





Management Discussion and Analysis

Business Review

In FY2026, the Group recorded revenue amounting to HK$7,934.3 million, representing a decrease of HK$225.6 million or 2.8%, as compared with HK$8,159.9 million in FY2025. Profit attributable to shareholders for the year was HK$418.2 million, representing a decrease of HK$35.0 million or 7.7% as compared with HK$453.2 million in FY2025, mainly resulted from a lower contribution from the E&M Engineering segment, partly mitigated by the growth in the Property Asset Management segment and the Supporting Services segment (in particular the systems security, guarding, concierge and event services and technical support and maintenance businesses). Details of the government grants recognised by the Group are set out in Note 7 to the consolidated financial statements and summarised in the table below.

Summary of government grants

For the year ended 30 June	2026 HK$'M	2025 HK$'M
Recognised as deduction of staff costs included in "Cost of services and sales"	–	1.6
Total	–	1.6

Results excluding non-recurring items

To better illustrate the Group's financial results for both years, if excluding the effects of government grants (2026: Nil; 2025: HK$1.6 million) in the Group's profit attributable to shareholders of the Company (2026: HK$418.2 million; 2025: HK$453.2 million), the Group would record a decrease in adjusted net profit for the Year of 7.4% to HK$418.2 million as compared to its adjusted net profit for last year of HK$451.6 million.

Tenders submitted and contracts awarded

For the year ended 30 June 2026	Tenders submitted[(i)] Number		Tenders submitted[(i)] HK$'M		Contracts awarded[(i)(ii)] HK$'M	
Property Asset Management		65		3,100		198
Supporting Services						
– Hygiene	490		11,656		1,689	
– Insurance	27		65		28	
– Technical Services	702		5,212		1,033	
– Environment	214		1,198		169	
– Security & Concierge	95		1,274		389	
Supporting Services subtotal		1,528		19,405		3,308
E&M Engineering		307		20,597		3,463
Total		1,900		43,102		6,969

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 2026	Gross value of contract sum HK$'M		Outstanding contract sum HK$'M	
Property Asset Management		2,297		1,502
Supporting Services				
– Hygiene	5,331		2,585	
– Insurance	165		35	
– Technical Services	2,643		1,603	
– Environment	303		193	
– Security & Concierge	1,905		1,013	
Supporting Services subtotal		10,347		5,429
E&M Engineering		10,867		8,100
Total		23,511		15,031

Customers' Messages

Kwai Tsing District Council

We express our gratitude to International Property Management for their outstanding crisis management and professional property management spirit during the sudden water pipe burst incident at Tsing Yi Police Married Quarters. The team swiftly coordinated resources across government departments, seamlessly arranged water wagons, and thoughtfully delivered water directly to residents with mobility challenges, earning high praise from the community.



Mount Pavilia

General Security team delivers exceptional professionalism and service, creating a safe living environment for residents as reliable estate guardians. During a recent fire emergency at Mount Pavilia involving a ceiling light, the team acted swiftly to extinguish the blaze, effectively safeguarding lives and property. Their decisive response earned unanimous praise from both the Customer Services Office and residents, vividly demonstrating their professional competence and boosting confidence in the Group's services.



New World Property Management Company Limited

New World highly commends Waihong Services Group for its exceptional operational efficiency and logistical resilience. Waihong excels in cross-project collaboration, effectively integrating service demands across neighboring properties for flexible staffing and resource sharing. During emergencies and extreme weather, their team rapidly activates emergency response mechanisms and deploys on-site teams. This significantly strengthens New World's operational resilience, ensuring residents' daily lives remain completely uninterrupted.



WSP (Asia) Limited

We praise the FSE Engineering team for their steadfast professionalism and swift responsiveness from design to maintenance. When a major commercial complex faced cooling inefficiencies, the team rapidly diagnosed the issue and implemented an effective optimization strategy. They successfully resolved the operational bottleneck and enhanced system efficiency, reinforcing our confidence in a strong, enduring future collaboration.



Infants Toddlers and Twos Limited

We highly commend the Larvotto Management Team for their exceptional support and service. They are the best management team we have ever worked with. Whenever we raise an enquiry, the team responds promptly with swift, effective action and invaluable professional maintenance advice. Their sincerity, proactiveness, and remarkable team spirit have brought a significant and positive change to our daily operations, making them a truly reliable and pleasant partner.



ALBA Integrated Waste Solutions (Hong Kong) Limited

We sincerely thank Nova Insurance for their outstanding service during our expansion into Indonesia. When our former broker failed to secure underwriting ahead of a tight deadline, Nova stepped in and leveraged its extensive global network. They swiftly connected with local partners to secure quotes from multiple top insurers to avert a default crisis. This proves that their "Global Vision, Local Support" model delivers precise, reliable risk protection for international corporate operations.



Chinachem Group

As a long-term strategic partner, Chinachem Group sincerely thanks Far East Engineering for its exceptional contributions to major HVAC replacement projects, including Nina Tower, Nina Hotel, Sheung Shui Town Centre, and Tsuen Wan Ho Fai Commercial Centre. Despite the technical challenges of working within active properties, Far East delivered high-quality results on time and budget. Their smart monitoring and preventive maintenance have effectively optimized our long-term energy and maintenance costs.



Hong Kong-Shenzhen Innovation and Technology Park Ltd.

We sincerely express our appreciation to Majestic Engineering and Young's Engineering for their outstanding technical expertise and crisis management during the Hong Kong-Shenzhen Innovation and Technology Park project. Despite major design changes halving the schedule to under four months, the team flexibly mobilised cross-disciplinary resources across MVAC, Fire Services, Plumbing, and Electrical divisions. Overcoming border logistics and communication barriers, they successfully completed the Fire Services Installation Acceptance Inspection, paving the way for the timely issuance of the Occupation Permit.



Employees' Messages

FSE Lifestyle Services Limited

As part of the training team, it is incredibly rewarding to drive the Group's core philosophy of lifelong learning. By providing diverse and modernised training programmes, we connect our staff with the latest trends across various industries, successfully empowering our workforce to stay agile amid market changes. The unwavering support from management allows us to nurture talent systematically, ensuring every employee is equipped to achieve excellence and grow alongside FSE Lifestyle Services.

Tommy Lo

Senior Manager – Talent Development & Training

FSE Environmental Solutions Limited

Upholding the core philosophy of "Creative Innovation," the Group continues to transform its business model and enhance operational governance. Through in-house smart mobile applications, we have digitised workflows to substantially elevate efficiency, safety, and transparency. Furthermore, we foster an innovative mindset through staff training, enabling our agile workforce to continuously deliver superior service experiences to our clients.

Au Yiu Ming

Senior Service Manager

Beijing Nova Insurance Services Limited

Reflecting a decade of mutual growth, FSE Lifestyle Services' journey over the years remains steadfastly committed to ensuring every employee is "seen, valued, and empowered to achieve." The Group prioritizes its workforce as the most valuable asset, providing structured promotion pathways, development resources, and well-being support. This human-centric culture enables colleagues to pursue professional excellence while inspiring long-term commitment and advancement.

Cassie Zhao

Senior Account Executive

Kiu Lok Group

As part of the property management and leasing team, I am pleased to provide HR and administrative solutions that maximise human and operational capital for our staff. FSE Lifestyle Services' rich resources and innovative tools allow us to build an agile, high-performing workforce. Backed by strong leadership, we seamlessly transform workplace dedication into long-term trust, ensuring operational excellence for our clients and tenants.

Rico Hung

HR & Administration Manager

Urban Group



As a premier property management arm of FSE Lifestyle Services, Urban Group is dedicated to fostering a people-oriented culture. I am honoured to be part of the Urban team. In our daily operations, our proprietary Sm@rtUrban mobile application has been a vital service platform for transformation. It has successfully streamlined our workflows and has significantly bridged the communication between our team and the customers. This tech-driven connectivity empowers us to excel and grow every day.

Harvey Liu

Assistant Director – Property Asset Management

General Security Group



Colleagues across different business units seamlessly collaborate and support one another, ensuring rapid assistance during emergencies. FSE Lifestyle Services feels like a warm family that actively invests in training, enabling us to directly apply new skills to daily operations and gain heartfelt client appreciation. Celebrating our shared achievements brings a profound sense of fulfillment that motivates me to drive greater value for both the Group and our clients every day.

Andy Leung

Assistant Operations Director

Waihong Services Group



The Group offers a comprehensive employee support system encompassing competitive benefits, structured training, and a respectful environment, fostering a strong sense of value. Crucially, during emergencies, management demonstrates exemplary leadership and team collaboration by personally assisting frontline teams to mitigate risks. Through regular, open dialogue, they actively address employee feedback — creating a human-centric culture that inspires dedication and fulfillment in daily operations.

