



豐盛生活服務有限公司
FSE LIFESTYLE SERVICES LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 331

FSE Lifestyle Enriching Lifestyle

Annual Report 2023-2024



CONTENTS

1	Our Vision, Our Mission and Our Core Values
2	About FSE Lifestyle Services Limited
4	8-Year Achievements Since Listing
7	Financial Highlights
10	Major Events and Accolades
14	Chairmen's Statement
20	Board of Directors and Senior Management
35	Corporate Governance Report
50	Management Discussion and Analysis
94	Report of the Directors
105	Independent Auditor's Report
110	Consolidated Income Statement
111	Consolidated Statement of Comprehensive Income
112	Consolidated Statement of Financial Position
114	Consolidated Statement of Changes in Equity
115	Consolidated Statement of Cash Flows
116	Notes to the Consolidated Financial Statements
210	Five-Year Financial Summary
211	Corporate Information



OUR CORE VALUES



Quality
We pursue Quality



Teamwork
We work as a Team



Integrity
We pursue Integrity



Caring
We Care



Passion
We are Passionate



Innovation
We are Innovative



OUR VISION

Better **Life**, Better **Home**,
Better **Quality** to You Everyday

OUR MISSION

We offer superior service, we create an integrated, convenient and safe living environment.

We are devoted to serve:

Our Customers

We provide customised service and maintain long term partnership.

Our Staff

We promote work-life balance and create a strong sense of belonging.

Our Community

We maintain sustainable development and contribute to community.



About FSE Lifestyle Services Limited

FSE Lifestyle Services Limited is a listed company in the Hong Kong Stock Exchange (Stock Code: 0331.HK), whose ultimate holding company is FSE Holdings Limited. We are a leading lifestyle services conglomerate with 3 major business segments: property & facility management services, city essential services and electrical and mechanical engineering ("E&M") services.

Our services are delivered through three key segments, whose companies are the market leaders in their respective industries:

Property & Facility Management Services

- Property & Facility Management – Urban Group ("Urban")
- Property Management – International Property Management Limited ("International Property Management")
- Property Management, and Sales & Leasing – Kiu Lok Service Management Group ("Kiu Lok")

City Essential Services

- Cleaning & Pest Control Services – Waihong Services Group ("Waihong")
- Insurance Solutions – Nova Insurance Group ("Nova")
- Technical Support & Maintenance Services – Far East Engineering Services Group ("Far East Engineering Services") and Turning Technical Services Limited ("Turning Technical Services")

- Environmental Solutions – FSE Environmental Solutions Group
- Systems Security, Guarding & Event Services – General Security Group ("General Security") and Perfect Event Services Limited ("Perfect Event")

E&M Services

- Engineering and Consultancy on Installation – FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group

With their professionalism and expertise, together with the extensive synergies generated among the companies under FSE Lifestyle, we built up a strong network and offered comprehensive "one-stop-shop" professional services to our clients engaged in different industries including property developments, public infrastructures, education and transportation facilities, entertainment and travel industries.

Our clientele includes the HKSAR Government, multinational corporations, property owners/developers, theme parks, universities, hotels and hospitals covering both private and public facilities. We devise solutions for clients providing cost effectiveness and service excellence.



Property & Facility Management Services



Urban Group



International Property Management Limited



Kiu Lok Service Management Group

- Property & Facility Management
- Property Management
- Property Management, and Sales & Leasing





City Essential Services



Waihong
Services Group



Nova
Insurance Group



Far East
Engineering
Services
Group



Turning
Technical
Services
Limited



FSE Environmental
Solutions Group



General
Security
Group



Perfect Event
Services
Limited

- Cleaning & Pest Control Services
- Insurance Solutions
- Technical Support & Maintenance Services
- Environmental Solutions
- Systems Security, Guarding & Event Services



E&M Services



FSE Engineering Group
Majestic Engineering Group
Young's Engineering Group

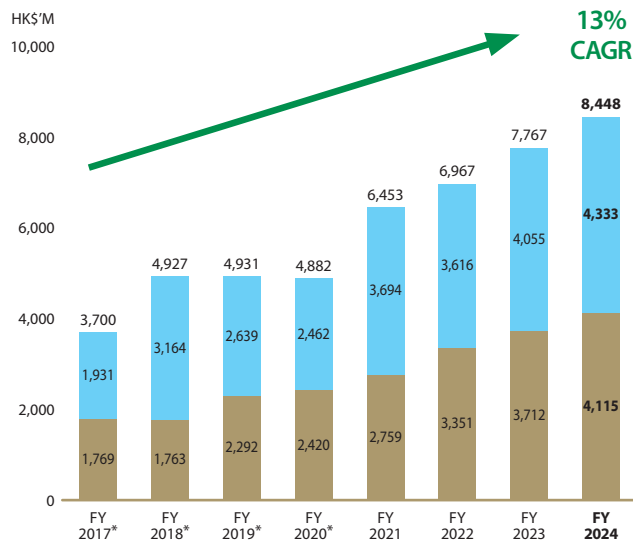
- Engineering and Consultancy on Installation



8-Year Achievements Since Listing

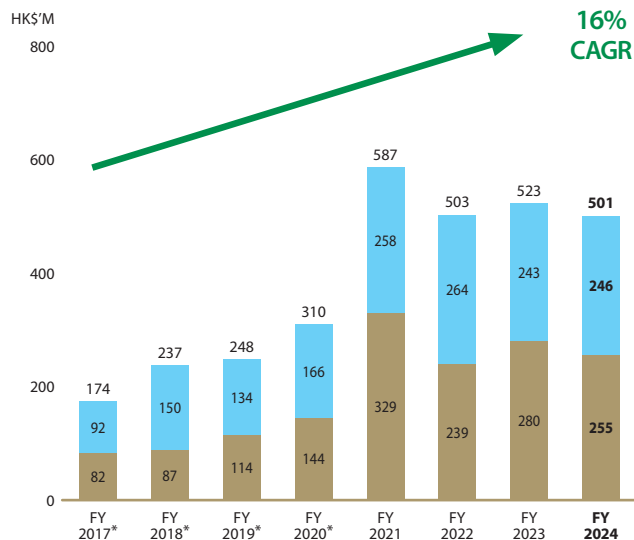
Growth Trends

Revenue



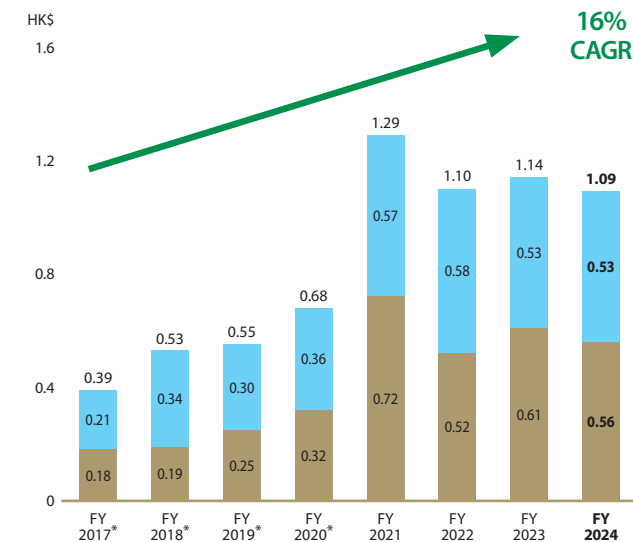
Through organic growth and acquisitions, consolidated revenue grew more than 120% from FY2017 to FY2024.

Profit Attributable to Shareholders



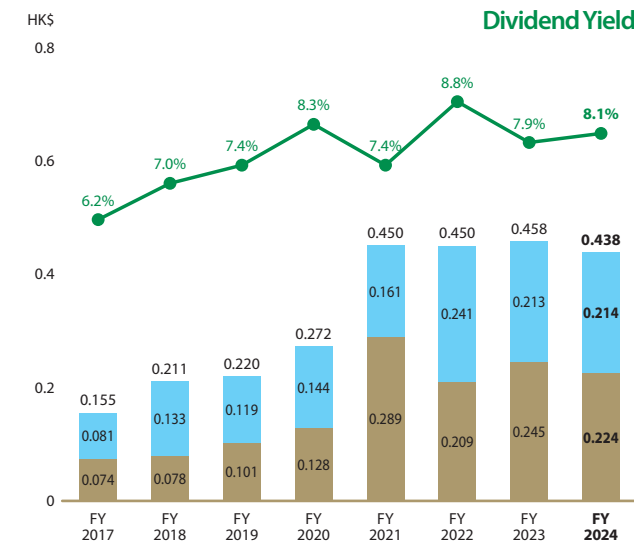
Compared with FY2017, consolidated profit attributable to shareholders for FY2024 increased more than 180%.

Earnings per Share



Earnings per share surged more than 170% from FY2017 to FY2024.

Dividend per Share



Compared with FY2017, dividends per share for FY2024 increased more than 180% and was maintained at a stable dividend payout ratio of about 40%.

■ First half ■ Second half

* Reported figures per respective year's published annual results excluding subsequent restatements caused by business acquisitions.

Operational Performance

Property & Facility Management Services



New and Renewed Contracts in FY2024*

19 Contracts
HK\$149 million

Remaining Works at 30 June 2024

HK\$885 million

City Essential Services



New and Renewed Contracts in FY2024*

328 Contracts
HK\$3,996 million

Remaining Works at 30 June 2024

HK\$6,851 million

E&M Services



New and Renewed Contracts in FY2024*

32 Contracts
HK\$2,720 million

Remaining Works at 30 June 2024

HK\$5,786 million

* With net contract sum not less than HK\$1 million for each contract.

Environmental, Social and Governance ("ESG")

Loyal and Sizeable Workforce

(As at 30 June 2024)

Number of Staff

25,297

(1,662 as at 30 June 2016)



Environmental Targets

(FY2025 vs FY2024)

Fuel Consumption

▼ **1.0%**

Electricity Consumption

▼ **1.5%**

Paper Procured

▼ **8.0%**

People Development and Corporate Social Responsibility

(Year ended 30 June 2024)

Total Training Hours Attended by Staff

204,929

Total Volunteer Service Hours

26,530

Number of Volunteering Participants

3,658

8-Year Achievements Since Listing

Market Positioning



Note 1: Excluding developers' management companies

Source: Frost & Sullivan, September 2024

Mega Events Clients



Financial Highlights

For the year ended 30 Jun	2024 HK\$M	2023 HK\$M	% Change
Revenue	8,447.9	7,767.2	+8.8 %
Gross profit	1,059.2	1,051.6	+0.7 %
Profit attributable to shareholders of the Company ⁽ⁱ⁾	501.1	522.9	-4.2 %
Basic earnings per share	HK\$1.09	HK\$1.14	-4.4 %

The Board recommended the declaration of a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share to the ordinary shareholders of the Company for the year ended 30 June 2024⁽ⁱⁱ⁾.

Notes:

- (i) If excluding the effects of government grants in the Group's results for both years to better illustrate the Group's financial results without such effects, the Group recorded an increase in adjusted net profit of 6.6% to HK\$475.3M (i.e. after excluding government grants of HK\$25.8M from profit attributable to shareholders of the Company of HK\$501.1M) for the year ended 30 June 2024 as compared to its adjusted net profit of HK\$445.9M (i.e. after excluding government grants of HK\$77.0M from profit attributable to shareholders of the Company of HK\$522.9M) for the year ended 30 June 2023. For details of the related government grants, please refer to the "Summary of government grants" table in the "Management Discussion and Analysis" section on page 50. Should the profit contributions from COVID-related works in both years also be excluded, the Group's adjusted net profit for the Year would have increased by 13.4% to HK\$475.1 million from HK\$419.1 million.
- (ii) Together with the interim dividend of HK22.4 cents (2023: HK24.5 cents) per ordinary share paid in March 2024, total distribution of ordinary share dividends made by the Company to its ordinary shareholders for the year ended 30 June 2024 will be HK43.8 cents (2023: HK45.8 cents) per share.

For the year ended 30 June 2024, the dividend payout ratio of the Company is 40.0%, calculated based on the Group's adjusted profit for the year ended 30 June 2024 attributable to ordinary shareholders of the Company of HK\$492.6M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2024 from profit attributable to shareholders of the Company of HK\$501.1M).

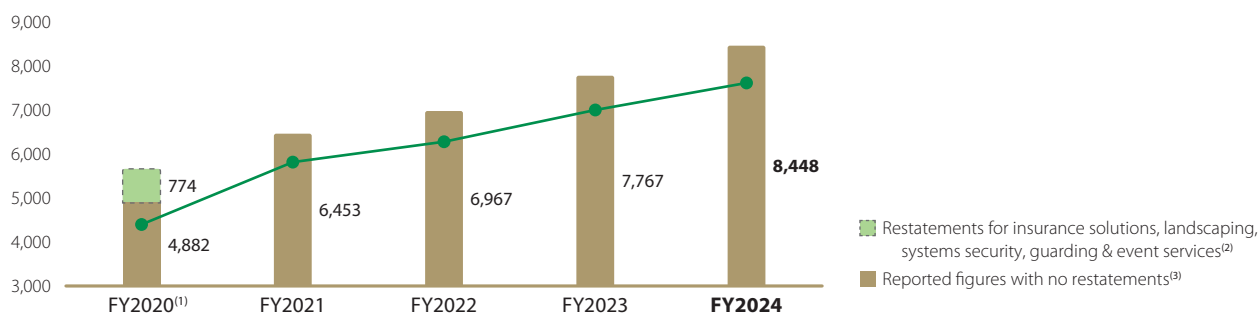
For the year ended 30 June 2023, the dividend payout ratio of the Company is 40.1%, calculated based on the Group's adjusted profit for the year ended 30 June 2023 attributable to ordinary shareholders of the Company of HK\$514.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2023 from profit attributable to shareholders of the Company of HK\$522.9M).

