Technology Park and Manufacturing Centre - To encourage and enhance Innovation and Technology (“I&T”), the Hong Kong Government is collaborating with Shenzhen to develop the Shenzhen-Hong Kong I&T Co-operation Zone adopting a “one zone, two parks” model. The development consists of two phases from west to east, with the first three buildings just completed in mid-2025 and the remaining five to be completed in the coming five years. The Government will expedite development of the San Tin Technopole in the Northern Metropolis and expand the Science Park and Cyberport in phases starting in 2025.

Management Discussion and Analysis

- Northern Metropolis – The Government has identified three land parcels in the Hung Shui Kiu/ Ha Tsuen New Development Areas (“NDA”), Fanling North NDA and San Tin Technopole as pilot sites to be granted to successful bidders for collective development of commercial and community facilities. In the Northern Metropolis, there will be (i) modern logistics clusters in the Hung Shui Kiu/ Ha Tsuen NDA; (ii) over 80 hectares of land in Ngau Tam Mei for the Northern Metropolis University Town, the third medical school campus and an integrated medical teaching and research hospital, and (iii) Second Hospital Development such as the Ngau Tam Mei Hospital and Hung Shui Kiu Hospital.
- Technology and Operational Efficiency – Increasing construction volumes, rising construction costs, an ageing workforce and skilled worker shortage, plus many serious safety-related incidents in different large-scale projects in recent years have posed pressure and challenges to the local construction industry, including the Group. In 2019, the Development Bureau launched the “Construction 2.0” initiative (Innovation, Professionalisation and Revitalisation), which the Group supports. In 2023, the Bureau reviewed the labour shortage situation in the city and introduced the Labour Importation Scheme for the Construction Sector, with the import ceiling set at 12,000. To date, approvals have been given to about 9,000 workers under the Scheme.
- Macau – In Macau, there is a constant demand for renovation and improvement works from hotels and casinos in the Macau Peninsula and Cotai. New projects of The Venetian and Wynn Macau Group will begin in 2025 and 2026. And, since the six major casino operators had their licences renewed for

10 years in January 2023, Galaxy Macau Phase 4 development has been underway, and renovation works in existing casinos and hotel areas are also in progress or will begin. All these developments plus the city aspiring to turn from gambling-centric into a versatile tourism-driven destination are expected to present business opportunities to the Group in the coming few years.

- Mainland China - The Group has followed a disciplined business development approach focusing on providing E&M services to major property projects of Hong Kong developers and foreign investors. Apart from its two core bases in Beijing and Shanghai, the Group has presence in other first- and second-tier cities such as Tianjin, Shenyang, Wuhan, Kunming and Hangzhou. Development of the Greater Bay Area will enhance economic and social growth of the 11 cities therein and there are the three rapidly developing Guangdong Pilot Free Trade Zones – Hengqin, Qianhai and Nansha, which together will bring new business opportunities to the Group.
- With a long-standing brand and profound experience, the Group has been a leading E&M service company in Hong Kong and as a capable and trustworthy E&M service partner in Mainland China and Macau.

The Government has identified three land parcels in the Northern Metropolis as pilot sites to be granted to successful bidders for collective development of commercial and community facilities.



- On top of having a full range of licences and qualifications and being able to effectively manage tendering risks, the business segment has integrated operating and control procedures, a robust network of well-established customers and suppliers, and an experienced and well-trained workforce to support its operations. These attributes have enabled it to continuously improve operational efficiency and provide the most cost-effective services to clients at optimum prices.
- To cope with corporate clients' and property investors' growing emphasis on sustainability and environmental, social responsibility and governance, the business segment has been optimising designs and exploring relevant innovative methods conducive to building a greener future. At project level, green building designs, MiC, MiMEP and DfMA are adopted to reduce energy usage, carbon emissions and construction wastes.

- To boost operational efficiency and project management capabilities, the Group has invested in innovative construction technologies such as BIM, Digital Works Supervision System ("DWSS"), modularisation and prefabrication, Robotic Total Solution and Sky Drilling Machine, 3D laser scanning and mobile Apps solutions, etc.
- In addition, senior executives of the segment hold key roles in leading industry organisations, including the Construction Industry Council, and professional institutions such as The Hong Kong Institution of Engineers and trade/industry associations including The Hong Kong Federation of Electrical and Mechanical Contractors Limited. Apart from brand exposure, these involvements speak volumes to the Group's commitment to professionalism and keeping pace with development of the modern construction industry.

Conclusion

Despite facing various challenges and difficulties, the Group's operations remained stable during the Year. Going forward, the Group will strive to maintain a strong financial position to ensure it is ready to grasp new business opportunities when they arise. We are confident of achieving continuous growth.