Oliver Lam

Operations Manager

FSE Engineering Group



I am sincerely grateful to the Group for the forward-looking Leadership Development Programme. It enabled me to master management techniques and enhance problem-solving skills, allowing me to lead my team more efficiently. Driven by the Group's lifelong learning culture, I am inspired to break out of my comfort zone, pursue excellence, and achieve collective success through team synergy.

Fong Kwok Wah

Senior Manager – Tender & Procurement



Property Asset Management





Number of staff

Over **5,600**

Service contracts

Over **300**



Revenue*
HK$'million

2026	2025
720	701

* Segment revenue does not include inter-segment revenue.

Profit
HK$'million

2026	2025
94	91

Remaining Works
HK$'million

2026	2025
1,502	1,784

The Group's property asset management business, comprising Urban, International Property Management, Kiu Lok and FSE Property Asset Management (together, the "Property Asset Management Group"). It 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 Asset 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, tenancy and asset 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 Asset Management Group's unique market differentiation lies in their integration of services, experienced teams, strong pool of professional talents, strong service support from our Group's other fellow business units, and partnership approach with our clients. In addition, innovation keeps our Property Asset 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 2025, Kiu Lok and FSE Property Asset Management expanded its service scope from being a conventional property management focused only business into a comprehensive property asset management group. Through the setup of an asset management company, Kiu Lok and FSE Property Asset Management now provide its clients with one-stop asset management advisory, property & facility management, and sales & leasing services.

During FY2026, our Property Asset Management Group submitted tenders for 65 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$3,100 million and, combining the submitted tenders from previous months, was awarded 31 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$198 million. Among these 31 service contracts, three of them were major service contracts (with net contract sum not less than HK$20 million for each service contract) for two residential estates in Wong Chuk Hang and Shau Kei Wan and a government facility in Tuen Mun.

As at 30 June 2026, the Property Asset Management segment has a total gross value of contract sum of HK$2,297 million with total outstanding contract sum of HK$1,502 million.



Supporting Services



Number of staff

Over **14,400**

Service contracts

Over **13,600**

Revenue*
HK$'million

2026	2025
4,826	4,737

* Segment revenue does not include inter-segment revenue.

Profit
HK$'million

2026	2025
231	229

Remaining Works
HK$'million

2026	2025
5,429	6,323

Hygiene

The Group's hygiene, cleaning and pest control 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 9,000 staff, a strong fleet management with about 100 municipal vehicles and full support towards customers with strong integrity and governance. 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.



Waihong maintains its position as the market leader in Hong Kong's cleaning service industry through its commitment to service excellence, consistently delivering high-quality solutions to its clients.

During FY2026, Waihong submitted tenders for 490 cleaning service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$11,656 million and, combining the submitted tenders from previous months, was awarded 119 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$1,689 million. Among these 119 service contracts, 18 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 seven regions, shopping malls in four districts, residential estates in three districts, racing facilities in Sha Tin, a hospital in Sai Ying Pun, a broadcasts company in Tseung Kwan O and a technology hub in Tai Po.

During FY2026, Waihong was awarded 119 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$1,689 million.



Nova's unique market differentiation lies in its highly professional team of brokers and specialists, adoption of AI facilitated business processes, strong bargaining power in the insurance market and its serving network.

Insurance

The Group's insurance 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 Chinese Mainland. 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 over 800) 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, adoption of AI facilitated business processes, 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 FY2026, Nova secured placements for a number of new accounts for various projects and directors and officers liability insurance policies. 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 renewal contracts when its terms and conditions are competitive. Nova's retention ratio in securing renewed contracts has always been over 80%, reflecting its competitiveness and high level of services.

During FY2026, Nova secured placements for a number of new accounts for various projects and directors and officers liability insurance policies.

During FY2026, Nova submitted tenders for 27 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$65 million and was awarded 12 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$28 million.

Technical Services

The Group's technical support and maintenance services business, comprising Far East Engineering Services and Turning Technical Services, provides services which covers three core areas in Hong Kong and Macau:

(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.

The Group's technical support and maintenance services business' unique market differentiation lies in its proven ability to deliver large-scale, technically complex building services upgrades with minimal disruptions to 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, AI driven energy optimisation and other innovative technology, 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 FY2026, the Group's Technical Services division was awarded 106 projects (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$1,033 million.



Our technical support and maintenance services specialise in energy efficient chiller replacements, transforming air cooled to water cooled systems, and adopting high Coefficient of Performance units with green refrigerants.

During FY2026, the Group submitted tenders for 702 maintenance service contracts (with a contract sum not less than HK$1 million for each contract) with a total tender sum of HK$5,212 million and, combining the submitted tenders from previous months, was awarded 106 projects (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$1,033 million. Among these 106 projects, 12 of them were major contracts (with net contract sum not less than HK$20 million for each contract), which included eight term contracts for government buildings in Hong Kong Island, Kowloon and New Territories, one chiller replacement contract for a commercial building in Kwun Tong, a term contract for a university in Hung Hom, one chilled water pipe replacement contract for a hotel in Tsuen Wan and one renovation contract for a lounge in Hong Kong International Airport.

Environment

The Group's Environment division provides Environmental 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) "Environmental 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 sterilise 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" (EV charging, IoT platform and smart facilities) to provide advanced information and communication infrastructure by providing 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 clients.

During FY2026, our Environment division was awarded 38 environmental, landscape 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$169 million.



Our Environment division is well known for the HVAC water treatment service 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.

During FY2026, the Group submitted 214 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$1,198 million and, combining the submitted tenders from previous months, was awarded 38 environmental, landscape 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$169 million.

Security & Concierge

The Group's systems security, guarding, concierge and 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. General Security and Perfect Event have strong expertise in event security, customer services, and established strategic partnerships with major event operators and managers. 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.

As at 30 June 2026, our Supporting Services segment has a total gross value of contract sum of HK$10,347 million with a total outstanding contract sum of HK$5,429 million.



General Security and Perfect Event have strong expertise in event security, customer services, and established strategic partnerships with major event operators and managers.

Perfect Event has steadily gained a foothold in its two core businesses: (i) providing customer service 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 FY2026, General Security and Perfect Event submitted tenders for 95 security & concierge contracts (with a contract sum not less than HK$1 million for each contract) with a total tender sum of HK$1,274 million and, combining the submitted tenders and quotations from previous months, was awarded 37 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$389 million. Among these 37 service contracts, six of them were major service contracts (with net contract sum not less than HK$20 million for each service contract) including three residential estates in Pok Fu Lam, Sha Tin and Yuen Long, a clubhouse in Fanling, a commercial complex in Sheung Wan and an office building in Wanchai.

As at 30 June 2026, the Supporting Services segment has a total gross value of contract sum of HK$10,347 million with a total outstanding contract sum of HK$5,429 million.



E&M Engineering

Number of staff
Over **900**

Service contracts
Over **190**



Revenue*
HK$'million

2026	2025
2,389	2,721

* Segment revenue does not include inter-segment revenue.

Profit
HK$'million

2026	2025
111	155

Remaining Works
HK$'million

2026	2025
8,100	6,425

The Group's E&M engineering business, comprising FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group, serving Hong Kong, Chinese Mainland 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 engineering services to its clients, ranging from design, installation, testing and commissioning services. The Group's E&M engineering projects encompassed a wide range of buildings and facilities, including government buildings and facilities, offices, shopping malls, hotels, universities, airport facilities, event and exhibition venues and residential properties.

The Group's E&M engineering 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, strong presence in professional institutions, 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, Chinese Mainland and Macau.

During FY2026, our E&M engineering business 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$3,463 million, reached a historical high.



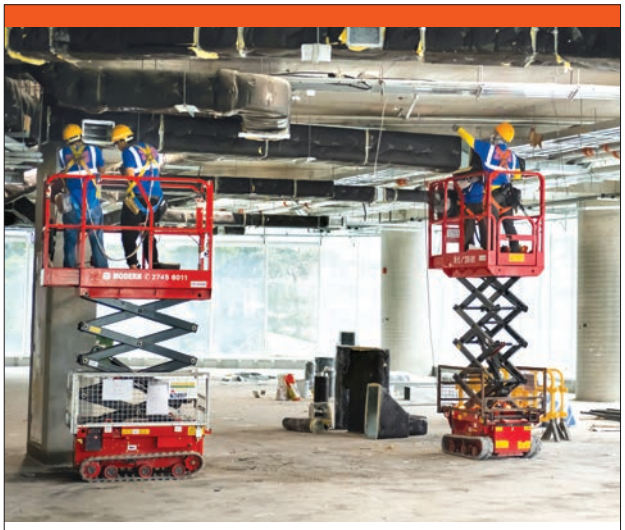
To champion digital transformation across operations and projects, FSE Engineering Group has established a dedicated BIM/MiMEP/AI task force.