Financial Highlights

FSE Lifestyle — Consolidated

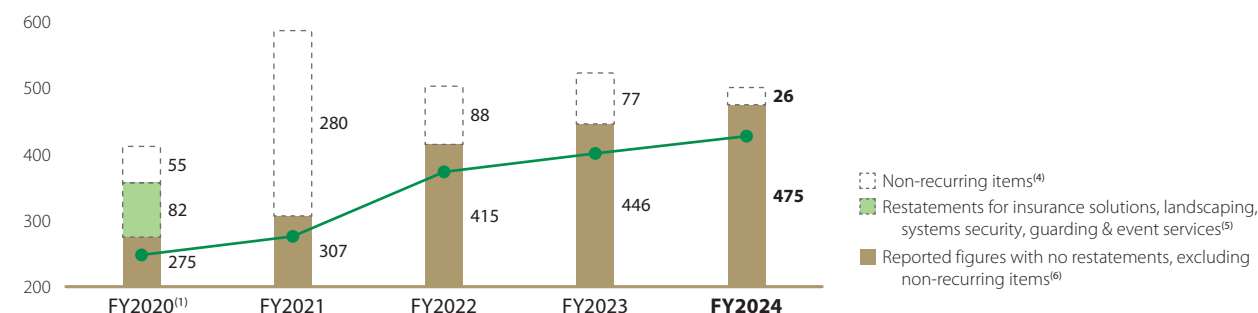
Revenue

For the year ended 30 June
HK\$'million



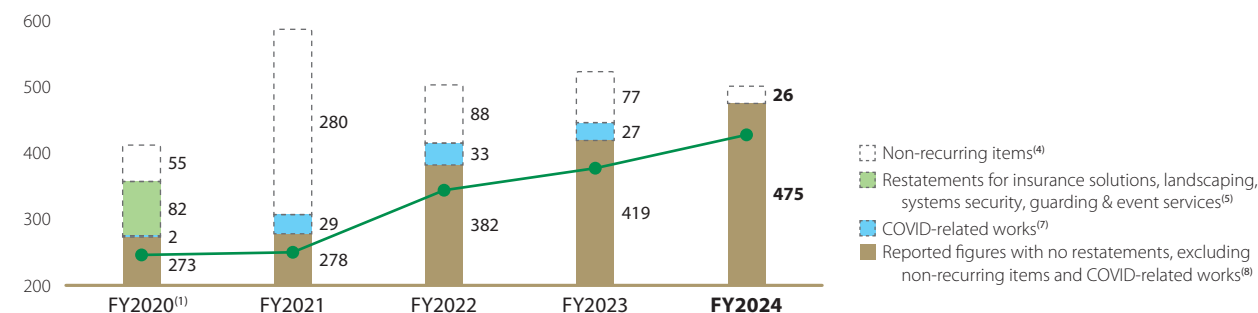
Profit Attributable to Shareholders of the Company Excluding Non-recurring Items

For the year ended 30 June
HK\$'million



Profit Attributable to Shareholders of the Company Excluding Non-recurring Items and COVID-related Works

For the year ended 30 June
HK\$'million



(1) Restated for the Group's application of merger accounting for business combinations under common control.

(2) Restatements for the amounts of insurance solutions, landscaping services, systems security, guarding & event services businesses acquired in April 2021.

(3) Reported figures per respective year's published annual results without including subsequent restatements caused by business acquisitions.

(4) Non-recurring items comprising (i) government grants of HK\$67.0M and one-off professional fees for acquisition of HK\$12.1M for FY2020; (ii) government grants of HK\$340.0M, losses related to laundry business of HK\$45.8M and one-off professional fees for acquisition of HK\$14.1M for FY2021; (iii) government grants of HK\$88.2M for FY2022; (iv) government grants of HK\$77.0M for FY2023 and (v) government grants of HK\$25.8M for FY2024.

(5) Restatements for the amounts of insurance solutions, landscaping services, systems security, guarding & event services businesses acquired in April 2021, excluding non-recurring items per item (4) above.

(6) Reported figures per respective year's published annual results without including subsequent restatements caused by business acquisitions, excluding non-recurring items per item (4) above.

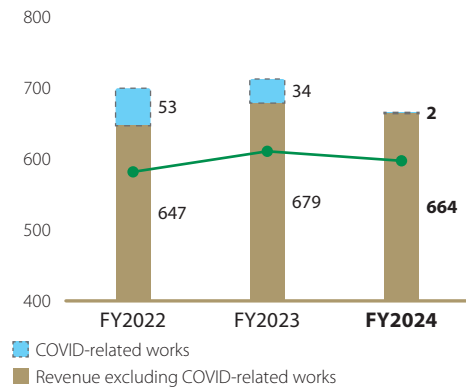
(7) Contributions from COVID-related works.

(8) Reported figures per respective year's published annual results without including subsequent restatements caused by business acquisitions, excluding non-recurring items per item (4) and contributions from COVID-related works per item (7) above.

Property & Facility Management Services Segment

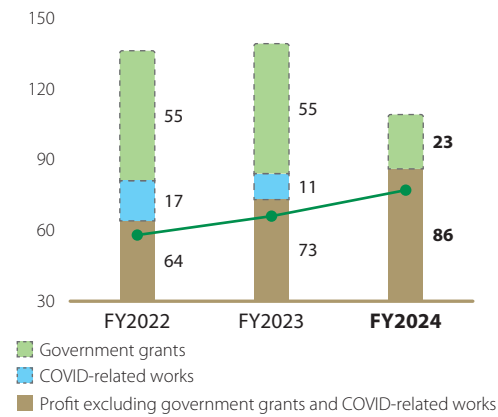
Revenue

For the year ended 30 June
HK\$'million



Profit Attributable to Shareholders of the Company

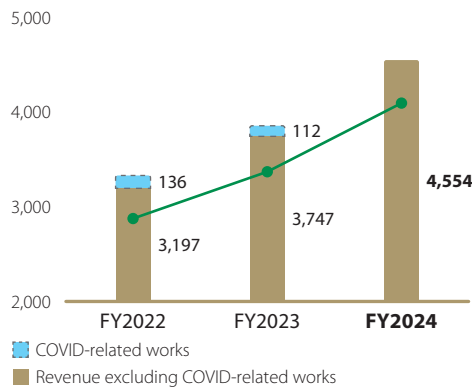
For the year ended 30 June
HK\$'million



City Essential Services Segment

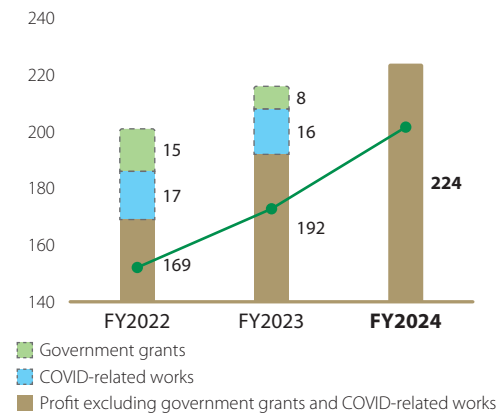
Revenue

For the year ended 30 June
HK\$'million



Profit Attributable to Shareholders of the Company

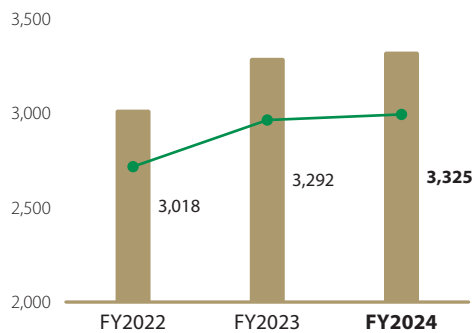
For the year ended 30 June
HK\$'million



E&M Services Segment

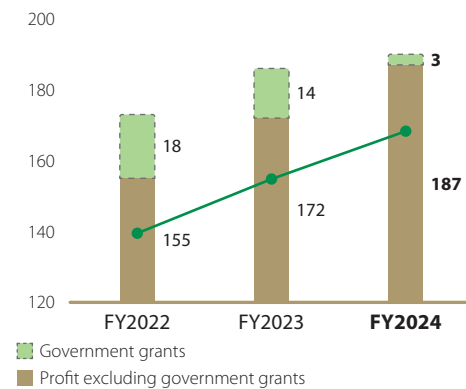
Revenue

For the year ended 30 June
HK\$'million



Profit Attributable to Shareholders of the Company

For the year ended 30 June
HK\$'million



Major Events and Accolades

2023



Jul

Recognised by the Hong Kong Construction Industry Council for volunteer services in the industry and promoting volunteer culture in the community

FSE Engineering volunteer team won "Construction Industry Volunteer Award 2023 – Collaboration Merit Award", "Outstanding CSR Event Merit Award" and "Annual Construction Industry Sports & Volunteering Programme Corporation Award for Activeness 2022 – Merit Award".

Prevention of False Alarms Awards 2022 – Bronze Award by Crime Prevention Bureau, Hong Kong Police Force

General Security Group received the Prevention of False Alarms Award as a recognition of its commitment to safety and outstanding contribution in the reduction of false alarms.



Aug

2023 International Property Management and Procurement Expo

FSE Lifestyle participated in the Expo at the Hong Kong Convention and Exhibition Centre, with the theme of Offering One-Stop Smart Living Solutions, to display its latest innovative services and solutions across its three service segments.

ARC Awards International on Annual Report designs

FSE Lifestyle's 2021-2022 Annual Report won the Honour Certificate in the Interior Design at the 2023 ARC Awards International. Competing against 1,656 entries from 33 countries, the report was recognised by the jury for its creativity, clarity, effective communication and successful storytelling.



Digital Brand Awards 2023 by the Chamber of Hong Kong Computer Industry & Metro Info

Urban Group received the "Outstanding Smart Management Mobile App" in the award presentation ceremony in recognition of its exceptional achievements in the development of its smart management mobile application.





Sep

Partnering with HKMU for Industry-Academia Collaboration

FSE Lifestyle and The Hong Kong Metropolitan University (“HKMU”) signed an Memorandum of Understanding to launch collaborative initiatives including 52 internships across its business units, guidance on HKMU student graduation projects, participation in HKMU’s Career Fair and industry insights shared by FSE’s practitioners.



HKB National Business Award by Hong Kong Business

FSE Lifestyle received the Hong Kong Business National Business Award in the category of Conglomerate in recognition of its industry leadership and commitment to positive societal impact.

Bronze Award at the Outstanding Registered Electrical Contractors Competition 2023 by EMSD

Majestic Engineering received the award in recognition of its promotion of work safety culture and enhancement of professionalism and technical standards of electrical contractors.



Oct

FSE Grand Awards Presentation honored the outstanding performance of our elites

The theme of this year was “Stars of the Year, the Assembly of Elites”. The presentation aims to celebrate the achievements of outstanding FSE staff and service teams. Over 250 guests, awardees and colleagues gathered to recognise the exemplary performance of the Group’s top performers.



Excellent ESG Recognition Scheme 2022-2023 by the Hong Kong Economic Times

Urban Group received the award of “2022-2023 Special Recognition – Outstanding Sustainable Property and Facility Management Services”, highlighting its commitment to excellence in ESG practices.

Major Events and Accolades



Nov

FSE Lifestyle signed Strategic Memorandum of Understanding with Dahua Technology

FSE Lifestyle and Dahua Technology signed a strategic Memorandum of Understanding in Hangzhou, aiming to advance the digitalisation and sustainability of infrastructure and lifestyle in Greater China and Southeast Asia.

Outstanding Listed Companies Award for the eighth consecutive year

FSE Lifestyle won the award hosted by The Hong Kong Institute of Financial Analysts and Professional Commentators and co-organised by Metro Finance Radio, for its excellence in corporate governance, transparency and investor relations.



FSE Lifestyle's Board of Directors and Executive Vice-Chairman & CEO both honored as Directors of The Year 2023

Mr. Patrick Lam, Executive Vice-Chairman and CEO of FSE Lifestyle was awarded as The Director of the Year, while our Board of Directors won the award in the Listed Companies Boards, in recognition of their excellence in corporate governance, sustainability and director professionalism.



2023 FSE Sustainable Seminar explored potential opportunities for sustainable business development

300 guests and executives of FSE Group attended this annual event, the theme was "Capturing the Opportunities, Engaging your Customers". We are inspired by the sharing of professional insights on the global economic environment and the winning formula for customer engagement.



Listed Company Awards of Excellence 2023 by Hong Kong Economic Journal

FSE Lifestyle received the award for the second consecutive year, reflecting its outstanding performance and distinguished recognition in the capital market. Our Patrick Lam, Executive Vice-Chairman and CEO, stressed that we will continue to maintain our competitive edge in the market.

The Contractor Safety Performance Awards 2022/2023 – Service and Maintenance Contract (Safety Classification 1) of MTR Corporation

Waihong won the award in recognition of its outstanding efforts in safety culture and high standards of safety management.



Dec

2024



Jan

iMoney Enterprise Brand Awards 2023 by iMoney Magazine

Urban Group received the “Best Property and Facility Management Services Award” in the awards presentation, reflecting the Group’s outstanding efforts in brand development and achieving service excellence.



Mar

FSE Caring Day 2024

We were delighted to work with St. James’ Settlement to serve different groups of people this year: the elderly, SEN children, the disabled and the underprivileged in society. This signature event fosters a culture of serving the community and building up a sustainable society in Hong Kong.