To champion digital transformation across operations and projects, the Group has established a dedicated BIM/MiMEP/AI task force. Setting a high industry benchmark, FSE Engineering Group became the first MEP contractor to be accredited with the international BIM standard ISO 19650 certificate in 2023.

To further streamline workflows, we have developed a proprietary BIM library and bespoke BIM productivity application programming interfaces ("APIs"), significantly reducing design coordination time, minimizing clash risks, and elevating overall project delivery efficiency.

Reinforcing our commitment to modular construction and sustainable fabrication, the Group operates a state-of-the-art MiMEP factory in Fanling. Operational for several years, the facility achieved the certification for ISO 9001, ISO 14001 and ISO 45001 in February 2026. The factory specialises in prefabricating high-quality MiMEP solutions, including ceiling MEP modules, pump set modules, miniature circuit breaker ("MCB") board modules and custom electrical assemblies etc.

Our prefabrication capabilities are currently deployed across 22 active projects adopting MiC and/or MiMEP. This robust portfolio comprises one Hong Kong-Shenzhen Innovation and Technology Park ("HSITP") project, 10 projects for the Hong Kong Housing Authority ("HKHA") and Hong Kong Housing Society ("HKHS"), two Architectural Services Department ("ASD") projects, and nine major private sector developments.



The Group has formulated a comprehensive AI adoption roadmap designed to drive cross-departmental efficiency, elevate customer experience, and empower data-driven decision-making.

Looking ahead, the Group has formulated a comprehensive AI adoption roadmap designed to drive cross-departmental efficiency, elevate customer experience, and empower data-driven decision-making. To ensure a structured and secure rollout, our strategic framework focuses on:

(i) Identifying high-impact use cases and addressing core operational pain points
(ii) Establishing a secure, scalable data infrastructure
(iii) Defining clear key performance indicators ("KPIs") to measure tangible return on investments ("ROI")
(iv) Upskilling our workforce through targeted AI training programs to foster a culture of continuous innovation

During FY2026, the Group's E&M engineering business submitted tenders for 307 E&M engineering projects (with a contract sum not less than HK$1 million for each project) with a total tender sum of HK$20,597 million and, combining the submitted tenders from previous months, was awarded 51 contracts (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$3,463 million, reached a historical high. Among these contracts, 12 of them were major projects (with net contract sum not less than HK$100 million for each project), which included five public housing projects in Ma Tau Kok, Yau Tong, Shau Kei Wan, Kowloon Bay and Kennedy Town, three residential projects in Tung Chung, Cheung Sha Wan and To Kwa Wan, an exhibition centre, a passenger concourse in the Hong Kong Airport, a logistic development in Kwai Chung and a government complex in Cheung Sha Wan.

As at 30 June 2026, the E&M Engineering segment has a total gross value of contract sum of HK$10,867 million with a total outstanding contract sum of HK$8,100 million.



Financial Review

Revenue

In FY2026, the Group's revenue decreased by HK$225.6 million or 2.8% to HK$7,934.3 million from HK$8,159.9 million in FY2025, reflecting lower revenue from the E&M Engineering segment amounting to HK$332.7 million, mitigated by higher revenue from the Supporting Services segment and the Property Asset Management segment amounting to HK$88.7 million and HK$18.4 million respectively.

	For the year ended 30 June		
	2026	2025 (restated)*	% Change
	HK$'M	HK$'M	
Property Asset Management**(Note 1)	**719.7**	701.3	2.6%
Supporting Services**	**4,826.0**	4,737.3	1.9%
E&M Engineering** (Note 2)	**2,388.6**	2,721.3	(12.2%)
Total	**7,934.3**	8,159.9	(2.8%)

* To align more closely with the market dynamics and the Group's strategic directions, the Group's Chief Operating Decision Maker ("CODM") has reclassified the Group's Extra Low Voltage ("ELV") business from the Supporting Services segment (formerly known as the city essential services segment) to the E&M Engineering segment (formerly known as the E&M services segment) starting from this financial year. As a result of such change occurred during the year ended 30 June 2026, the Group's prior year corresponding segment information that is presented for comparative purpose has been restated accordingly.

** Segment revenue does not include inter-segment revenue.

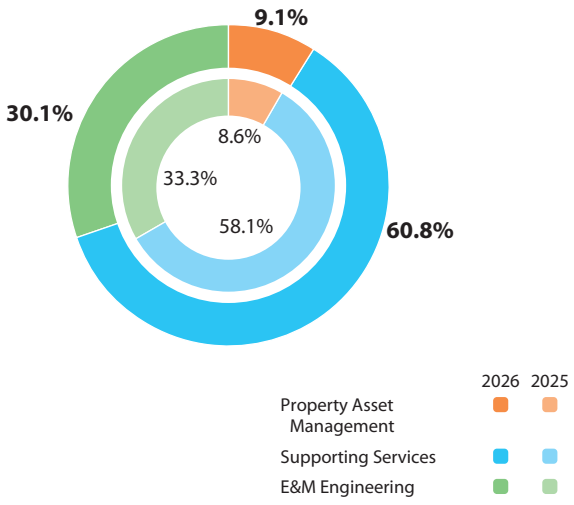
Note 1 - Under the respective contract terms, approximately 20% of the Property Asset Management segment's revenue is accounted for based on the management fees received. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its lump sum contracts (i.e. with all direct operational costs for performing the related services borne by it) which are primarily facility management contracts, the segment's revenue for the Year would increase by HK$3,200.0 million from its reported amount of HK$719.7 million (2025: HK$701.3 million) to about HK$3,900.0 million (2025: HK$3,900.0 million).

Note 2 - 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$400.0 million from its reported amount of HK$2,388.6 million (2025: HK$2,721.3 million (restated)) to about HK$2,800.0 million (2025: HK$3,700.0 million (restated)).

Revenue by segment

The Group's revenue from the Property Asset Management segment and the Supporting Services segment in aggregate contributed 69.9% in FY2026 (2025: 66.7% (restated)), whereas the revenue from E&M Engineering segment contributed 30.1% in FY2026 (2025: 33.3% (restated)).

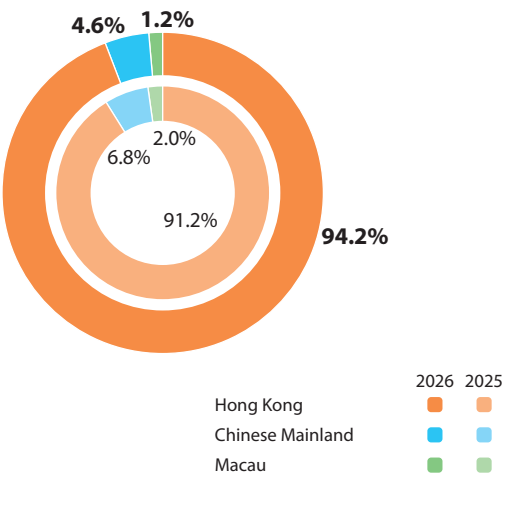
For the year ended 30 June



Revenue by region

In FY2026, the Group's revenue contribution from Hong Kong, Chinese Mainland and Macau was 94.2%, 4.6% and 1.2% (2025: 91.2%, 6.8% and 2.0%) respectively.

For the year ended 30 June



- *Property Asset Management:* This segment contributed 9.1% (2025: 8.6%) of the Group's total revenue. The services were principally provided in Hong Kong.

  Segment revenue increased by 2.6% or HK$18.4 million to HK$719.7 million from HK$701.3 million. Such growth was mainly driven by new contracts for residential buildings.

- *Supporting Services:* This segment contributed 60.8% (2025: 58.1% (restated)) of the Group's total revenue. The revenue of individual divisions of this segment is as below:

	For the year ended 30 June		
	2026	2025 (restated)	% Change
	HK$'M	HK$'M	
Hygiene	**2,402.9**	2,535.9	(5.2%)
Insurance	**158.7**	141.7	12.0%
Technical Services	**1,232.7**	1,164.1	5.9%
Environment	**249.0**	184.9	34.7%
Security & Concierge	**782.7**	710.7	10.1%
Total	**4,826.0**	4,737.3	1.9%

The revenue reflected an increase in contributions from Hong Kong (HK$133.0 million) and Chinese Mainland (HK$23.7 million), partly offset by a decrease in Macau (HK$68.0 million).

Segment revenue grew by 1.9% or HK$88.7 million to HK$4,826.0 million from HK$4,737.3 million (restated) reflected the higher revenue contributions from (i) more new contracts from regular guarding and ad hoc services; (ii) its technical support and maintenance business' energy-efficient chiller replacement and renovation works for commercial buildings; (iii) the growth in EV charging infrastructure business; and (iv) Beijing Nova acquired in December 2024, partly offset by a decrease in governmental cleaning service contracts.