Apr

Partnering with Towngas Lifestyle to establish a strong foundation for expanding the insurance broker business

FSE Nova, a subsidiary of FSE Lifestyle, and Towngas Lifestyle, a subsidiary of Towngas, signed a cooperation framework agreement to deepen their cooperation and strive to provide professional and comprehensive insurance broker services to 42 million Towngas household customers in Hong Kong and the Mainland.



Jun

The ESG Excellence Award and the Elite of Sustainability Performance Award by Ming Pao

FSE Lifestyle won two ESG awards, highlighting its commitment to fostering a strong sense of community care, which have a positive impact on Hong Kong’s society and economy.

Chairmen's Statement

To Our Shareholders:

On behalf of the board of directors (the "Board") of FSE Lifestyle Services Limited (the "Company", together with its subsidiaries, the "Group"), we are pleased to present the annual results of the Company for the year ended 30 June 2024 ("FY2024" or the "Year").

Integrating Trio-Interactive Strategy with Growth Initiatives for Sustaining Market-Leading Development

The year 2024 marks the eighth anniversary of the Company's listing in Hong Kong. Since listed, through organic growth and acquisitions, we have diversified our businesses grouping them into three core segments, and repositioned the Group as a unique lifestyle services conglomerate which offers the following comprehensive range of services to clients:



Property & Facility Management Services, including Property & Facility Management, Car Park Management and Sales & Leasing



City Essential Services, including Cleaning & Pest Control, Insurance Solutions, Technical Support & Maintenance, Environmental Solutions and Systems Security, Guarding & Event Services



E&M Services, including Engineering Works, and Design & Consultancy

Supported by a dedicated team, our core businesses remained solid despite having to cope with a challenging business environment in past years. We had a healthy balance sheet with diversified sources of cash flow and net gearing ratio at zero for the Year.

Mr. Doo Wai Hoi, William *BBS, JP*
Chairman and Executive Director



Supported by a dedicated team, our core businesses remained solid despite having to cope with a challenging business environment in past years. Relative to the year ended 30 June 2016, the Group's financial performance had markedly improved. Its consolidated revenue had more than doubled in FY2024, profit attributable to shareholders more than tripled and earnings per share had increased by more than 150%. The Property & Facility Management Services and City Essential Services segments now account for more than half of the Group's revenue, gross profit and net profit. Continuing to manage its finance with prudence, the Group had a healthy balance sheet with diversified sources of cash flow and net gearing ratio at zero for the Year. That will allow us to tap more market opportunities in the near term.

Thanks to a robust execution infrastructure, we are able to keep pushing forward our proven trio-interactive strategy encompassing safety and health, stakeholder engagement, and training and development. Those pillars are not only intrinsic to our commitment to delivering excellence on all operational fronts, but are also the cornerstone of our enduring success, essential for fostering sustainable growth of the Group and augmenting shareholder value.

The well-being of our workforce, our most valuable asset, is our top priority. Ensuring work safety, we employ relevant technologies to cultivate a culture of vigilance and help with mitigating risks. We work by the highest safety standards stated in the revised Occupational Safety and Health Ordinance (Cap. 509). During FY2024, our Group's safety training hours increased more than 40% to 73,800 hours.



Thanks to a robust execution infrastructure, we are able to keep pushing forward our proven trio-interactive strategy encompassing safety and health, customer engagement, and training and development.

Dr. Cheng Kar Shun, Henry *GBM, GBS*
Chairman and Non-executive Director

Chairmen's Statement

To win in the increasingly competitive market, we need to engage stakeholders to understand and meet their evolving demands. Thus, we are dedicated to enhancing employees' skills to grasp stakeholders' and customers' demands and fortify client relationship.

Moreover, for succession planning, we have continually scrutinised and optimised the organisational frameworks of our different business units to improve management capabilities. People-centric at all times, we tailor training programmes to nurture a capable workforce, particularly young talent. During FY2024, our Group's training hours increased 28% to 204,929 hours.

At the same time, we endeavour to fortify our marketing strategies, foster cross-selling opportunities, enhance brand equity through meticulous ESG practices and technological integration – leveraging Artificial Intelligence (“AI”) and Internet of Things (“IoT”) to elevate customer satisfaction. Pursuing strategic mergers and acquisitions to diversify services and expand geographic presence, as exemplified by the recent acquisition of Beijing Nova, has helped bolster our insurance solutions business. The acquisition, expected to be completed in the current fiscal year, is set to bring accretive shareholder value.

Established Market Positions

Implementing robust strategies and with a dedicated management team, the Group achieved profit attributable to shareholders of HK\$501.1 million for FY2024 and maintained a net cash position at the end of the Year. Excluding the impact of government grants in both years, the Group's adjusted net profit for the Year has increased by 6.6%. Should the profit contributions from COVID-related works in both years also be excluded, the Group's adjusted net profit for the Year would have increased by 13.4%. The Board has proposed a final dividend of HK21.4 cents per share for the Year. Including the interim dividend of HK22.4 cents per ordinary share for the six months ended 31 December 2023, total dividend for the Year is HK43.8 cents per ordinary share, representing a payout ratio of 40.0%.

Our major companies are market leaders in their respective industries. According to the Frost & Sullivan market research conducted in September 2024, excluding service companies owned by property developers, our Property & Facility Management Group is ranked first in terms of managed units in residential estates and car parks and in terms of managed area in non-residential properties, our Cleaning & Pest Control Services is ranked number one in the environmental hygiene services industry, our Insurance Solutions business is ranked first among the local insurance brokers founded and based in Hong Kong, and our Systems Security, Guarding and E&M businesses are ranked second in their respective markets.

Implementing robust strategies and with a dedicated management team, the Group achieved profit attributable to shareholders of HK\$501.1 million for FY2024 and maintained a net cash position at the end of the Year.

Property & Facility Management Services

Our Property & Facility Management Group, which comprises Urban, International Property Management and Kiu Lok, is among the largest independent property and car park management service providers in Hong Kong. With more than 50 years of experience, we provide property management services, building renovation and refurbishment, leasing and tenancy management that improve people's living conditions. The clientele also enables us to cross sell our other services within the Group. The Group has strong technical and engineering teams, probably has the most professionally qualified property management professionals holding over 300 Tier 1 and Tier 2 property management licences. We currently have more than 300 property management contracts covering no less than 150,000 residential units, 3.3 million square metres of commercial properties and approximately 40,000 car park spaces.

The Chief Executive mentioned in his 2023 Policy Address that the Government will ensure stable housing and land supply in the next decade including fast-track light public housing. Such plans are expected to fuel growth of the property management service market. Furthermore, urban renewal and the Mandatory Building Inspection Scheme speeding up urgent repair works will be another growth driver in the coming years. Looking ahead, the segment will continue to apply new and modern management standards and information technology in its operations to promote smart estate management and meet the growing customer demand for smart, sustainable and green living.

We currently have more than 300 property management contracts covering no less than 150,000 residential units, 3.3 million square metres of commercial properties and approximately 40,000 car park spaces.

City Essential Services

Cleaning & Pest Control Services – Waihong is a leading provider in the environmental hygiene services in Hong Kong. Given the importance of hygiene and environmental control, the Hong Kong Government currently awards cleaning service contracts about HK\$5 billion a year. That considered, Waihong has strategically put more resources into strengthening its competitiveness in this sector, enabling it to diversify its revenue sources and increase the proportion of revenue from the government and quasi-government sectors to more than 50%. To cope with its increasing scale of business, Waihong has introduced new information technology and robots in its operations to improve efficiency and work safety. It is applying new energy transport related funding from the Environment & Ecology Bureau for trying out hydrogen fuel cell vehicles. Its plan bodes well to its commitment to green transformation of heavy vehicles, in line with the city's hydrogen development strategy.

With extensive experience, high-quality customised services and a distinctive brand, Waihong will continue to grow its green waste management business, actively seek more contracts in the high-end market making up of premier office buildings, shopping malls and hotels. Given the increasing public awareness of environmental hygiene post-pandemic, we are optimistic about the future of the industry.

Insurance Solutions – Nova is the largest local insurance broker in Hong Kong, with a solid 36-year track record of solid gross insurance brokerage revenue. It provides corporate and individual clients with one-stop risk management and insurance solutions, including but not limited to property, casualty, construction, and employee benefits. Last year, the government released a development roadmap for the insurance sector, outlining its vision and mission, and also targeted policy initiatives to strengthen the city's status as a global risk management centre and sophisticated insurance hub. Given its extensive experience and the many proposed construction projects including Northern Metropolis Development projects, Nova is well-poised for growth. Overall, the Group expects to continue to see its Insurance Solutions business thrive.

Technical Support & Maintenance Services – This division, which comprises Far East Engineering Services and Turning Technical Services, sees growing demand for term maintenance services, major alterations, additions and system upgrades from various commercial and residential buildings, hospitals, government properties and educational institutions. According to Urban Renewal Authority figures, there are more than 10,000 buildings 50 years or older in Hong Kong, which has created ample opportunities for renovation, system upgrades and maintenance works on these aged buildings. With the implementation of Hong Kong's Climate Action 2050 Carbon Neutral Policy, the demand for enhancing energy conservation and decarbonisation in buildings, including chiller plant upgrading or replacement projects will also grow. We have already started a pilot zero-carbon chiller system for a commercial complex in Tsuen Wan West. Furthermore,

Chairmen's Statement

the division will continue to complement and support our Property & Facility Management Services business, particularly in assisting with building inspections the government's Mandatory Building Inspection Scheme.

Environmental Solutions – Environmental Solutions, which comprises three business lines: Environment Solutions, Smart Solutions and Green Solutions, aims to seize the booming opportunities from growing public concern for environmental sustainability and awareness of environmental issues.

To meet the demand for a better standard living environment and hygiene, the Group will continue to focus on its water treatment, indoor air quality ("IAQ") monitoring, environmental consultancy and assessment services.

The division's extra-low voltage team will develop new and innovative businesses and strengthen building management and environmental monitoring systems via employing digital technologies such as AI, IoT and various 5G mobile applications to boost energy efficiency and carbon management, helping customers achieve their sustainability goals. "Going electric" is also key to speeding up decarbonisation. The Group's residential Electrical Vehicles ("EV") charging infrastructure business has installed EV charging equipment in more than 3,000 parking spaces and expects this number to grow with the government targeting to expand the charging infrastructure to around 200,000 parking spaces by mid-2027.

With the government launching greening policies, urban planning initiatives and various support schemes, the landscape service industry has a bright outlook. As an experienced and professional industry service provider, we are committed to developing more landscape design and build projects as well as tree sales and planting services to our prestigious clients.

To combat climate change risks and promote sustainability, we will continue to deliver high quality arboricultural and horticultural services in Hong Kong.

Systems Security, Guarding & Event Services – General Security, which holds all three security service licences issued in Hong Kong, is amongst the top two security & guarding services providers in the city. With the housing supply stabilised, the demand for security & guarding services is likely to grow in coming years.

In the coming years, the Government intends to continue promote the mega event economy, actively reaching out to attract more world-class mega events to come to Hong Kong. The Kai Tak Sports Park opening next year is expected to bring a wave of sports events to the city. Perfect Event has been successfully meeting to the service demands of local conferences, conventions and exhibitions. Technological advancement has given birth to more advanced electronic security equipment, such as alarm systems and video surveillance cameras, essential for property management companies to offer more effective facility management services. To capture related business opportunities, the Group's Systems Security, Guarding & Event Services division will expand the product range of its security systems business.

To capture related business opportunities, the Group's Systems Security, Guarding & Event Services division will expand the product range of its security systems business.

E&M Services

Hong Kong

With the Hong Kong Government committed to maintaining a stable supply of commercial and residential land, the Construction Industry Council expects average E&M construction expenditure to exceed HK\$30 billion in the public sector, and HK\$25 billion in the private sector in the fiscal year 2024/25. The Group's E&M Services segment, which

comprises FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group, is currently one of the two dominant service providers in the Hong Kong market. Its large-scale ongoing projects included the District Court at Caroline Hill Road, Tuen Mun South Extension MTRC Station, expansion of the Legislative Council Complex, the New Public Market in Tin Shui Wai and public housing/dedicated rehousing estate at Kwu Tung North New Town. However, our division is capable of taking on more and larger infrastructure and construction projects. The Group, armed with proven technological strengths and differentiated competencies, such as Building Information Modelling ("BIM"), Modular Integrated Construction ("MiC") and Multi-trade integrated Mechanical, Electrical & Plumbing ("MiMEP"), help support its contracting business in the future.

Mainland China

Despite facing economic headwinds, the China has vowed to continue to pursue high-quality development and maintain reasonable growth through proactive fiscal policies and prudent monetary policies, while pressing on with urbanisation. Priding 30 years of industry experience and reputable brands, and as one of the few Hong Kong-based E&M general engineering contractors with Class I qualification in Mainland China, the Group is set to optimise its project coverage, winning new contracts, and gain new growth momentum in the vast market. Over the past year, we have undertaken sizeable mixed-use development projects in major cities such as Shanghai, Hangzhou, Kunming and Ningbo. The Group will continue to strengthen business presence in Mainland China, powered by its dual-core engine, supply/installation and project management expertise and well-established brand.

Macau

The Macau economy will continue to improve in the coming year with its travel and tourism industry recovering and, most importantly, the new 10-year concessions granted to six casino operators who promised to collectively invest near US\$15 billion to help the economy rebalance to become a world-class tourist destination. Relevant new investments

and E&M tenders, and guest rooms renovation and MICE space enhancement will take place within a couple of years. Infrastructure improvement to increase accessibility for tourists will also fuel economic recovery and related construction contracts. As a major service provider of more than 20 years in Macau's E&M industry, we are well positioned to capture those business opportunities as they arise.

The Group will continue to strengthen business presence in Mainland China, powered by its dual-core engine, supply/installation and project management expertise and well-established brand.