- *E&M Engineering:* This segment contributed 30.1% (2025: 33.3% (restated)) of the Group's total revenue and 87%, 13% and Nil (2025: 81%, 19% and 0.05%) (restated) of this segment's revenue were contributed from Hong Kong, Chinese Mainland and Macau respectively. Lower revenue contribution was recorded in the Year from Chinese Mainland (HK$204.3 million), Hong Kong (HK$127.1 million) and Macau (HK$1.3 million) .

	For the year ended 30 June		
	2026	2025 (restated)	% Change
	HK$'M	HK$'M	
Hong Kong	**2,075.0**	2,202.1	(5.8%)
Chinese Mainland	**313.6**	517.9	(39.4%)
Macau	**–**	1.3	(100.0%)
Total	**2,388.6**	2,721.3	(12.2%)

Segment revenue decreased by 12.2% or HK$332.7 million to HK$2,388.6 million from HK$2,721.3 million (restated) and mainly reflected lower revenue contributions from a number of E&M Engineering installation projects which were near completion last year including a residential estate in Tuen Mun, the expansion of a government building in Central and Hangzhou Westlake 66 in Chinese Mainland, and delays of certain design and construction projects in Hong Kong, mitigated by the substantial progress for a public housing project in Kwu Tung.

Gross profit

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

	For the year ended 30 June			
	2026		2025 (restated)	
	Gross profit HK$'M	**Gross profit margin %**	Gross profit HK$'M	Gross profit margin %
Gross profit and gross profit margin including government grants				
Property Asset Management	**218.0**	**30.3%**	225.0	32.1%
Supporting Services	**550.5**	**11.4%**	516.8	10.9%
E&M Engineering	**270.1**	**11.3%**	311.7	11.5%
Total	**1,038.6**	**13.1%**	1,053.5	12.9%

In FY2026, the Group's Property Asset Management segment, Supporting Services segment and E&M Engineering segment contributed 21.0% (2025: 21.4%), 53.0% (2025: 49.0% (restated)) and 26.0% (2025: 29.6% (restated)) of its gross profit respectively. The Group's gross profit decreased by HK$14.9 million or 1.4% to HK$1,038.6 million from HK$1,053.5 million in FY2025, with an overall gross profit margin increased to 13.1% from 12.9%, mainly reflecting a lower contribution from its E&M Engineering segment, mitigated by a higher contribution from the Group's Supporting Service segment.

- *Property Asset Management:* This segment recorded a mild decrease in its gross profit of HK$7.0 million to HK$218.0 million from HK$225.0 million, with a stable gross profit margin at 30.3%.

- *Supporting Services:* This segment recorded an increase in its gross profit of HK$33.7 million to HK$550.5 million from HK$516.8 million (restated), with its gross profit margin improved to 11.4% from 10.9% (restated). This was mainly caused by the higher contributions from (i) more new contracts from regular guarding and ad hoc services; (ii) its technical supporting and maintenance business' energy-efficient chiller replacement and renovation works for commercial buildings; and (iii) Beijing Nova acquired in December 2024.

- *E&M Engineering:* The gross profit of the E&M Engineering segment decreased by HK$41.6 million to HK$270.1 million from HK$311.7 million (restated), while its gross profit margin remained stable at 11.3%, principally reflected lower revenue from its projects in Hong Kong and Chinese Mainland.

General and administrative expenses

General and administrative expenses of the Group for the Year increased by HK$13.3 million or 2.5% to HK$540.9 million from HK$527.6 million last year, mainly reflected the Group's acquisition of Beijing Nova in December 2024.

Other income, net

Other net income of HK$9.3 million was recorded by the Group during FY2026 compared to HK$8.0 million recorded in FY2025.

The other net income recorded in both years mainly represented gains on disposal of properties in Chinese Mainland.

Finance income

In FY2026, the Group recorded finance income of HK$6.4 million (2025: HK$23.0 million). The decrease mainly reflected lower interest income from bank deposits and receivables.

Finance costs

The Group's finance costs of HK$15.6 million (2025: HK$22.3 million) for FY2026 included interest expenses of (i) HK$12.0 million (2025: HK$19.4 million) for the Group's bank borrowings and other liabilities and (ii) HK$3.6 million (2025: HK$2.9 million) for lease liabilities.

Income tax expenses

The effective tax rate of the Group remained stable at 16.4% (2025: 15.6%).

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			
	2026	2025 (restated)	Change	% Change
	HK$'M	HK$'M	HK$'M	
Profit attributable to shareholders including government grants				
Property Asset Management	**93.9**	90.5	3.4	3.8%
Supporting Services	**231.2**	228.9	2.3	1.0%
E&M Engineering	**111.0**	155.0	(44.0)	(28.4%)
Unallocated corporate expenses and finance costs*	**(17.9)**	(21.2)	3.3	(15.6%)
Total	**418.2**	453.2	(35.0)	(7.7%)

* Unallocated corporate expenses and finance costs comprise the Company's corporate expenses of HK$7.8 million (2025: HK$7.5 million) and interest expenses of HK$10.1 million (2025: HK$13.7 million).

The Group's profit for the Year decreased by 7.7% or HK$35.0 million to HK$418.2 million compared to HK$453.2 million last year. The decrease mainly resulted from a lower contribution from the E&M Engineering segment, partly mitigated by the growth in the Property Asset Management segment and the Supporting Services segment (in particular the systems security, guarding, concierge and event services and technical support and maintenance businesses). Details of the government grants recognised by the Group are set out in Note 7 to the consolidated financial statements. The net profit margin of the Group reduced to 5.3% for the Year from 5.6% last year.

	For the year ended 30 June			
	2026	2025	Change	% Change
	HK$'M	HK$'M	HK$'M	
Profit attributable to shareholders excluding government grants				
Profit attributable to shareholders as reported	**418.2**	453.2	(35.0)	(7.7%)
Excluding government grants	**–**	(1.6)	1.6	(100.0%)
Profit attributable to shareholders excluding government grants	**418.2**	451.6	(33.4)	(7.4%)

To better illustrate the Group's financial results for both years, if excluding the effects of government grants (2026: Nil; 2025: HK$1.6 million) in the Group's profit attributable to shareholders (2026: HK$418.2 million; 2025: HK$453.2 million), the Group would record a decrease in adjusted net profit of 7.4% to HK$418.2 million for the year ended 30 June 2026 as compared to its adjusted net profit of HK$451.6 million for the year ended 30 June 2025.

Other comprehensive income

The Group recorded other comprehensive income for the Year of HK$16.8 million (2025: gains of HK$18.7 million), reflected a favourable exchange reserve movement of HK$13.1 million (2025: a favourable exchange reserve movement of HK$5.0 million) recorded during the Year following an appreciation of the Renminbi ("RMB") for conversion of the Group's net investments in Chinese Mainland, and the remeasurement gains of HK$2.1 million (2025: gains of HK$0.7 million) on defined benefit retirement scheme and HK$1.6 million (2025: gains of HK$13.0 million) on long service payment liabilities.

Capital structure

As at	**30 June 2026 HK$'M**	**% to total equity**	30 June 2025 HK$'M	% to total equity	Increase/ (decrease) HK$'M
Non-current assets	**372.9**	**24.5%**	410.9	32.6%	(38.0)
Cash and bank balances	**828.9**	**54.5%**	743.9	59.0%	85.0
Borrowings[(i)]	**348.9**	**23.0%**	318.9	25.3%	30.0
Net cash[(ii)]	**480.0**	**31.6%**	425.0	33.7%	55.0
Working capital[(iii)]	**1,246.2**	**82.0%**	1,296.4	102.8%	(50.2)
Total equity	**1,520.0**	**100.0%**	1,261.7	100.0%	258.3

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 2026, the Group had total cash and bank balances of HK$828.9 million (30 June 2025: HK$743.9 million), of which 87%, 11% and 2% (30 June 2025: 84%, 14% and 2%) were denominated in Hong Kong dollar, RMB and other currencies respectively, and total borrowings of HK$348.9 million (30 June 2025: HK$318.9 million) were denominated in Hong Kong dollars. The Group's net cash balance increased by HK$55.0 million to HK$480.0 million as at 30 June 2026 as compared to HK$425.0 million as at 30 June 2025 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 2025 of HK$83.3 million, interim dividend for its financial year ended 30 June 2026 of HK$85.0 million and preferred distribution on the convertible preference shares of HK$8.5 million, and the Group's payments for principal portions of lease liabilities of HK$43.0 million and an additional investment in a 27%-owned associate, Townlife Holding Company Limited, of HK$11.9 million. The Group's net gearing ratio was maintained at zero as at 30 June 2026 (30 June 2025: 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 2026, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK$3,001.3 million (30 June 2025: HK$3,119.9 million). As at 30 June 2026, HK$348.9 million (30 June 2025: HK$318.9 million) of the Group's banking facilities had been utilised for bank borrowings and HK$920.9 million (30 June 2025: HK$862.8 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 2026, the Group's total debts amounted to HK$348.9 million (30 June 2025: HK$318.9 million), of which HK$30.0 million is renewed on a weekly basis and HK$318.9 million matures in October 2026. During September 2026, the Group has converted HK$218.9 million of these debts into a term loan maturing October 2028. 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, Chinese Mainland 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 arises.

As part of the Group's business is carried out in Chinese Mainland, some of its assets and liabilities are denominated in RMB. The majority of these assets and liabilities had arisen from the net investments in Chinese Mainland operations with net assets of HK$239.5 million as at 30 June 2026 (30 June 2025: HK$230.8 million). The foreign currency translation arising from translation of these Chinese Mainland operations' financial statements from RMB (functional currency of these Chinese Mainland 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 7% (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 2026, if the Hong Kong dollars had strengthened/weakened by another 7% against the RMB with all other variables unchanged, the Group's other comprehensive income would have been HK$16.8 million lower/higher.

Capital commitments

As at 30 June 2026, the Group had capital commitments of HK$ 3.3 million (30 June 2025: HK$15.9 million) in relation to investments 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 2026.

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 Asset Management, 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$3.2260 per share (subject to adjustments upon occurrence of certain prescribed events, including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves etc., in each case if not also made available to the holder(s) of the convertible preference shares), provided that any conversion shall not result in the Company failing to comply with any public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, within a period of 10 years after their date of issue of 16 December 2019 (the "Issue Date") and (ii) redeemable by the Company at its sole discretion at a redemption price which is equal to the Issue Price together with all outstanding preferred distributions accrued to the date fixed for redemption at any time after 10 years following the Issue Date. The convertible preference shares are treated as contingently issuable potential ordinary shares under Hong Kong Accounting Standard ("HKAS") 33 "Earnings per Share" and, since the conditions for their conversion were not met as at 30 June 2026, the effect of their conversion is not included in the calculation of the diluted earnings per share for years ended 30 June 2026 and 2025 pursuant to HKAS 33's requirements as described in Note 12 to the consolidated financial statements. Assuming that all of the outstanding convertible preference shares were converted as at the end of the financial year ended 30 June 2026 and assuming their conditions for conversion were met, the Company's earnings per share after taking into account of the dilutive impact of such conversion for the year ended 30 June 2026 would be HK$ 0.85 per share, calculated as the Group's profit attributable to shareholders of the Company of HK$418.2 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.



Environmental, Social and Governance

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 one independent non-executive director 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.

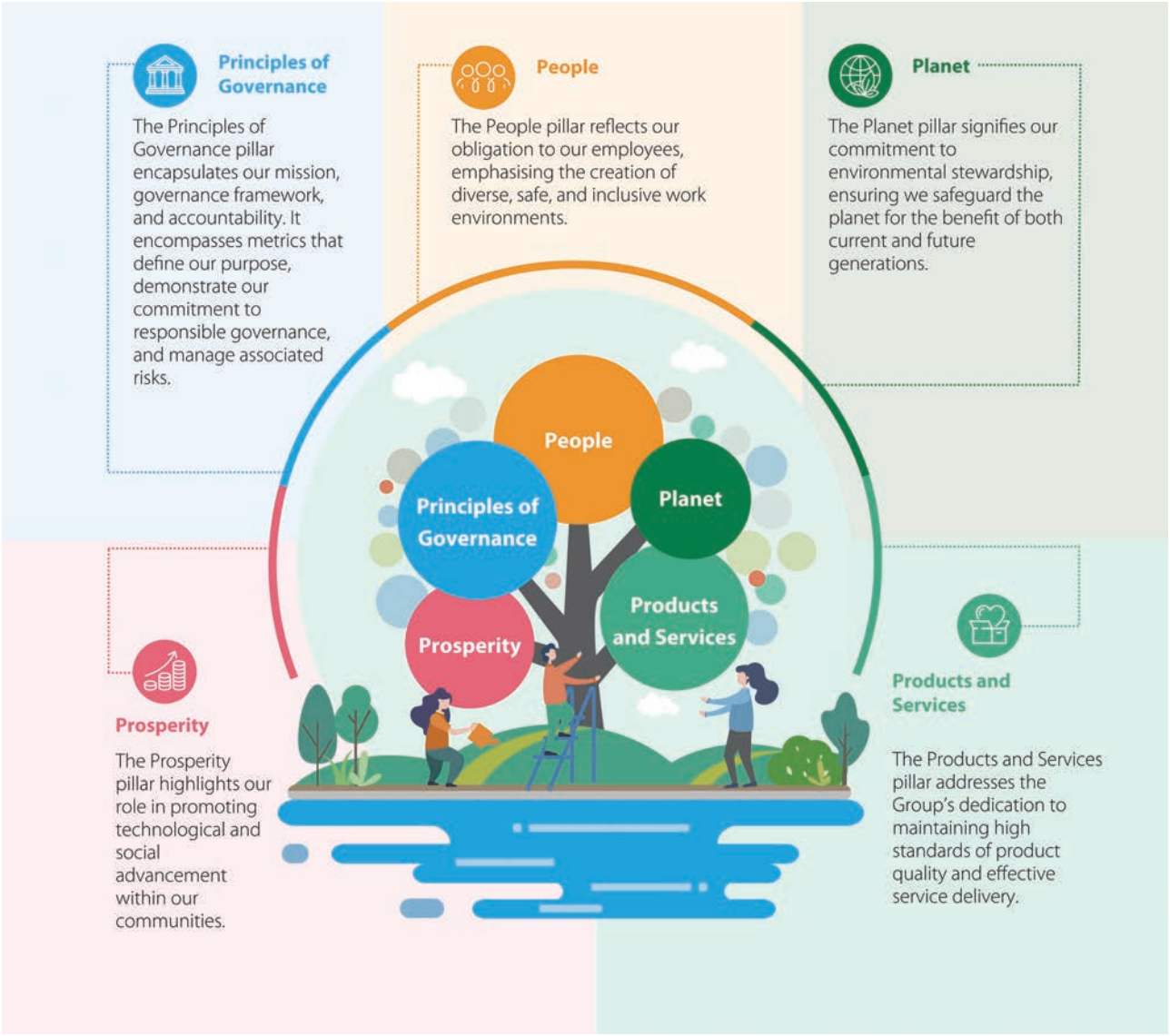
To translate this strategic framework into action, we believe fostering behavioral change within the Group is key to driving sustainable growth. Therefore, we have established a dedicated ESG taskforce with 22 members, including three Executive Directors of our Company. Comprising representatives from different business units, this taskforce actively drives our day-to-day efforts to become more environmentally friendly and socially responsible through various targeted initiatives.

To provide transparency on these initiatives and fulfill our commitment to sustainability-related disclosures, 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 2026.

5P Sustainability Framework

We adopt 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 evaluate our material topics through a comprehensive stakeholder engagement and materiality assessment to ensure alignment with long-term value creation and stakeholder concerns on a regular basis.



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 enables 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 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

We achieved substantial progress this year, successfully meeting the majority of the environmental targets established by our ESG Committee. To further demonstrate our commitment to minimising our environmental footprint, we have set new reduction goals that reflect our ongoing dedication to sustainability. Specifically, our new targets aim to reduce fuel consumption by 1.0%, electricity consumption by 1.5%, and paper procurement by 5.0%.

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 reduce fuel consumption and greenhouse gas emissions, we replaced 19 company vehicles with 14 electric vehicles (2025: 12) and 5 hybrid cars (2025: 5), an increase from the 17 eco-friendly vehicles introduced in 2025. Building on this momentum, we will expand this initiative to further integrate eco-friendly vehicles into our fleet.

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 conditioners, 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.