Conclusion

The Group is confident of its development prospect in the post-pandemic era. It will also continue to seek new business opportunities to expand its operations and maximise shareholder value.

On behalf of the Board, we would like to express our sincere gratitude to all shareholders, customers and business partners for their unwavering support of the Group. We also like to thank the management team and all employees for their tireless efforts. As always, we remain fully committed to ensuring the Group's long-term development and ability to provide fair returns to shareholders.

Dr. Cheng Kar Shun, Henry
Chairman

Mr. Doo Wai Hoi, William
Chairman

Hong Kong, 13 September 2024

Board of Directors and Senior Management

Board of Directors



Dr. Cheng Kar Shun, Henry *GBM, GBS*

Chairman and Non-executive Director

Dr. Cheng, aged 77, was appointed the Chairman and Non-executive Director of the Company in August 2015. Dr. Cheng assumes an advisory role in respect of the overall strategic planning of the Group. Dr. Cheng has substantial corporate management experiences in a wide range of industries and has been assuming management roles in various listed public companies in Hong Kong, including the Chairman and an executive director of New World Development Company Limited, NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, and the Chairman and a non-executive director of i-CABLE Communications Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother and brother-in-law of Mrs. Doo Cheng Sau Ha, Amy and Mr. Doo Wai Hoi, William respectively, with Mrs. Doo Cheng Sau Ha, Amy being one of the controlling shareholders of the Company. He is also the uncle of Mr. Doo William Junior Guilherme and the cousin of Mr. Poon Lock Kee, Rocky's spouse.



Mr. Doo Wai Hoi, William *BBS, JP*

Chairman and Executive Director

Mr. Doo, aged 79, was appointed as the Chairman and Executive Director of the Company in March 2024. He was the alternate director to Dr. Cheng Kar Shun, Henry from December 2021 to March 2024. He is the Vice-chairman and non-executive director of New World Development Company Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo is a non-executive director of Lifestyle International Holdings Limited which was a listed public company in Hong Kong where its listing was withdrawn on 20 December 2022.

Mr. Doo is the Chairman and director of Fung seng Prosperity Holdings Limited. He is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region, and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2021. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the spouse of Mrs. Doo Cheng Sau Ha, Amy, being one of the controlling shareholders of the Company. He is also the brother-in-law of Dr. Cheng Kar Shun, Henry and father of Mr. Doo William Junior Guilherme.



Mr. Lam Wai Hon, Patrick

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

Mr. Lam, aged 62, was appointed an Executive Director and a member of the Remuneration Committee of the Board in April 2016, and became the Vice-Chairman of the Company in January 2017, and was redesignated as Executive Vice-Chairman of the Company in June 2022. He was further appointed as the alternate Director to Dr. Cheng in March 2024 and the Chief Executive Officer of the Company and a member of the Nomination Committee of the Board in July 2024. He is on the boards of various members of the Group, and is responsible for the overall strategic planning of the Group. Mr. Lam is currently an executive director and the chief executive officer of FSE Holdings Limited, a controlling shareholder of the Company. He was a non-executive director of NWS Holdings Limited, a listed public company in Hong Kong, up to his retirement on 25 November 2020 when he was appointed as the alternate director to Mr. Doo William Junior Guilherme, a non-executive director of NWS Holdings Limited. Mr. Lam is a fellow of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, and the Chartered Professional Accountants of Ontario, Canada. He is acting Chairman of the Asia Advisory Board of the Ivey Business School, Western University, Canada; a founding director of the University of Edinburgh Hong Kong Foundation; and a Member of the Hong Kong Essex Global Leader Network, University of Essex. In addition, Mr. Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong. Mr. Lam is a Chevalier of the Order of National Merit of France and an honorary Doctor of Laws of the Ivey Business School, Western University, Canada.



Mr. Doo William Junior Guilherme *BBS, JP*

Executive Director

Mr. Doo, aged 50, joined the Group in June 2014 and is an Executive Director of the Company and a member of each of the Remuneration Committee and the Nomination Committee of the Board. He also sits on the boards of various companies within the Group, and is primarily responsible for the overall strategic planning, overseeing business development and major management decisions for the Group. Mr. Doo is also an executive director and Deputy Chief Executive Officer of FSE Holdings Limited, a controlling shareholder of the Company. Mr. Doo is a solicitor admitted in Hong Kong and is currently a non-practising solicitor in England and Wales. Mr. Doo is a Member of the National Committee of the Fourteenth Chinese People's Political Consultative Conference. He is a Justice of the Peace of Hong Kong, and is awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Prior to joining the Group, Mr. Doo had legal practice experience in one of the largest global law firms specialising in finance and corporate transactions. Mr. Doo is also a non-executive director of NWS Holdings Limited and an independent non-executive director of The Bank of East Asia, Limited, both being listed public companies in Hong Kong. Mr. Doo was appointed as an independent director of Shengyi Technology Co., Ltd., a listed public company in Shanghai. Mr. Doo is the son of Mr. Doo Wai Hoi, William and Mrs. Doo Cheng Sau Ha, Amy, with Mrs. Doo Cheng Sau Ha, Amy being one of the controlling shareholders of the Company. Mr. Doo is also the nephew of Dr. Cheng Kar Shun, Henry and his mother is the cousin of Mr. Poon Lock Kee, Rocky's spouse.

Board of Directors and Senior Management



Mr. Lee Kwok Bong

Executive Director

Mr. Lee, aged 53, joined the Group in July 2010 and is an Executive Director of the Company, Chairman of the Risk Management Committee and a member of the ESG Committee of the Board. He is also on the boards of various companies within the Group. Mr. Lee is primarily responsible for the overall financial management of the Group. He has been the Chief Financial Officer of FSE Holdings Limited, a controlling shareholder of the Company, since August 2010.

Mr. Lee holds a Bachelor's degree in Business Administration in Accounting, a Master of Science degree in Finance and a Bachelor's degree in Chinese Legal System. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a member and a Chartered Global Management Accountant of the American Institute of Certified Public Accountants. Mr. Lee has more than 30 years of experience in auditing, financial management, accounting and corporate governance in Hong Kong and the PRC.



Mr. Soon Kweong Wah

Executive Director

Mr. Soon, aged 65, joined the Group in May 1983 and is an Executive Director of the Company and a member of the ESG Committee and the Risk Management Committee of the Board. Mr. Soon also sits on the boards of various companies within the Group, and is primarily responsible for the overall operational management and business performance control of the Group's E&M engineering installation business in Hong Kong, as well as directing the research and analysis on the business opportunities and assessing potential markets and projects for this business unit.

Mr. Soon holds a Bachelor's degree in engineering and a Master's degree in engineering from the University of Hong Kong. He also holds a Master's degree in finance from The City University of Hong Kong and an Executive Master of Business Administration degree in management from the Richard Ivey School of Business (Asia) (now known as Ivey Business School), the University of Western Ontario (also known as Western University) in Canada. Mr. Soon has over 40 years of experience in the building services sector and installation of construction industries, and has handled various renowned engineering and construction projects of the Group in Hong Kong, Macau, PRC and South East Asia.

Mr. Soon is an active member of various academic institutions and external associations. He is now a Finance and Administration Committee Chairman of the Hong Kong Federation of Electrical and Mechanical Contractors Limited and a Council Member of the Hong Kong E&M Contractors' Association Limited. He is a chartered engineer of the Engineering Council in the United Kingdom, a registered professional engineer in building services and electrical engineering of the Hong Kong Engineers Registration Board, and a fellow member of the Hong Kong Institution of Engineers, where he also served as the appointed member of its Building Services Discipline Advisory Panel from 2011 to 2017. Mr. Soon was the Chairman of the Chartered Institution of Building Services Engineers (Hong Kong Region) from 2007 to 2008 and is now a fellow member of the institution and a director of The Chartered Institution of Building Services Engineers Hong Kong Limited.



Mr. Wong Shu Hung (alias, Vong Hong)

Executive Director

Mr. Wong, aged 73, joined the Group in October 1986 and was appointed as an Executive Director of the Company in December 2017. He is on the boards of certain subsidiaries of the Group. Mr. Wong is mainly responsible for the operation and management of the Group's E&M engineering projects, and supervision of contracts managers, project managers and engineers. Mr. Wong obtained a Bachelor's degree in Mechanical Engineering from National Cheng Kung University, Taiwan and a Master of Science Degree in Heat Transfer Engineering from the Imperial College of Science and Technology, U.K. He has over 40 years' experience in the E&M engineering business in Hong Kong.



Dr. Cheng Chun Fai

Executive Director

Dr. Cheng, aged 66, joined the Group in April 2018 and was appointed as an Executive Director of the Company and the Chairman of the ESG Committee of the Board in January 2021 and February 2022 respectively, and is primarily responsible for business development and operation of the Group. He is also a director of certain subsidiaries of the Company and Director of Operations and Corporate Development in FSE Holdings Limited, a controlling shareholder of the Company. Before joining the Group, Dr. Cheng has worked for New World Group for over 30 years. Dr. Cheng obtained a Master of Business Administration from the University of South Australia in 2008, a Master of Laws in Chinese Business Law from the Open University of Hong Kong in 2010 and a Doctor of Philosophy in Business Administration from the Bulacan State University in 2012. He has over 25 years' experience in operational management in different industries. He is also the Chairman of the Executive Committee of The Council of Hong Kong Professional Associations Limited and a member of the executive committee, the chairperson of the Fundraising and Social Enterprise Committee of The Hong Kong Society for Rehabilitation. Dr. Cheng is the Chairman of Program Think Tank on Property Management of City University of Hong Kong. He is a member of the Hospital Governing Committee of MacLehose Medical Rehabilitation Centre.

Board of Directors and Senior Management



Mr. Poon Lock Kee, Rocky *MH*

Non-Executive Director

Mr. Poon, aged 68, joined the Group in February 1989 and was appointed as the Chief Executive Officer and Executive Director of the Company in December 2015. He was then re-designated as Non-executive Director of the Company in July 2024. He is also a director in a subsidiary of the Company. Mr. Poon is a member of the American Society of Mechanical Engineers, a Chartered Engineer of the Engineering Council in the United Kingdom, and a fellow of the Chartered Institution of Building Services Engineers in the United Kingdom, the Hong Kong Institute of Engineers and Hong Kong Institute of Construction Managers. Mr. Poon is the Life President of the Hong Kong Federation of Electrical & Mechanical Contractors Limited, Past President of the Hong Kong E&M Contractors' Association Limited, President of the Macau Air-Conditioning & Refrigeration Chamber of Commerce, President of Macau Electrical Chamber of Commerce, Vice President of the 11th Council (2023-2026) of Macau Construction Association, Member of the Standing Committee of Directors of the Macao Chamber of Commerce and Non-official member of the Town Planning Board of the Hong Kong SAR Government. Mr. Poon was awarded the Medal of Merit – Professions by the Macau SAR Government in September 2019 and awarded the Medal of Honour by the Hong Kong SAR Government in July 2023. Mr. Poon is a Deputy Chairman of the Shaoguan Overseas Friendship Association (Hong Kong & Macau Region), a member of the Trust Committee of the Henry Fok Foundation, and a director of Macau Urban Renewal Limited. Mr. Poon is the cousin-in-law of Dr. Cheng Kar Shun, Henry and Mrs. Doo Cheng Sau Ha, Amy, with Mrs. Doo Cheng Sau Ha, Amy being one of the controlling shareholders of the Company.



Mr. Kwong Che Keung, Gordon

Independent Non-executive Director

Mr. Kwong, aged 75, was appointed an Independent Non-executive Director of the Company and the Chairman of the Audit Committee of the Board in November 2015. Mr. Kwong is also an independent non-executive director of a number of listed public companies in Hong Kong, including Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd., Henderson Investment Limited and Henderson Land Development Company Limited. He is also an independent non-executive director of Piraeus Port Authority S.A., a listed public company in Athens, Greece. He was an independent non-executive director of NWS Holdings Limited, a listed public company in Hong Kong, up to his retirement on 21 November 2022. Mr. Kwong graduated with a Bachelor of Social Science degree from the University of Hong Kong in 1972 and was qualified as a Chartered Accountant in the Institute of Chartered Accountants in England and Wales. He was a partner of Price Waterhouse (now known as PricewaterhouseCoopers) from 1984 to 1998 and an independent member of the Council of the Stock Exchange from 1992 to 1997, during which he had acted as the convener of both the Compliance Committee and the Listing Committee of the Stock Exchange. Mr. Kwong is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.



Mr. Hui Chiu Chung, Stephen JP

Independent Non-executive Director

Mr. Hui, aged 77, was appointed an Independent Non-executive Director of the Company, and the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Board in November 2015. Mr. Hui has 50 years of experience in the securities and investment industry. He had for years been serving as a member and Second Vice-chairman of Council of the Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Stock Exchange, an appointed member of the Securities and Futures Appeal Tribunal, a member of Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and also a government appointed independent non-executive director of Hong Kong Exchanges and Clearing Limited. He was also an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference from 2006 to 2017 and was a member of Hengqin New Area Development Advisory Committee, and Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui is an independent non-executive director of a number of listed public companies in Hong Kong, including Agile Group Holdings Limited, China South City Holdings Limited, Gemdale Properties and Investment Corporation Limited, SINOPEC Engineering (Group) Co., Ltd, HK Acquisition Corporation, a Special Purpose Acquisition Company (SPAC) and Lifestyle International Holdings Limited (where its listing was withdrawn on 20 December 2022). He is also a non-executive director of Luk Fook Holdings (International) Limited, also a listed public company in Hong Kong. Mr. Hui is a fellow of The Hong Kong Institute of Directors and a senior fellow of the Hong Kong Securities and Investment Institute.