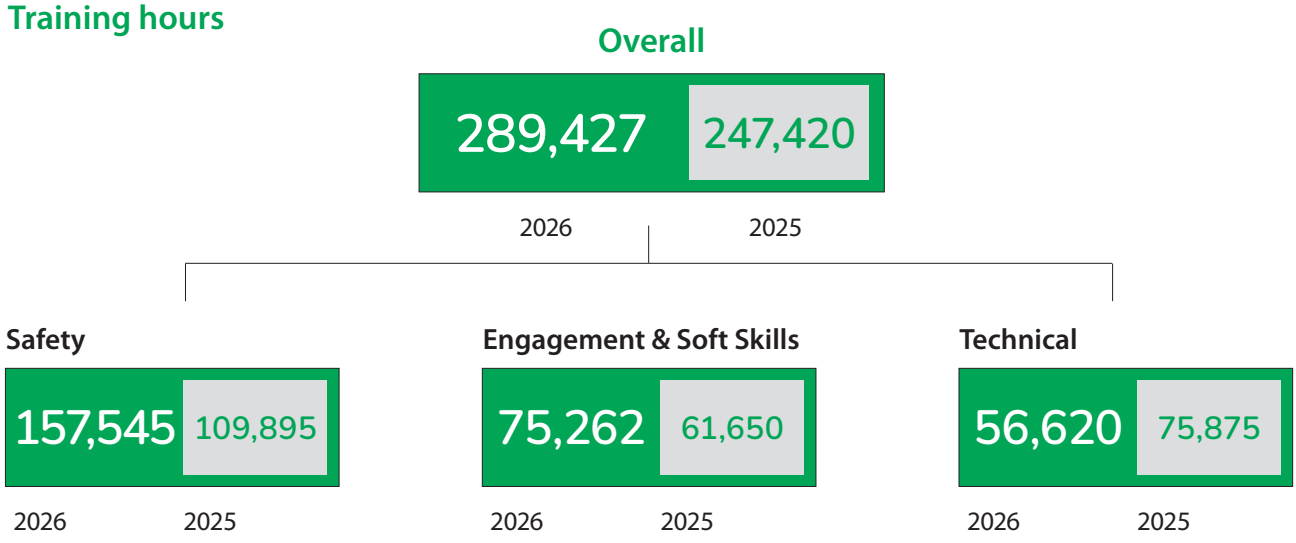
We are always looking to attract top talents who shares our values. We aim to provide a comprehensive development programme which enables us to attract, develop and retain our team. The Group's continuous attraction and retention of top talent will help drive sustainable growth, whilst enabling us to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

Mental and physical health of our employees

The Group is committed to supporting the physical and mental well-being of our employees through our dedicated FSE Clubs, which focus on Sports, Wellness, and Recreation. These clubs offer a diverse range of activities designed to encourage healthy lifestyles, alleviate stress, and foster social connections. By promoting holistic wellness, we aim to cultivate a supportive and vibrant workplace where our people feel valued and motivated.

This commitment not only enhances individual well-being but also drives productivity, job satisfaction, and team cohesion. This year, the FSE Clubs facilitated 6,919 wellness and physical activity hours (2025: 6,249 hours).

Training hours



Training and development

We champion continuous learning across our workforce. Through targeted training and development initiatives, we empower our employees to achieve their full potential. In addition to comprehensive skill-building programmes, we provide diverse career pathways, robust support systems, and a range of internal opportunities to foster long-term professional growth within the Group.

As our clients' needs constantly evolve, continuous learning remains essential to our business. To ensure we meet these demands, we organised targeted client engagement workshops for both our frontline and management teams. We actively support our workforce through diverse career development opportunities. Building on this commitment to continuous learning, we delivered 289,427 training hours this year (2025: 247,420 hours).

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 FY2026, 27 (2025: 26) managers and 32 (2025: 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.

Collaborate with local institutions to nurture young talents

Our commitment to fostering a diverse and inclusive workplace extends to how we build our future talent pipeline. We believe that equitable access to professional development is essential for a sustainable workforce, and that everyone should have the opportunity to thrive regardless of their academic background or socioeconomic status. This dedication was exemplified on August 1, 2025, when we signed a Memorandum of Understanding (MoU) with the Vocational Training Council (VTC) to actively promote Vocational and Professional Education and Training (VPET).



Collaborate with local institutions to nurture young talents

This strategic partnership aims to connect diverse youth demographics with practical, hands-on training opportunities. By combining our industry resources with the VTC, we offer vital on-the-job training for trainees across various disciplines. This initiative directly aligns with our ethos of breaking down structural barriers to entry, ensuring that young people—including non-local students supported by the Vocational Professionals Admission Scheme (VPAS) — have equal opportunities to gain practical experience and build competitive, long-term careers.

Our collaboration with the VTC demonstrates our unwavering commitment to diversity and equity at the grassroots level. By actively engaging in educational initiatives like this, we not only diversify our own talent pool with fresh perspectives and combat systemic employment barriers, but we also contribute positively to the broader community by cultivating highly skilled, competitive professionals for the future of Hong Kong and the Greater Bay Area.

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 Services, 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 a 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 take 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 a 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.

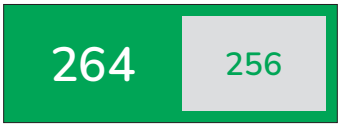
Throughout the year, we have initiated and participated in a total of 264 (2025: 256) charity drives and community engagement events for our beneficiaries, supporting children, the elderlies, and people from disadvantaged backgrounds.

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.

CSR Activities
Total hours



CSR Activities
Total activities



CSR Volunteers
Total participants



In the past year, over 4,099 volunteer counts dedicated over 30,093 hours to serving the community, 100.3% of our 2025/26 goal.

Empowering SEN Youths: Creating Pathways to Inclusion and Opportunity

We are deeply committed to bridging the gap between education and meaningful employment for young people with Special Educational Needs (SEN). As part of initiatives, we recently partnered with Heep Hong Society to host an interactive "SEN Youth Internship Programme" activity.

During the 1-month programme, our HR Team engaged with the youths, providing a supportive, hands-on environment to help them explore different career paths, practice workplace communication, and build self-confidence in a real-world professional setting.

This initiative perfectly complements our broader strategy for youth development, which includes offering practical, multi-week work placements across business units such as FSE Engineering, Urban Group, and Waihong Services. By collaborating with organisations like Heep Hong Society and providing patient mentorship, we continue to break down employment barriers and ensure that diverse talents are recognised and nurtured in a truly inclusive society.

FSE Caring Day 2026: FSE Sharing Love, Warming Hearts

On May 23, 2026, we launched our 14th annual flagship social service event, FSE Caring Day, in collaboration with Po Leung Kuk. Held at the Sally Wong Leung Hall and the Po Leung Kuk Lau Chan Siu Po Elderly Centre in Lam Tin, this initiative highlights FSE Lifestyle Services's dedication to fostering a culture of care while contributing to a sustainable and harmonious society in Hong Kong.

Operating under the theme "FSE Sharing Love, Warming Hearts 豐盛同心愛關懷 樂聚保良暖人間" we mobilised a dedicated team of volunteers to support nearly 1,000 elderly residents and children. The kick-off ceremony included key representatives from both organisations—including FSE Lifestyle Services's Executive Vice-Chairman and CEO, Mr. Patrick Lam, and the Chairman of Po Leung Kuk, Dr. Jenny Tam — emphasising the importance of community engagement and support.



Empowering SEN Youths: Creating Pathways to Inclusion and Opportunity



FSE Caring Day 2026: FSE Sharing Love, Warming Hearts

In preparation for Caring Day, FSE volunteers participated in a heartfelt Blessing Card Workshop earlier in the month, crafting beautifully handwritten cards that would later be distributed to the elderly. Staff members from various business units gathered to design and write these personalised messages, allowing them to express their love and compassion through meaningful acts of service. These handwritten cards 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 practical "lucky bags" filled with these handwritten blessing cards and essential daily necessities to approximately 540 elderly individuals and Po Leung Kuk children. The day was filled with joy as volunteers visited around 500 residents at the elderly centre, hosting amusement booths and interactive games, all designed to bring smiles, laughter, and a personal touch to the beneficiaries.

Our ESG mission is clear: to collaborate with various NGOs and continuously serve the community. The success of Caring Day 2026 reflects the company's unwavering commitment to making a positive impact in the lives of the underprivileged 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 has 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 year, 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. During the year, a total of 21,922 training hours (2025: 2,610) 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 2026, the Group had a total of 21,069 employees (30 June 2025: 26,678), including 7,503 (30 June 2025: 10,125) casual workers and employees whose relevant costs are directly reimbursed by or charged to our customers or charged by sub-contractors. The decrease in the number of staff during the Year principally reflects less staff in the Group's Hygiene division following expiry of certain cleaning contracts. Staff costs for the Year, including salaries and benefits, was HK$3,943.9 million (2025: HK$3,964.1 million).

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 2026, a total of six business units within the Group have successfully employed 240 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 Asset Management segment

With over 50 years' experience in providing management services for properties and facilities, our Property Asset Management Group has a proven track record in improving quality, reputation and value. Growing demand for enhanced, one-stop professional property and facility management solutions presents new opportunities for the Group's expansion. The business has a robust outlook:

- Demand for professional property management services in Hong Kong is increasing and will continue to increase, supported by government policies aimed at boosting residential unit supply over the next decade, especially in the Northern Metropolis.

- As awareness of property owners' rights grows, there is an increasing demand for services from independent property and facility management companies that are not affiliated with developers.