Mr. Lee Kwan Hung, Eddie

Independent Non-executive Director

Mr. Lee, aged 59, was appointed an Independent Non-executive Director of the Company, and the Chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Board in November 2015. Mr. Lee is an independent non-executive director of a number of listed public companies in Hong Kong, including Embry Holdings Limited, NetDragon Websoft Holdings Limited, Newton Resources Ltd, Ten Pao Group Holdings Limited and Tenfu (Cayman) Holdings Company Limited. He was an independent non-executive director of Red Star Macalline Group Corporation Ltd. (up to his retirement on 15 August 2023) and Glory Sun Financial Group Limited (up to his resignation on 17 July 2022), both being listed public companies in Hong Kong. He obtained a Bachelor of Laws (Honours) degree from the University of Hong Kong in 1988 and was admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997. He was a partner of Woo, Kwan, Lee & Lo and is currently a consultant of Howse Williams. Mr. Lee was successively a manager and a senior manager of the Listing Division of the Stock Exchange from December 1992 to April 1994.

Board of Directors and Senior Management



Dr. Tong Yuk Lun, Paul

Independent Non-executive Director

Dr. Tong, aged 83, was appointed an Independent Non-executive Director of the Company in April 2016. He is now a member of each of the Remuneration Committee, the Nomination Committee and the ESG Committee of the Board. Dr. Tong holds a Bachelor of Science degree in Engineering and a Master of Science degree in Engineering from the University of Hong Kong, and a Doctor of Philosophy degree from the Victoria University of Manchester. Dr. Tong is a member of the Institute of Civil Engineers, London and the Hong Kong Institution of Engineers, and has solid and extensive experience in the construction industry.



Ms. Leung Wan Chong Christine

Independent Non-executive Director

Ms. Leung, aged 43, was appointed an Independent Non-executive Director of the Company and a member of the Audit Committee of the Board in February 2024. She is also a member of the ESG Committee of the Board. She has practiced as a barrister in Hong Kong for over 15 years. She obtained a Bachelor's degree in Economics from the London School of Economics and Political Sciences in 2002, a Postgraduate Diploma in Law from the College of Law, United Kingdom in 2003 and a Postgraduate Certificate in Laws ("PCLL") from the University of Hong Kong in 2005. She was called to the Bar in Hong Kong in 2006. Ms. Leung has a broad-based criminal and civil practice, undertaking work in all aspects of contractual and commercial disputes and personal injury. She was a lecturer for the Practising Certificate Law Examination at the Hong Kong Institute of Certified Public Accountant and a lecturer of corporate and business law for the Association of Chartered Certified Accountants from 2007 to 2013. Ms. Leung has also been a non-clinical lecturer for PCLL at the Faculty of Law at the University of Hong Kong since 2022. Ms. Leung is an independent non-executive director of TK Group (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Leung is serving on various advisory committees of the Hong Kong Government and social service offices. She has served as a board member of the Hong Kong Dance Company from October 2020, co-opted member of the audit committee of the West Kowloon Cultural District Authority from January 2021, member of the Committee on the Promotion of Civic Education of the Home Affairs Bureau from April 2021, member of the Advisory Committee on Post-service Employment of Civil Servants from July 2021, member of the Agency for Voluntary Services – Planning & Services Committee of the Hong Kong Volunteer Recognition Scheme Organizing Committee from December 2021, chairman of the Appeal Tribunal Panel (Buildings) from December 2021 and council member of the Hong Kong Committee for UNICEF from July 2022.

Senior Management

Corporate Management



Mr. Chan Ju Wai

Chief Financial Officer and Company Secretary

Mr. Chan, aged 56, joined the Group in May 2001 and is the Chief Financial Officer and Company Secretary of the Company. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan is principally responsible for overseeing the Group's financial management, treasury, investor relations, legal and corporate governance functions.

Mr. Chan has more than 30 years' professional experience in auditing, finance and accounting in an international accounting firm, multi-national and listed companies. He holds a Master's degree with distinction in accountancy from the Lingnan University in Hong Kong and a Master's degree with credit in Business Administration from the University of Sunderland in the United Kingdom. Mr. Chan is currently a fellow of the Institute of Public Accountants in Australia, the Institute of Certified Management Accountants in Australia and the Institute of Financial Accountants in the United Kingdom. He was also inducted as a member of the Lingnan University Chapter of Beta Gamma Sigma, the international honor society for collegiate schools of business.



Mr. Kwan Chun Kit, Terry

Director of Human Resources

Mr. Kwan, aged 54, rejoined the Group in November 2021 and is the Director of Human Resources of the Company and the E&M Engineering Group. Mr. Kwan is also a member of the ESG Committee of the Board and he first joined the Group in 2019. Mr. Kwan is responsible for the overall human resources management, strategic human capital planning, talent development and management, employer branding, compensation and benefits, and performance management.

Mr. Kwan has over 30 years of human resources management experience in hotel, convention and exhibition fields. He graduated from the hotel management school "Les Roches" of Switzerland and completed a professional development program in Human Resources Management from Cornell University of New York. He is a member of the Career Development Advisory Committee of Hong Kong Metropolitan University. He was also a member of the Industry Advisory Committee of the School of Hotel and Tourism Management of The Hong Kong Polytechnic University from 2014 to 2019.

Board of Directors and Senior Management

Property & Facility Management Services, Agency Services



Mr. Leung Wai Shing, Bevis

General Manager – Corporate Affairs

Mr. Leung, aged 60, is the General Manager – Corporate Affairs of the Group and the Deputy Managing Director of Urban Group. He has over 30 years of proven experience and exposure in real estate and land administration, property investment and development, property and facilities management. His expertise also encompasses corporate development, marketing and communications as well as internal control and governance. Mr. Leung is a seasoned crisis communication strategist and excels at navigating challenging situations; maintain stakeholder trust and safeguarding organisational reputation.

Mr. Leung has worked with major property developers in Hong Kong. He joined Urban Group in 1994 and has since then been actively participating in all business development, corporate management and affairs, quality control and management, operations in property and facility management, integrated marketing communications, customer relationship management, brand building as well as risk management and corporate governance activities of the Urban Group of companies.

Mr. Leung is a graduate in Journalism (majoring in Public Relations and Advertising). He obtained his Master's Degree in Business Administration from the Keele University in UK in 1991 and a Postgraduate Diploma in Mass Communications from the Leicester University in 2000 respectively. He also obtained his Master's Degree in Real Estate (Land Administration) from The University of Hong Kong in 2006 and a Master of Science Degree in Financial Management from the Middlesex University in UK in 2016.

Currently, he is Treasurer of the Hong Kong Association of Property Management Companies Limited and the member of Security and Guarding Services Industry Authority. Mr. Leung is a member of The Chartered Institute of Marketing of the UK and a Chartered Marketer. He is also a Fellow Member of the Hong Kong Institute of Directors and a Member of The Hong Kong Institute of Facility Management.



Dr. Cheng Kam Wah

Managing Director –

Urban Group and International Property Management

Dr. Cheng, aged 65, has been the Managing Director of Urban Group and International Property Management since February 2002. Dr. Cheng has over 45 years substantial experiences in real estate, property asset management and facility services. He is responsible for the formulation of strategic directions, corporate business development, operations and management systems enhancement as well as new market development activities of Urban Group and International Property Management.

Dr. Cheng holds a Bachelor of Science Degree (Hons) in Estate Management from the University of Reading, UK, a Master Degree in Business Administration from the University of Hull, UK, and a Doctor of Philosophy Degree in Business and Management from the University of South Australia, Australia. He is a Fellow of the Hong Kong Institute of Housing, the Chartered Institute of Housing, the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Directors, the Hong Kong Institute of Facility Management, the Hong Kong Institute of Real Estate Administrators. He is also a Registered Professional Housing Manager, a Registered Professional Surveyor (General Practice) (Property and Facility Management), a Fellow Professional Facility Manager and a Licensed Estate Agent.

Currently, Dr. Cheng is the President of The Hong Kong Association of Property Management Companies Limited, Vice President of the Property Management Industry Training Advisory Committee of Education Bureau and Vice Chairman of Advisory Committee on Water Supplies of Water Supplies Department.

City Essential Services



Mr. Chow Wing Kit, Eric

Director and General Manager – Kiu Lok Service Management Group

Mr. Chow, aged 57, currently serves as the Director and General Manager of Kiu Lok, where he is primarily responsible for the overall management of Kiu Lok, including asset value adding, investment planning, property management, and sales and leasing agency service.

He joined Kiu Lok in 2023 and has over 30 years of experience in property management and real estate investment, sales and leasing.

Mr. Chow holds a Master's degree in Global MBA from College de Paris. He is currently the vice president of Hong Kong Institute of Certified Property Managers, vice president of The Federation of Hong Kong Property Management Industry, a member of The Chartered Institute of Housing, and a member of The Hong Kong Institute of Housing. He also holds a Licensed Property Management Practitioner (Tier 1) and Licensed Estate Agent's License.



Mr. Chung Wai Man

Managing Director – Waihong Services Group

Mr. Chung, aged 66, is the Managing Director of Waihong Services Group. He joined Waihong in 1978 which has become a member of the Group since April 2018. Mr. Chung has accumulated over 40 years' experience in the cleaning and environmental industry, and is responsible for the stipulation of business directions, management control and operation systems enhancement as well as new market development activities of the Group's sanitation, cleaning and environmental services businesses.

Mr. Chung holds a Bachelor of Business Administration in Corporate Administration. He was the Executive Committee and the Chairperson of Tendering Principles Sub-Committee of the Environmental Contractors Management Association (2013–2017). He was also the Chief Secretary of Environmental Services Contractors Alliance (Hong Kong) in 2013–2017.

Board of Directors and Senior Management



Ms. Sze Kut

General Manager – Waihong Services Group

Ms. Sze, aged 51, is the General Manager of Waihong Services Group. Ms. Sze is primarily responsible for the finance, procurement and operations function of Waihong.

Ms. Sze joined Waihong in 2010. Before joining Waihong, Ms. Sze has worked for an international audit firm. She has also worked for New World Group in the Merger and Acquisition division and also worked for NWS Holdings Group's subsidiaries as financial controller.

Ms. Sze graduated from The University of Maryland at College Park with a Bachelor's degree in Accounting and obtained a Master of Science Degree in Finance from The University of Michigan-Dearborn.



Mr. Chan Chi Kong, Patrick

Managing Director – Nova Insurance Group

Mr. Chan, aged 59, joined Nova Insurance in 2003 and is the Managing Director of Nova Insurance Group managing its operations in Hong Kong, Macau as well as Mainland China under an affiliated company of the Group.

Mr. Chan holds a Bachelor's degree of Business Administration with major in Marketing from the Chinese University of Hong Kong. He is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance and sits on their Hong Kong Member Advisory Board. He is also a member of the Hong Kong Academy of Finance (AoF) which was set up with full collaboration amongst the Hong Kong Monetary Authority, the Securities and Futures Commission, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

Mr. Chan has more than 35 years of experience in the insurance industry in Hong Kong and the PRC. He was a past Chairman of the Hong Kong Confederation of Insurance Brokers (CIB) which was an approved body of insurance brokers to implement self-regulation of insurance brokers in Hong Kong. He is currently a General Committee Member of CIB. Prior to joining the Group, he had worked for the insurance brokerage of a British conglomerate for over a decade.



Au Fung Ming, Rebecca

**Senior Director – Finance and Compliance –
Nova Insurance Group**

Ms. Au, aged 55, joined Nova Insurance in 1994 and is the Senior Director – Finance and Compliance of Nova Insurance Group. She is mainly responsible for overseeing financial functions and corporate administration management of Nova Insurance in Hong Kong, Macau and an affiliated company in Mainland China.

Ms. Au holds a Master of Laws in Chinese Business Law from The Chinese University of Hong Kong and a Master degree of Professional Accounting from the Hong Kong Polytechnic University. She is an Associate Member of the Association of Chartered Certified Accountants, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

With her broad spectrum of professional knowledge and extensive experience spans more than three decades, she develops and oversees financial plans and strategies aligned with the organisation's goals. She also oversees Nova's corporate administration functions including human resources, legal and compliance.



Mr. Yu Shek Chung

**Director and General Manager –
Technical Support and Maintenance Group**

Mr. Yu, aged 52, joined the Group in 1996 and is the Director and General Manager of Far East Engineering Services Limited. He is mainly responsible for the overall management and business performance control of the technical support and maintenance business in both Hong Kong and Macau, as well as operating the research and analysis on the business opportunities and assessing potential markets and projects for the business units. Mr. Yu has over 25 years' experience in the E&M engineering business in Hong Kong.

Mr. Yu holds a Bachelor's degree in Manufacturing Engineering from McMaster University, Canada and a Master's degree in Building Services Engineering from The University of Hong Kong. He is currently a member of The Hong Kong Institution of Engineers, a member of Chartered Institution of Building Services Engineers, a fellow member of Society of Operations Engineers, a chartered environmentalist of Society of the Environment, a member of Hong Kong Institute of Facility Management, a registered energy assessor of Electrical and Mechanical Services Department and a registered professional engineer in the Engineers Registration Board of Hong Kong. Besides, Mr. Yu is an Authorised Signatory of Registered Specialist Contractors (Ventilation Works Category) in Hong Kong.

Board of Directors and Senior Management



Mr. Ko Ngai Chun

Director and General Manager – Environmental Solutions Group

Mr. Ko, aged 39, joined the Group in July 2016 and is the Director and General Manager of Environmental Solutions Group. He is responsible for the overall management and business development of the environmental and landscaping business and trading of building materials of the Group.

Mr. Ko holds a Bachelor's degree in Science in Accounting and Finance from the University of Warwick in the United Kingdom. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, he had worked in an international accounting firm and financial institution.