- The growing supply of residential properties in Hong Kong presents opportunities for the Group in the first-hand property sales market. Additionally, the government's new immigrant admission schemes, particularly the Top Talent Pass Scheme ("TTPS"), are expected to stimulate property sales and leasing activity. This, in turn, should support housing demand and the Group's sales and leasing services.

- Our Property Asset Management Group comprises over 5,000 staff members who are adept at adopting new operating methods and combining their expertise with innovative technologies and IoT applications. The Group has deployed technological applications, including Sm@rtUrban, ComEasy and drones, to enhance operational efficiency and service effectiveness.

Demand for professional property management services in Hong Kong is increasing and will continue to increase, supported by government policies aimed at boosting residential unit supply over the next decade.



- Urban, International Property Management and Kiu Lok are all licensed property management companies operating under the Property Management Services Ordinance ("PMSO") (Cap. 626 of the Laws of Hong Kong). With over 450 Tier 1 and Tier 2 property management practitioners, they boast of one of the industry's largest licensed service teams, ensuring smooth operations and statutory compliance across managed properties and facilities. The Group is therefore well-prepared to cater to PMSO-associated market demand and maintain its competitive advantages in future tenders and business development.

- Our Property Asset Management Group has a technical and engineering team of over 500 highly trained technicians specialising in building repair, maintenance, renovation and refurbishment works. The team serves large private housing estates, commercial premises and modern intelligent buildings, helping enhance their value. Urban renewal and urgent repair works under the Mandatory Building Inspection Scheme are expected to serve as another growth driver.

- This segment generates synergies with other business units and has established partnerships with various professional service providers and contractors. Boasting economies of scale and strong bargaining power, it is able to deliver services at competitive prices and with 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 hailed as "Hong Kong's Premier Community Manager", organising more than 50 corporate social responsibility activities each year. It also maintains a meticulous risk and crisis management system to address issues ranging from building service disruptions to pandemic control.

- As a reputable property manager, the Group has earned the trust of its clients, and, as a result, has a strong customer network through which it provides property sales and leasing services. It uses digital assets such as websites, social media platforms and instant messaging to engage clients effectively and provide them with convenient channels for property enquiries whilst promoting its property sales and leasing services.

Supporting Services segment

1. Hygiene

Building on the healthy and steady growth of its business over the past year, particularly in expanding its Kai Tak Development Area portfolio, Waihong is confident about its prospects for the coming years:

- As the number of tenders and quotations released to the market increases year on year, cleaning service providers are benefitting from contracts worth billions of Hong Kong dollars across both the private and public sectors. As a major player in the cleaning services market, Waihong strives to retain a high proportion of its existing service contracts while pursuing new opportunities for development.

- Waihong is exploring new business opportunities across different market segments by introducing smart, innovative equipment to attract higher-value clients. It has adopted various technology products and systems, including smart toilet systems, drones, and robotic equipment, as well as its self-developed facilities, check-in Easy systems and ComEasy inspection systems. Waihong is also adopting more AI products to drive business growth, using various advanced software and hardware to optimise workflows for scheduling and inventory management. Waihong expects innovative technologies to be increasingly adopted across the environmental service industry. As a pioneer in the cleaning services sector, the Group aims to enhance operational efficiencies and customer satisfaction by making full use of advanced tools and equipment. It is investing resources and capital in identifying practical robotic transport platforms and curtain wall washing robots to improve its work processes and safety in selected service areas.

Waihong is exploring new business opportunities across different market segments by introducing smart, innovative equipment to attract higher-value clients.



- Waihong prioritises sustainability, minimising its environmental impact and demonstrating its commitment to social responsibility. The Group is introducing additional innovative services and green initiatives to diversify beyond traditional cleaning services. This is expected to sharpen its competitive edge and stimulate high-quality growth. As environmental sustainability becomes an increasing worldwide concern, Waihong plans to implement more green practices. These include providing disposal services for municipal solid waste, medical waste, liquid waste, construction waste, collecting wastepaper, food waste, and used batteries, and increasing its use of electric vehicles. With growing demand for cleaning services and products that do not harm the environment, providing eco-friendly products and solutions has become a top priority in Waihong's procurement and marketing policies.

- The cleaning service industry continues to face labour-related challenges. Since May 2025, Waihong has employed workers from the Chinese Mainland to help address labour shortages. Management is evaluating the programme's effectiveness and whether it can help alleviate the problem and improve service levels for certain upcoming service contracts. The additional workforce is also expected to ease pressure from rising operating costs and improve the Company's competitiveness.

2. Insurance

Nova, the largest local insurance broker founded and based in Hong Kong, has a 38-year history and a strong professional team. Its experience, capabilities and competitive advantages position it well for continued growth:

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

- Nova continues to leverage its strengths, including its expertise in construction-related insurance. With new commercial and residential developments and infrastructure projects in the government's pipeline, it expects ample business opportunities in Hong Kong.

- Nova has an extensive local customer network and enjoys synergies with the Group's other divisions. The challenges faced by some international brokers in expanding their businesses in Hong Kong in recent years highlight the importance of local knowledge, which remains one of Nova's key advantages.



AI will further improve operational efficiency, enabling Nova to focus on higher-value activities and optimise manpower deployment over time, allowing it to scale its business while reducing costs.

- Looking ahead, Nova will strive to win more clients in industries where it has strong experience and expertise, such as construction, property management, hospitality, educational institutions, and non-governmental organisations. It is also expanding its employee benefits portfolio, and will focus on specialty products with higher yields, such as cyber insurance, professional indemnity insurance, directors' & officers' liability insurance and trade credit insurance.

- Nova is confident in achieving sustainable growth and maintaining its leading position among local insurance brokers. The use of AI to automate routine processes will further improve operational efficiency by streamlining repetitive tasks, reducing human errors and accelerating decision-making. This will enable Nova to focus on higher-value activities and optimise manpower deployment over time, allowing it to scale its business while reducing costs.

- Following 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. This acquisition has also expanded its geographical footprint, reducing its reliance on a single market and supporting a more balanced revenue stream. The collaboration between Beijing Nova and Nova Hong Kong will also allow both of them to tap new opportunities across the Greater Bay Area and the entire country.

- In the coming years, Beijing Nova will pursue growth in several areas. It will use its expertise in real estate development and property management to find new clients and help more overseas and Hong Kong-based partners serve clients in Chinese Mainland.

3. Technical Services

The division continues to prioritise longer-term contracts for government premises and remains focused on expanding its services and market share in heating, ventilation, and air conditioning ("HVAC") systems. Although this is a complementary business, it has strong growth prospects and the potential to bolster the Group's revenue and profit:

- In the private sector, maintenance and system retrofit works provide stable income that supports the Group's main businesses. In Macau, casino groups are expected to continue renovating, while many casino properties are entering an ageing phase. The replacement and upgrading of older operating systems are therefore expected to generate solid revenue and present significant opportunities in the coming year. The division will seek to secure these system upgrade contracts and large-scale alteration and addition projects from casino groups.

Hong Kong's ambitious drive towards carbon neutrality by 2050 is creating growing demand for improved building energy efficiency, placing the Group in a strong position to capture these opportunities.



- Hong Kong's ambitious drive towards carbon neutrality by 2050 is creating growing demand for improved building energy efficiency. The division is well positioned to capture opportunities arising from this trend as leading developers step up their investment in structural efficiency upgrades. Recent major contracts include the upgrade of chiller units at the Hong Kong Jockey Club's Sha Tin clubhouses and critical system replacements at Link REIT's shopping malls. These projects demonstrate the division's expertise in supporting the transition to greener, more energy-efficient buildings. The division expects continued demand for chiller replacement projects as Hong Kong advances towards its zero-carbon goals.

- Leveraging our highly successful Building Information Modelling ("BIM") capabilities, the division enhances operational efficiency and safety. Moving forward, we will proactively apply BIM to large-scale chiller replacement works, even where clients do not specifically request it. This approach helps ensure installation accuracy, minimises accidents, boosts tender success rates, elevates our corporate reputation, and drives profitability.

4. Environment

Growing public demand for a better living environment, together with the Hong Kong Government's pledge to achieve carbon neutrality by 2050, is expected to create ample business opportunities for this division's Environmental Solutions, Smart Solutions and Green Solutions business lines in the coming years:

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

- This division's environmental engineering business has grown steadily, driven by its seawater and freshwater treatment products, including electrochlorination systems, as well as odour removal solutions such as biotech deodorisation systems. Despite fierce competition in HVAC water treatment services, the business has good potential to expand its market share, supported by its patented nanobubble ozonation system and real-time monitoring capabilities.

Smart Solutions (EV charging, IoT platform and smart facilities)

- The Hong Kong Roadmap on the Popularisation of Electric Vehicles ("EV"), announced by the government in 2021, targets zero vehicular emissions by 2050. This has fuelled demand for EV charging infrastructure in car parks, presenting the Group with ample business opportunities.