Mr. Lai Yuk Tim

Director and General Manager – General Security Group

Mr. Lai, aged 64, joined the General Security Group in 2011 and is the Director and General Manager of General Security Group and Perfect Event Services Limited, and is also the General Manager – Corporate Development of FSE Holdings Limited, a controlling shareholder of the Company. He is responsible for formulating strategic planning, corporate business development and management of the security services and event services of the Group.

Mr. Lai has over 40 years of extensive experience in security and facility management field. Prior to joining General Security Group, Mr. Lai was the Senior Group Manager of Urban Group and the Director and General Manager of Urban Parking Limited under NWS Holdings Limited.

Mr. Lai is the Vice-Chairman of Chamber of Security Industry since 2016. He is appointed as a Specialist of the Hong Kong Council for Accreditation of Academic and Vocational Qualification till 30 September 2025 and is appointed by Education Bureau as the member of Industry Training Advisory Committee of Qualifications Framework from January 2022 to December 2024. He is a fellow member cum the Vice Chairman of the External Affairs & PR Committee of Chartered Institute of Housing. Mr. Lai is also a fellow member of Hong Kong Institute of Housing and full member of Institute of Shopping Centre Management.

E&M Services



Mr. Au Kai Ming, Francis

Managing Director – FSE Engineering Group

Mr. Au, aged 62, joined the Group in October 2023 and is the Managing Director of the FSE Engineering Group. He is responsible for overseeing the commercial team, leading the business development team, and promoting business and cross-selling for the group of companies.

Mr. Au graduated from the University of Reading in the UK and joined a leading international consultancy company, and he was the Growth Director of Greater China overseeing the operation and management of the business in Hong Kong, Macau and Mainland China. He has over 35 years of experience in quantity surveying services of many types of construction projects, including civil and infrastructure works, residential, commercial, industrial, educational, healthcare and hospitality projects.

Mr. Au is a Fellow of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors, and the Hong Kong Institute of Facility Management. He is also a Registered Professional Surveyor (Quantity Surveyor), and he served as Chairman of Association of Consultant Quantity Surveyors from 2015 to 2019. Mr. Au furthered his profession through prestigious programmes such as the Major Projects Leadership Programme of the Saïd Business School – University of Oxford. He received the Chief Executive's Commendation for Community Service in recognition of his contribution to the Construction Industry in 2023.



Mr. Cheung Chi Wai

Deputy Managing Director – FSE Engineering Group

Mr. Cheung, aged 60, joined the Group in 1989 and is the Deputy Managing Director of the FSE Engineering Group. He is mainly responsible for the overall management and business performance control of the Group's E&M engineering projects, and supervision of contracts managers, project managers and engineers as well as operating the research and analysis on the business opportunities and assessing potential markets and projects for the business units. Mr. Cheung has over 35 years' experience in the E&M engineering business in Hong Kong, Macau and Mainland China.

Mr. Cheung holds a Bachelor's degree in Building Services Engineering and a Master's degree in Fire and Safety Engineering from The Hong Kong Polytechnic University. He is currently a member of The Hong Kong Institution of Engineers, a member of Chartered Institution of Building Services Engineers, a fellow member of Society of Operations Engineers, a chartered environmentalist of Society of the Environment, a member of Institution of Fire Engineers, a registered energy assessor of Electrical and Mechanical Services Department and a registered professional engineer in the Engineers Registration Board of Hong Kong. Besides, Mr. Cheung is an Authorized Signatory of Registered Specialist Contractors (Ventilation Works Category) and a registered licensed plumber in Hong Kong.

Board of Directors and Senior Management



Mr. Lee Wa Yip

Director and General Manager (Mainland China) – FSE Engineering Group

Mr. Lee, aged 59, first joined the Group in December 1992 and had worked for the Group for over 15 years during the period from 1992 to 2009. Mr. Lee rejoined the Group in June 2012 and is the Director and General Manager of our E&M Engineering operations in Mainland China. He is responsible for the overall project administration and business marketing for Mainland China projects. He has over 35 years' experience in quantity surveying and E&M project administration in Mainland China.

Mr. Lee holds a Bachelor's degree of Science in Quantity Surveying from the University of Hong Kong and a Postgraduate Certificate in Construction Project Management from the City University of Hong Kong. Mr. Lee is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors.

Corporate Governance Report

Corporate Governance Practice

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and enhance the corporate value of the Group. The Company has applied the principles of the corporate governance code (the “Corporate Governance Code”) contained in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to its corporate governance structure and practices in the manner as described in this report. Throughout the Year, the Company had complied with all the code provisions set out in the Corporate Governance Code, with the exception of code provision F.2.2.

Code provision F.2.2 requires the chairman of the board to attend the annual general meeting. Dr. Cheng Kar Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 November 2023 (the “2023 AGM”) due to his prior commitment to another important engagement. Mr. Doo Wai Hoi, William, the then alternate director to Dr. Cheng Kar Shun, Henry and now also an Executive Director and a Chairman of the Board, who took the chair of the 2023 AGM, together with members of the Board who attended the 2023 AGM, was of sufficient caliber for answering questions at the 2023 AGM.

Vision and Values

The Company instils a corporate culture across the Group based on its commitment to quality, integrity, innovation, passion, caring and teamwork. The Board plays a leading role in defining the vision, setting strategy in alignment with these core values for sustainability and continuous development of the Group.

Our Vision

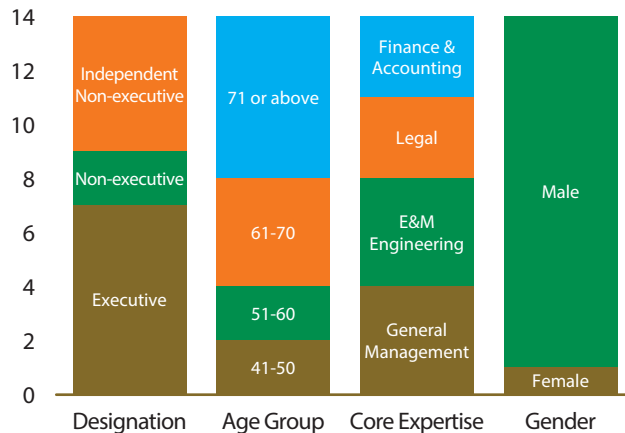
**Better Life, Better Home,
Better Quality to You Everyday**

Board of Directors

Composition and responsibilities

The Board currently comprises 14 Directors, including 2 Non-executive Directors, 7 Executive Directors and 5 Independent Non-executive Directors. An analysis of the current Board composition is set out in the following chart:

No. of Directors



The names, biographical details and relationship amongst them, if any, are set out on pages 20 to 26 in the section “Board of Directors and Senior Management”.

While the Board is collectively responsible for the management and operations of the Company, the Chairmen of the Board provide leadership to the Board in carrying out its duties. The Executive Directors, together with the senior management of the Company, are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions.

Diversity policy

The Board has adopted a Board diversity policy which recognises and embraces the benefits of a Board that possess a balance of skills, knowledge, professional experience, expertise and diversity of perspectives appropriate to the requirement of the businesses of the Group. In ensuring diversity of the Board, gender, age, cultural and educational background will also be taken into account. All Board appointments are based on meritocracy and considered with due regard for the benefits of diversity on the Board.

Currently, our Board members are from different educational backgrounds, comprising business executives, finance and accounting professionals, legal professionals and engineering experts. The Nomination Committee and the Board recognise the importance and benefits of gender diversity at the Board level. The Company appointed a female director to the Board during the Year. Female representation of the Board now accounts for approximately 7%.

Corporate Governance Report

The Board also places emphasis on diversity across all levels of the Group. We are committed to fostering an inclusive working environment for people from diverse backgrounds including their age, gender or gender reassignment, sex or sexual orientation, ethnic origin or nationality, marital or family status and disability. The gender diversity of the overall workforce of the Group is balanced, with a slightly higher number of female employees. While female representation at the senior management level only accounts for 13% as shown in the section "Board of Directors and Senior Management", the Company is taking initiatives to improve gender diversity across senior management. The Board will periodically monitor the gender composition of the Board and workforce and set targets and measurable objectives if and as needed based on the Group's business needs and development plans. The Company will continue to take gender diversity into consideration during recruitment such that there is a pipeline of female senior management and potential successors to the Board in the future. Further details on the gender ratio of the Group can be found in the Environmental, Social and Governance Report for FY2024 of the Group published together with this annual report.

Nomination policy

A nomination policy (the "Nomination Policy") for documenting the current procedures and practices for the nomination of Directors was approved by the Board in December 2018, which is applicable to both new appointments and re-appointments.

In accordance with the Nomination Policy, the procedures and process in respect of the nomination of Directors are summarised below:

1. The Nomination Committee shall invite nomination of candidates from the members of the Board, if any, for its consideration. The Nomination Committee may also put forward candidates who are not proposed by members of the Board.
2. For filling a casual vacancy or appointing an additional member to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval.
3. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to shareholders of the Company.

4. Shareholders of the Company may also propose candidate for election as a Director at a general meeting in accordance with the procedures posted on the Company's website.

The following factors would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- reputation for integrity;
- qualifications, skills and experience that are relevant to the business of the Group;
- commitment in respect of available time to carry out duties as a director;
- independence in character and judgement to act in the best interest of all shareholders of the Company;
- contribution to the Company's Board diversity policy; and
- any other perspectives that meet the current and anticipated needs of the Board.

In case of nominating the candidate for appointment/re-appointment as an Independent Non-executive Director, in addition to the above selection criteria, the independence of the candidate would be assessed with reference to the independence criteria as set out in the Listing Rules.

Corporate governance functions

The Board is collectively responsible for performing the corporate governance duties which have been formalised into written terms of reference approved by the Board, including but not limited to developing, reviewing and monitoring the Group's policies, systems and practices in relation to its corporate governance and compliance with legal and regulatory requirements. The Board has reviewed the disclosures in this Corporate Governance Report.

Independent views to the Board

The Company has established mechanisms to ensure independent views are available to the Board, a summary of which is set out below:

(i) Composition

The Board ensures the appointment of at least one-third of its members being Independent Non-executive Directors. Further, Independent Non-executive Directors will be appointed to Board Committees as far as practicable to ensure independent views are available.

- (ii) Board decision making
Directors (including Independent Non-executive Directors) are entitled to seek further information from management on the matters to be discussed at Board and Board committee meetings and independent advice from external professional advisers at the Company's expense.
- (iii) The Group maintains a culture of open discussions across multiple management levels. Directors and senior management are encouraged to express their own views.

Directors' continuous professional development

Directors are encouraged to participate in continuous professional development. A record of participation in various professional development programs provided by each Director is kept by the Legal and Company Secretarial Department. Based on the details so provided, a summary of training received by the Directors for the Year is set out as follows:

	Giving talks or attending seminars/conferences/forums	Reading journals and updates on relevant rules and regulations and the Company's industry
Non-executive Directors		
Dr. Cheng Kar Shun, Henry (Chairman)	✓	✓
Mr. Poon Lock Kee, Rocky*	✓	✓
Executive Directors		
Mr. Doo Wai Hoi, William (Chairman)	✓	✓
Mr. Lam Wai Hon, Patrick (Executive Vice-Chairman & Chief Executive Officer)	✓	✓
Mr. Doo William Junior Guilherme	✓	✓
Mr. Lee Kwok Bong	✓	✓
Mr. Soon Kweong Wah	✓	✓
Mr. Wong Shu Hung	✓	✓
Dr. Cheng Chun Fai	✓	✓
Independent Non-executive Directors		
Mr. Kwong Che Keung, Gordon	✓	✓
Mr. Hui Chiu Chung, Stephen	✓	✓
Mr. Lee Kwan Hung, Eddie	✓	✓
Dr. Tong Yuk Lun, Paul	✓	✓
Ms. Leung Wan Chong Christine	✓	✓

* Redesignated from Executive Director on 1 July 2024.

Ms. Leung Wan Chong Christine, who was appointed as Independent Non-executive Director on 1 February 2024, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 31 January 2024. Ms. Leung has confirmed that she understood her obligations as a Director.

Board performance

To provide opportunities for improvement to the Board's effectiveness, the Board conducts self-assessment evaluation every two years by way of inviting Directors to complete a questionnaire on an anonymous basis. The last evaluation was conducted in December 2022. The findings and recommendations from the evaluation were presented to the Board. Based on the overall positive responses from the evaluation, the Board considered that the Board performed effectively. The next evaluation will be conducted in December 2024.

Roles of Chairmen, Vice-Chairman and Chief Executive Officer

Dr. Cheng Kar Shun, Henry and Mr. Doo Wai Hoi, William, Chairmen of the Board, jointly lead the Board and ensure that the Board works effectively. Mr. Poon Lock Kee, Rocky (resigned as the Chief Executive Officer with effect from 1 July 2024) and Mr. Lam Wai Hon, Patrick, the Executive Vice-Chairman and Chief Executive Officer (appointed as the Chief Executive Officer with effect from 1 July 2024), manage the Company's day-to-day businesses and implement major strategies and policies of the Company. The positions of the Chairmen and the Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

Non-Executive Directors

Non-executive Directors (including Independent Non-executive Directors) serve the relevant function of bringing independent views and judgement for the Board's deliberation and decisions. They have the same duties of care and skill and fiduciary duties as the Executive Directors. Each Non-executive Director has signed a letter of appointment with the Company for a fixed term of one year, except for Mr. Poon Lock Kee, Rocky whose appointment is for a fixed term of 18 months, subject to retirement by rotation in accordance with the Company's articles of association.

Corporate Governance Report

Board Committees

The Board is supported by various Board committees, including the Executive Committee, the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee. Each Board committee is provided with sufficient resources to discharge its duties in accordance with its terms of reference adopted by the Board. Other Board committees are established by the Board as and when necessary to take charge of specific tasks.