By applying advanced technologies and smart solutions, the Group enhances building management and environmental monitoring, driving sustainability and elevating customer satisfaction.



- In response to the evolving market, the segment continues to identify new and more advanced products. It will work with vendors to customise systems according to specific customer needs and smart city blueprints. By applying advanced technologies and smart solutions, including AI, IoT, intelligent intellectual property/information technology-based systems and 5G mobile applications, the business aims to strengthen building management and environmental monitoring. These solutions will support building sustainability and environmental quality, while improving customer satisfaction.

Green Solutions (landscape and building materials)

- Growing demand for green elements in indoor and outdoor spaces is creating further opportunities for the Group's landscape services business. Government greening policies, urban planning initiatives and related support are also expected to aid the development of the business.

- For the Group's building materials trading business, technological advancements and the growing emphasis on healthy, green living will translate into opportunities to promote new products with innovative features. Working closely with the Group's environmental solutions team, the business has identified new building materials and products that are in line with the latest market trends.



5. Security & Concierge

Security and Concierge services are expected to benefit from new growth opportunities in the coming years, although the business environment remains highly price competitive. Against this backdrop, the Group's Security & Concierge division will focus on seizing suitable growth opportunities while maintaining pricing discipline, service quality and operational efficiency:

- Infrastructure projects will continue to support long-term demand. Major infrastructure and development projects, including the AI Superhighway, the Hong Kong-Shenzhen Innovation and Technology Park, the Sandy Ridge data facility, the Northern Metropolis, including the proposed Northern Metropolis University Town, are expected to create sustained demand for professional guarding, systems security and operational support. These projects require reliable manpower, strong site control and enhanced security standards, providing the Group with opportunities to expand its presence in critical infrastructure and large-scale developments.

- Tourism recovery and mega-events are likely to create additional opportunities for event security. Government-led initiatives to promote tourism and mega-events are expected to generate further demand for event security, crowd management and operational coordination. Initiatives such as The Hong Kong Jockey Club's specialised racing tours and the phased opening of Central Yards may also present potential opportunities for event services.

- Price competition and rising expectations for AI-driven cost savings remain key market challenges. The security market continues to face intense price competition, with many clients placing strong emphasis on cost control. At the same time, clients increasingly expect AI and technology adoption to reduce service costs, even though professional manpower, supervision and service quality remain essential. To address these challenges, General Security and Perfect Event will focus on disciplined pricing, operational efficiency and selective AI-driven solutions that enhance productivity and service standards without compromising margins.

The Group will focus on disciplined pricing, operational efficiency and selective AI-driven solutions that enhance productivity and service standards.

E&M Engineering segment

The Group's E&M Engineering business is well-equipped to capitalise on upcoming sizeable infrastructure and building projects in Hong Kong, the Chinese Mainland and Macau:

- **Capital and Construction Expenditure** – The Construction Industry Council forecasts the public and private E&M construction spending of over HK$37 billion and HK$22 billion, respectively, over the next five years, indicating an increasing demand for professional construction services. Over the coming years, the Group will focus on rendering these services to public and private housing and infrastructure projects.

- **Public and Private Housing** – As stated in the Chief Executive's 2026 Policy Address, the Hong Kong Government will have sufficient land to build 189,000 public housing units (including 30,000 Light Public Housing units) and produce over 35,000 units per year on average in next five years, and 126,000 private housing units over the next decade.

  Additionally, over 150,000 public and private housing units are expected to become available within the next 10 to 15 years along the Northern Link and through the Siu Ho Wan MTR Depot topside development. The Hong Kong Housing Authority will also announce redevelopment plans for the Ma Tau Wai and Sai Wan estates.

  Key ongoing and upcoming projects include URA- and Housing Society-led residential and commercial redevelopments in the Kai Tak Development Area, Yau Tong and Ap Lei Chau, associated railway property projects, and the development of Tseung Kwan O Area 137.

- **Railway Development** – The Hong Kong Government is embarking on a number of railway extension projects. To support new town development in the proposed Northern Metropolis, the MTR will progressively tender for two new railways: the Northern Link (NOL) Main Link (Kam Sheung Road Station - Kwu Tung Station) and Spur Line (San Tin - New Huanggang Port), and the Northern Link Eastern Extension and Northeast New Territories Line.

- **Airport Development** – The government has also been working with the Airport Authority Hong Kong to transform the "Airport City" vision into reality, turning Lantau into an aerotropolis that will connect the Greater Bay Area with the rest of the world. New projects, including an arts industry ecosystem, AsiaWorld-Expo Phase 2 development, a marina with ancillary facilities, and a fresh food market, are expected to be completed between 2026 and 2031. The projects are expected to promote high-end commercial, tourism and leisure activities.

- **District Cooling System** – As part of the government's low-carbon development initiatives, district cooling systems ("DCS") are being expanded beyond the West Kowloon Cultural District to new development areas (i.e. Tung Chung East, Kwu Tung North and Hung Shui Kiu) and the proposed Northern Metropolis to help curb energy consumption.

- **Conventions and Exhibition** – To maintain Hong Kong's position as a premier venue for large-scale international conventions and exhibitions, the Airport Authority has begun construction of AsiaWorld-Expo Phase 2. The government will also advance the Wan Chai North redevelopment project near the Hong Kong Convention and Exhibition Centre within the next few years.

- **Northern Metropolis** – In 2021, the government announced a development blueprint to transform the Northern Metropolis into four zones:



(1) High-end Professional Services and Logistics Hub – developing modern logistics clusters in the Hung Shui Kiu/Ha Tsuen New Development Areas ("NDA") and connecting them with Qianhai (over 32 hectares);

(2) Innovation and Technology Zone – in addition to the development of the HSITP ("the Loop") and San Tin Technopole, over 200 hectares of land in Ngau Tam Mei had been reserved for the Northern Metropolis University Town ("NMUT") and an integrated medical teaching and research hospital, with development expected to begin in 2028;

(3) Boundary Commerce and Industry Zone – leveraging the advantages of cross-boundary ports in the New Territories North New Town to develop retail and commercial services; and

(4) Blue and Green Recreation, Tourism and Conservation Circle – developing eco-tourism and cultural tourism in Robin's Nest Country Park, Sha Tau Kok and Yan Chau Tong.

The government has identified three land parcels in the Hung Shui Kiu/Ha Tsuen NDA, the Fanling North NDA and the San Tin Technopole as pilot sites for the collective development of commercial and community facilities by successful bidders. The government will also initiate the Second Hospital Development, including Ngau Tam Mei Hospital and Hung Shui Kiu Hospital, in the next few years.

As stated in the Chief Executive's 2026 Policy Address, three university towns will be developed in San Tin, Hung Shui Kiu and Ta Kwu Ling, with the overall planned areas exceeding 1,000 hectares. In addition, the Government will begin statutory planning for nine NDA including Lau Fau Shan, Au Tau, Ma Tso Lung, Ngau Tam Mei, Ta Kwu Ling, etc.

Chief Executive's 2026 Policy Address stated, three university towns will be developed in San Tin, Hung Shui Kiu and Ta Kwu Ling, with the overall planned areas exceeding 1,000 hectares.

- **Macau** – Macau's hotels and casinos continue to require renovation and improvement works, with new projects by The Venetian and Wynn Macau Group set to begin in 2026. Following the renewal of the licences of the six major casino operators for 10 years in January 2023, development of Galaxy Macau Phase 4 has been underway, while renovation works are in progress or will soon commence at existing casinos and hotels. These developments, coupled with the city's shift towards a more diversified tourism economy, are generating additional revenue for the Group.

- **Chinese Mainland** - The Group adopts a disciplined operational strategy, focusing on providing E&M services to major property projects for Hong Kong developers and foreign investors. In addition to its main bases in Beijing and Shanghai, the Group has a presence in other Tier 1 and Tier 2 cities such as Tianjin, Shenyang, Wuhan, Kunming and Hangzhou. The development of the Greater Bay Area, along with the rapidly growing Guangdong Pilot Free Trade Zones in Hengqin, Qianhai and Nansha, is expected to create new business opportunities for the Group.

- In response to the growing emphasis on sustainability, environmental protection, social responsibility and governance among corporate clients and property investors, the segment has optimised its designs and explored innovative approaches to help build a greener future. At the project level, green building designs, MiC, MiMEP and DfMA are being adopted to reduce energy consumption, carbon emissions and construction waste.

Conclusion

Despite facing various challenges and difficulties, the Group's operations remained stable during the Year. Going forward, the Group will continue to strengthen management quality and staff engagement through more frequent operational meetings, project reviews and staff training. It will also strive to maintain its strong financial position to ensure that it is well positioned to seize new business opportunities as they arise. We are confident that we will achieve sustainable growth.