Executive Committee

The Board has delegated to the Executive Committee comprising all Executive Directors with authority and responsibility in handling the day-to-day businesses of the Company, while reserving the authority for the Board to approve, amongst other matters, the Company's long-term objectives, changes in capital structure, interim and annual financial statements, dividend policy, and significant operational matters. The Executive Committee meets regularly as and when necessary.

Audit Committee

The Audit Committee was established in November 2015. As at 30 June 2024, it comprised all the five Independent Non-executive Directors, namely, Mr. Kwong Che Keung, Gordon (as Chairman), Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Dr. Tong Yuk Lun, Paul and Ms. Leung Wan Chong Christine. Dr. Tong Yuk Lun, Paul resigned as a member of the Audit Committee with effect from 15 July 2024.

The Audit Committee is responsible for the review of the Company's financial information, financial reporting system, risk management and internal control systems. The Audit Committee also oversees the Company's relationship with the external auditors and makes recommendations to the Board on the appointment and reappointment of external auditor.

During the Year, the Audit Committee held two meetings and reviewed, amongst other matters, the Company's audit plans, internal control procedure, financial reporting system, continuing connected transactions, risk management policy and the adequacy of resources, qualifications and experience of staff in the Group's accounting, financial reporting and internal audit functions. The Audit Committee also reviewed the interim results for the six months ended

31 December 2023 and the annual results for the Year and submitted recommendations to the Board for its approval, and discussed the Reports to the Audit Committee prepared by external auditor relating to accounting issues and major findings in the course of review and audit.

Risk Management Committee

The Risk Management Committee was established in February 2016 under the supervision of the Audit Committee. The Risk Management Committee comprises representatives from the divisional and functional management including operations, human resources, finance and other supporting departments and is chaired by Mr. Lee Kwok Bong, an Executive Director. The Risk Management Committee reports to the Audit Committee which supports the Board by monitoring and guiding the activities of the risk management and internal control systems.

During the Year, the Risk Management Committee held four meetings to regularly review, assess and monitor all major risks identified in different departments.

Remuneration Committee

The Remuneration Committee was established in November 2015. It comprises three Independent Non-executive Directors and two Executive Directors. As at 30 June 2024, the members of the Remuneration Committee were Mr. Hui Chiu Chung, Stephen (as Chairman), Mr. Lee Kwan Hung, Eddie, Dr. Tong Yuk Lun, Paul, Mr. Lam Wai Hon, Patrick and Mr. Poon Lock Kee, Rocky. Mr. Doo William Junior Guilherme was appointed as a member following Mr. Poon ceasing as a member of the Remuneration Committee on 1 July 2024.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, and on the establishment of a formal and transparent procedure for developing such policy. Prior to making its recommendations, the Remuneration Committee consults the Chairmen and/or the Executive Vice-Chairman and Chief Executive Officer of the Board. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration packages of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

The remuneration of the Directors is determined by the Remuneration Committee with reference to the qualifications, experience, duties, responsibilities, performance of the Directors and the results of the Group.

During the Year, the Remuneration Committee held four meetings and reviewed the Company's remuneration policy and structure, including that for the Directors and senior management of the Company. The Remuneration Committee also reviewed and approved the yearly salary adjustments effective 1 January 2024 and the bonus payment for FY2023.

Nomination Committee

The Nomination Committee was established in November 2015. It comprises three Independent Non-executive Directors and two Executive Directors. As at 30 June 2024, the members of the Nomination Committee were Mr. Lee Kwan Hung, Eddie (as Chairman), Mr. Hui Chiu Chung, Stephen, Dr. Tong Yuk Lun, Paul, Mr. Doo William Junior Guilherme and Mr. Poon Lock Kee, Rocky. Mr. Lam Wai Hon, Patrick was appointed as a member following Mr. Poon ceasing as a member of the Nomination Committee on 1 July 2024.

The Nomination Committee is responsible for reviewing the structure, size, composition and diversity of the Board regularly and makes recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include but are not limited to identifying individuals suitably qualified to become members of the Board, maintaining a level of diversity of the Board based on its diversity policy to ensure it possesses a balance of skills, knowledge, professional experience, expertise, objectivity and perspectives appropriate to the requirement of the business of the Group, monitoring the succession planning of Directors and assessing the independence of Independent Non-executive Directors.

During the Year, the Nomination Committee held three meetings. A summary of work done is as follows:

- reviewed the structure, size, composition of the Board with due consideration to the appropriate balance of skill and experience required by the Company;
- reviewed the Board diversity policy and the Nomination Policy of the Company;

- assessed the independence of all Independent Non-executive Directors and considered all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules; (ii) the absence of involvement in the daily management of the Company; and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgment;
- recommended to the Board the nomination of Dr. Cheng Kar Shun, Henry, Mr. Poon Lock Kee, Rocky, Dr. Cheng Chun Fai and Mr. Lee Kwan Hung, Eddie for reappointment as Directors by the shareholders of the Company at the 2023 AGM;
- reviewed and recommended to the Board the changes in the composition of the Board including (i) the appointment of Mr. Doo Wai Hoi, William as an Executive Director and Chairman of the Board; (ii) the appointment of Mr. Lam Wai Hon, Patrick as Chief Executive Officer; (iii) the appointment of Ms. Leung Wan Chong Christine as an Independent Non-executive Director; and (iv) the redesignation of Mr. Poon Lock Kee, Rocky from Executive Director to Non-executive Director; and
- reviewed and recommended to the Board new appointments to the Board committees including (i) the appointment of Mr. Doo William Junior Guilherme as a member of the Remuneration Committee; (ii) the appointment of Mr. Lam Wai Hon, Patrick as a member of the Nomination Committee; and (iii) the appointment of Ms. Leung Wan Chong Christine as a member of the Audit Committee and the ESG Committee.

ESG Committee

The ESG Committee (formerly known as the Sustainability Committee) was established in December 2020. It comprises three Executive Directors and two Independent Non-executive Directors. As at 30 June 2024, the members of the ESG Committee were Dr. Cheng Chun Fai (as Chairman), Mr. Lee Kwok Bong, Mr. Soon Kweong Wah, Mr. Lee Kwan Hung, Eddie and Dr. Tong Yuk Lun, Paul. Ms. Leung Wan Chong Christine was appointed as a member following Mr. Lee Kwan Hung, Eddie ceasing as a member of the ESG Committee on 1 July 2024.

Corporate Governance Report

The ESG Committee is responsible for the oversight of the Group's sustainability and ESG issues. It formulates the Group's sustainability strategies, priorities and policies, and advises the Board on the adoption, progress and achievement of sustainability targets and measures.

During the Year, the ESG Committee held two meetings to discuss, review and monitor the preparation of the ESG Report for FY2024 and other ESG-related matters. It also discussed and decided the KPIs and target settings for the ESG Report for FY2025.

Attendance of meetings

The attendance records of the Directors at Board meetings, committee meetings and general meetings of the Company during the Year are as follows:

	Number of meetings attended / eligible to attended							
	Board Meeting ⁽ⁱ⁾	Executive Committee Meeting	Audit Committee Meeting	Risk Management Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	ESG Committee Meeting	General Meeting
Non-executive Directors								
Dr. Cheng Kar Shun, Henry	2/8 ⁽ⁱ⁾	–	–	–	–	–	–	0/3 ⁽ⁱⁱ⁾
Alternate Director								
Mr. Doo Wai Hoi, William (1 July 2023 to 18 March 2024)	4/4 ⁽ⁱ⁾	–	–	–	–	–	–	3/3 ⁽ⁱⁱ⁾
Mr. Lam Wai Hon, Patrick (since 19 March 2024)	2/2 ⁽ⁱ⁾	–	–	–	–	–	–	–
	8/8 ⁽ⁱⁱ⁾	–	–	–	–	–	–	3/3 ⁽ⁱⁱ⁾
Mr. Poon Lock Kee, Rocky ^(iv)	8/8	4/4	–	–	4/4	3/3	–	3/3
Executive Directors								
Mr. Doo Wai Hoi, William ⁽ⁱⁱⁱ⁾	2/2	3/3	–	–	4/4	–	–	3/3
Mr. Lam Wai Hon, Patrick	8/8	4/4	–	–	4/4	–	–	3/3
Mr. Doo William Junior Guilherme	8/8	4/4	–	–	–	3/3	–	3/3
Mr. Lee Kwok Bong	8/8	4/4	–	4/4	–	–	2/2	3/3
Mr. Soon Kweong Wah	8/8	4/4	–	2/4	–	–	2/2	3/3
Mr. Wong Shu Hung	8/8	4/4	–	–	–	–	–	3/3
Dr. Cheng Chun Fai	8/8	4/4	–	3/4	–	–	2/2	3/3
Independent Non-executive Directors								
Mr. Kwong Che Keung, Gordon	8/8	–	2/2	–	–	–	–	3/3
Mr. Hui Chiu Chung, Stephen	8/8	–	2/2	–	4/4	3/3	–	3/3
Mr. Lee Kwan Hung, Eddie	8/8	–	2/2	–	4/4	3/3	2/2	3/3
Dr. Tong Yuk Lun, Paul	7/8	–	2/2	–	4/4	3/3	2/2	3/3
Ms. Leung Wan Chong Christine ^(v)	2/3	–	1/1	–	–	–	–	2/2

Notes:

- (i) A total of eight board meetings were held during the Year.
- (ii) Mr. Doo Wai Hoi, William and Mr. Lam Wai Hon, Patrick, as the alternate Director to Dr. Cheng Kar Shun, Henry during the respective periods as stated above, attended all the board meetings and general meetings at which Dr. Cheng was not available.
- (iii) Mr. Doo Wai Hoi, William was appointed as Executive Director and a Chairman of the Board on 18 March 2024.
- (iv) Mr. Poon Lock Kee, Rocky was redesignated from Executive Director to Non-executive Director on 1 July 2024.
- (v) Ms. Leung Wan Chong Christine was appointed as an Independent Non-executive Director and a member of the Audit Committee on 1 February 2024.

Directors' Securities Transactions

The Company has adopted its own Securities Dealing Code, with terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, as the code for dealing in securities of the Company by the Directors. All Directors confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Securities Dealing Code adopted by the Company throughout the Year.

Auditor's Remuneration

During the Year, the total fees paid/payable in respect of audit and non-audit services provided by the Group's external auditor is set out below:

Type of services	Fees paid/payable for the year ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Audit services	5,427	5,967
Non-audit services*	2,195	1,457
Total	7,622	7,424

* Non-audit services include tax advisory and other related services

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for presenting a balanced, clear and understandable financial statements and other disclosures in respect of each financial period of the Company required under the Listing Rules and other regulatory requirements.

The following statement, which should be read in conjunction with the independent auditor's report, is made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the external auditor in relation to the financial statements.

Annual report and financial statements

The Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit or loss for the financial year. The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Accounting policies

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, which have been consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

Accounting records

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance and the Listing Rules.

Safeguarding assets

The Board is responsible for safeguarding the assets of the Company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

Corporate Governance Report

Going concern

After making appropriate enquiries and examining major areas which could give rise to significant financial exposures, the Board is satisfied that no material or significant exposures exist, other than as reflected in this annual report. The Board therefore has a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

The reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are stated in the Independent Auditor's Report on pages 105 to 109 of this annual report.

Risk Management and Internal Control

Risk management policy

The Board has overall responsibility for the maintenance of sound risk management and internal control systems within the Group and reviewing their effectiveness.

The Board has entrusted 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. Procedures have been set up for, inter alia, safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications. Management throughout the Group maintains and monitors the risk management and internal control systems on an ongoing basis.

The Board conducts reviews of the Group's risk management and internal control systems semi-annually. During the year, the review covered the aspects of financial, operational and compliance controls, and assessed the effectiveness of such systems by considering the work performed by the Audit Committee, executive management, external and internal auditors. The Board was satisfied that the Group's risk management and internal control systems are effective and adequate for their purposes.

A whistleblowing policy has also been adopted by the Board and is implemented in the Company's website and the intranet, which allows the Group's staff members and related third parties to raise concerns, in confidence, about misconduct, malpractices or irregularities in any matters related to the Group.

Risk management objectives

The Group aims to ensure that risks are controlled within the overall objectives corresponding to the Group's risk tolerance levels. Effective risk management ascertains that proper compliance of relevant laws and regulations and that significant measures for achieving the operating objectives are consistently applied.

Through a risk management process, both internally and externally, effective communication between the Group and the shareholders, and the preparation of true and reliable financial statements can be achieved.

Risk management culture

The Group emphasises the building of company culture around risk awareness, enhancing the staff's quality of risk management so as to ensure the realisation of the Group's risk management objectives.

Building of risk management culture is integrated into the whole process of building of company culture. The idea is to vigorously foster and create the risk management culture, establish a proper concept of risk management, transform the risk management awareness into a common understanding and self-conscious action, and promote the Group to formulate a systematic, standardised and efficient risk management mechanism.

The Group has created a risk management culture at all levels within the company. The Board pays great attention to fostering risk management culture whilst the Chairman of the Risk Management Committee is responsible for the daily work of fostering risk management culture. Directors and senior management play a leading role, while managerial personnel and operational staff form the backbone in fostering the risk management culture.

Risk appetite

The Group faces a broad range of risks resulting from its capabilities as an integrated services provider. The Group recognises that it is not possible or necessarily desirable to eliminate all the risk inherent in its activities and hence it only makes resources available to control risks to acceptable levels. The Group's risk appetite represents an appropriate balance of return and the risk assumed.

The risk appetite is disseminated to different levels of staff through the Group's Risk Management Manual and regular Risk Management Committee meetings.

The Board reviews the risk appetite periodically to ensure alignment with the Group's business objectives and strategic plans.

Risk management structure and responsibilities

The Board is accountable to the shareholders for the effectiveness of risk management. It has assumed the role of leadership and control and is collectively responsible for directing and supervising the Group's affairs and risk management culture. Therefore, it must ensure the effectiveness of implementing the risk management policy through the Audit Committee.

The Audit Committee is accountable to the Board on the effectiveness of risk management. It shall report semi-annually on the effectiveness of the Group's risk management to the Board through continuous monitoring by the Risk Management Committee and reviews by the internal audit function.

Major responsibilities of the Audit Committee are to establish formal and transparent arrangements and consider how it will apply the risk management principles. They shall consider the overall objectives, risk appetite, risk tolerance and risk management policy/strategies, and the significant risk management solutions for Board approval.

Chaired by Mr. Lee Kwok Bong, an Executive Director, the Risk Management Committee was established to report to the Audit Committee on the design, implementation, and monitoring of the comprehensive risk management systems.

The Risk Management Committee is responsible for developing the strategic risk policies, risk appetite and risk tolerance level and to ensure an appropriate risk management plan is well developed and timely approved by the Board. It will consider the risk management strategies and significant risk management solutions by maintaining effective processes for risk identification, impact evaluation and solution planning.

Internal audit

The internal audit function, which is fully independent of the daily operations of the Group, is carried out by the Company's Internal Audit Department, the head in charge of which reports directly to the Audit Committee and is provided with unrestricted access to all information on the Group's assets, records, and personnel during the audit. All Directors are informed of the findings of internal audit assignments.

During the Year, the Internal Audit Department carried out analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group though, among others, examination of risk-related documentation, conducting interviews with employees as well as internal control self-assessment questionnaires. It has also conducted a special audit on individual operation units.

The head in charge of the Internal Audit Department attended all Audit Committee meetings to explain the internal audit findings, respond to queries from members of the Audit Committee and report the follow-up actions.

Corporate Governance Report

Three lines of defense

Business line Management	Risk Management	Internal Audit
1 st line of defence	2 nd line of defence	3 rd line of defence
Business line management are primarily responsible for managing its own process	Risk Management function is responsible for setting Enterprise Risk Management frameworks	Internal Audit provides assurance about design and effectiveness of 1 st and 2 nd line
Responsible for identifying and controlling risks by using business control frameworks, implement internal processes and adequate controls	Independent reporting to management board and audit committee	Reporting line to management and audit committee
	Advisor/consultant to 1 st line	Advisory role to improve processes

Risk management process

A formal risk management policy has been put in place to ensure the regular identification, evaluation and management of the risks faced by the Group. Chaired by one of the Executive Directors, the Risk Management Committee takes the lead in the effective implementation of the risk management policy by all divisions and business units of the Group. Risk assessment and evaluation are an integral part of the annual planning process. Each division/business unit of the Group is to set its strategic objectives, identify specific risks and assess the effectiveness of its risk management actions and internal control measures to help ensure that the risks it faces are addressed by the controls that have been or will be implemented.

The Group emphasises the building of company culture around risk awareness. Workshops are organised for management staff to ensure proper appreciation, implementation and evaluation of risk management and corporate governance requirements.



The Group's risk management framework seeks to ensure that there is an effective process in place to manage risk across the Group. Risk management is integral to all aspects of the Group's activities and is the responsibility of all staff members.

Department heads and project leaders have a particular responsibility to evaluate their risk environment faced by their daily operations. They need to update the risk register and report to the RMC for the risks identified. Action plans to control the risks to an acceptable level will be developed and results will be monitored and reported to the RMC and the Board regularly.

Through the above process, the Board has maintained an effective risk management system which enables the Group to respond to significant risks in attaining its strategic objectives.

Risk assessment

The Group shall conduct risk assessment on the initial information, the Group's various operation management and significant operating processes. Risk assessment includes three steps: risk identification, risk analysis and risk evaluation.

Risk identification

It is the process of finding whether there are any risks and what are the risks in the various business units, operating activities, and significant operations of the Group.

Risk analysis

It is to analyse and describe the significance (or impact) of the identified risks and level of risk likelihood. The process includes analysis of the relationship between the risks in order to find out the combinations of positive and negative correlation effects between the natural hedging of each risk and the occurrence of risk events, and hence centrally manage the risks from the risk strategies.

Risk impact and risk likelihood

Risk impact is the measurement unit of the potential value (financial or non-financial) of occurrence of a risk event.

Risk likelihood is the measurement unit of the probability of occurrence of the risk event. The Group regularly reviews the risk impacts and risk likelihood of the various risk factors affecting its operations and devise corresponding mitigation measures.

Risk factors

The Group's business, financial condition and results of operations are subject to several risks. The major risk factors set out below are those that could affect the Group's business, financial condition and results of operations materially different from expectations or historical results. Any of the following major risks, as well as other risks and uncertainties that are not yet identified or risks that are currently considered as immaterial, may materially and adversely affect the Group in the future.

Corporate Governance Report

Business/strategic risks

Risk Description	Risk Trend	Mitigation Measures
Macro-economy Construction and property markets in Hong Kong, Macau and Mainland China are significantly slowing down. China's economic growth prospect is likely to be dragged down with further escalation in trade tension between the US and Mainland China.	Unchanged	<ul style="list-style-type: none"> Evaluate potential impacts by analysing the financial performance of the Group's businesses and monitoring business and economic data continuously. Identify new business opportunities in local and regional markets to diversify macro-economic risk.
Labour and staff shortage The Group is facing severe labour and staff shortage in its different businesses. This may affect the Group's ability to maintain a stable workforce to complete projects and deliver good service quality. Its financial performance may also be affected as a result.	Unchanged	<ul style="list-style-type: none"> Review existing remuneration package and compare with industry benchmarks regularly. Collaborate with academic institutions for trainee programmes. Deploy part time and casual labour and maintain good relationship with labour subcontractors to ensure sufficient supply of qualified and skilled labour. Organise talent development programmes for different levels of staff to foster employee growth and career development as an important retention strategy.
Business counterparties When entering into business relationships, the Group becomes exposed to various types of counterparty risks which can arise from different sources. These risks include the credit risk of customers and main contractors, performance risk of subcontractors, legal and compliance risks of any business partners.	Unchanged	<ul style="list-style-type: none"> Perform comprehensive legal and financial checks for business counterparties. Maintain good relationship with a wide range of main contractors, subcontractors and suppliers to avoid overdependence on one or several business counterparties.

Legal and compliance risks

Risk Description	Risk Trend	Mitigation Measures
Government policies Changes in government and regulatory bodies' policies and intervention, laws and regulations, may cause business disruption.	Unchanged	<ul style="list-style-type: none"> Monitor closely the changes in applicable laws and regulations, including ESG-related regulations, and evaluate their impacts to the Group's operations. Integrate changes into relevant policies and procedures, operating and internal control systems to ensure compliance. Provide updates and training to staff for their awareness and understanding of the new regulations.

Operational risks

Risk Description	Risk Trend	Mitigation Measures
Safety and personal injuries The Group's businesses have operations involving safety risks such as working at height, operation of machinery, electrical systems and appliances, lifting of heavy objects, etc. Failure to implement proper safety measures may result in personal injuries or even fatality.	Unchanged	<ul style="list-style-type: none"> Enhance safety training and supervision of site workers including subcontractors' workers. Improve safety facilities and personal protection equipment for frontline staff. Set-up Group-wide safety task force to promote safety culture and monitor implementation of safety assurance plans and perform analysis and evaluation of accident cases.
Contract renewal and tender The Group's businesses are subject to the risk associated with tendering process. There is no assurance that the Group will successfully secure new contracts in favourable terms during the tendering process.	Unchanged	<ul style="list-style-type: none"> Strive for operational efficiency including the adoption of technology to increase competition edge. Collaborate with business partners strategically to bid for major tenders. Analyse market trends, competitors' strengths and weaknesses and our won performance data to formulate tender strategies.
Cyber security With the increased application of Information Technology ("IT") in the Group's businesses, the threats to IT systems including cyber-attacks are imminent and present a real challenge to the Group's business operations.	Unchanged	<ul style="list-style-type: none"> Strengthen IT infrastructure by enhancing authorization and authentication mechanisms. Provide periodic training to staff to increase their cyber security awareness. Employ specialists to assess cyber security vulnerabilities and controls. Purchase cyber security insurance to cover losses due to business interruption and data loss.
Climate change and extreme weather One of the most visible consequences of global warming is an increase in the intensity and frequency of extreme weather events. This will impact the Group's operation and will result in significant business interruption.	Increasing	<ul style="list-style-type: none"> Assess the potential impact of climate-related risks and opportunities posed to the Group's businesses. Develop long term strategic plan to deal with climate-related risks and opportunities at corporate level. An ongoing review via Risk Management and ESG governance frameworks.

Risk analysis by business segment

Property & Facility Management and City Essential Services		
Risk Description	Risk Trend	Mitigation Measures
Debarment from tendering government contracts A significant portion of the Group's property management and cleaning service businesses rely on the government's non-skilled worker contracts. Any conviction of offence by a contractor under certain ordinances, relating to Occupational Safety, Employee's Compensation, Immigration and Mandatory Provident Funds, will be debarred from tendering those government contracts for a maximum of five years. Due to the work nature and large volume of workers employed by the two service segments, it is relatively easy to commit occupational safety offences most of the time by unintentional mistakes.	Unchanged	<ul style="list-style-type: none"> Establish a comprehensive Occupational Safety and Health Management System complying with ISO 45001 and job risk assessment systems. Provide sufficient briefing/training to frontline workers in respect of work instructions. Increase site checking and audits. Maintain proper site records and incident reports for management follow up. Devise contingency plan in the event of debarment.

Corporate Governance Report

E&M Services		
Risk Description	Risk Trend	Mitigation Measures
Delay and latent defects The Group's E&M business involves working in uncertain site conditions, such as ground conditions, confined spaces and adverse weather. The Group is also responsible for material and labour quality. Any delays due to site conditions, late material delivery or poor installation quality may result in additional costs to the Group. In addition, the Group remains liable for latent defects for years and bears the associated costs despite the projects had been completed and occupied.	Unchanged	<ul style="list-style-type: none"> • Closely monitor construction programme and communicate with main contractors to avoid any potential liabilities due to delays. • Keep proper site records and incident reports.
Material price fluctuation The Group's E&M business is required to procure a vast amount of building materials for its works. These building materials are subject to high volatility in price of raw materials, particularly steel and copper.	Unchanged	<ul style="list-style-type: none"> • Procure materials on time when contracts are secured to reduce the risk of price fluctuation.

Company Secretary

The Chief Financial Officer of the Group acts as the company secretary of the Company. He has confirmed that he had taken no less than 15 hours of relevant professional training.

The 2023 AGM and two extraordinary general meetings held during the Year provided a forum for the Board members to communicate directly with shareholders. These meetings also provided shareholders an opportunity to share their views on the Company's performance and operations.

Shareholder and Investor Relations

The Board established a shareholders' communication policy setting out the principles with the objectives of ensuring that shareholders of the Company and the investing public are provided with ready, equal and timely access to balanced and understandable information of the Group.

The Company has also maintained an ongoing active dialogue with institutional shareholders. The Executive Directors and senior management of the Group are closely involved in promoting investor relations. Meetings and briefings with financial analysts and investors are conducted by the Executive Directors and senior management of the Group.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars published in accordance with the Listing Rules. Such published documents and latest corporate news are available on the Company's website. Besides, information requests and/or enquiries from shareholders (through the channels as set out in the section below) are welcome and have always been timely responded.

Having considered the multiple channels of communication in place, the Board is satisfied that the shareholders' communication policy has been properly implemented and is effective.

A Manual on Disclosure of Inside Information is in place giving guidance on the managing, protection and proper disclosure of information that has not already been made public. The Directors adhere strictly to the statutory requirement for their responsibilities of keeping information confidential.

Shareholders' Rights

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company to convene a general meeting (the "EGM") other than an annual general meeting of the Company are subject to the Company's articles of association, the Companies Act (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and applicable legislation and regulation:

- (1) One or more shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition (the "Requisition"), not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company, shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such Requisition.
- (2) The Requisition must state the general nature of the business to be dealt with at the EGM and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM.
- (3) The Requisition may consist of several documents in like form which may be sent to the Board or the company secretary of the Company in hard copy form or in electronic form (and must be authenticated by the Requisitionist(s)) at the Company's head office in Hong Kong or through email at enquiry@fse.com.hk.
- (4) The Directors must call the EGM within 21 days after the date of the deposit of the Requisition and the EGM must be held within two months after the date of the deposit of the Requisition.
- (5) If the Directors are required under paragraph (1) above to call an EGM and fail to do so pursuant to paragraph (4), the Requisitionist(s) may themselves call the EGM. Any reasonable expenses incurred by the Requisitionist(s) by reason of the failure of the Directors duly to call the EGM must be reimbursed by the Company.

Procedures for raising enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or through email at is-enquiries@vistra.com.

Shareholders may at any time raise any enquiry in respect of the Company at the Company's head office in Hong Kong or through email at enquiry@fse.com.hk.

Procedures for putting forward proposals at shareholders' meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information at the Company's head office in Hong Kong.

The request will be verified with the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Board will determine in its discretion whether to include the Proposal in the agenda for the Company's general meeting.

Amendment to the Company's Constitutional Documents

With the approval of the shareholders of the Company at the general meeting held on 18 March 2024, the Company has amended its articles of association. Details of the amendments have been set out in the Company's circular dated 1 March 2024. An up-to-date version of the memorandum and articles of association of the Company is available on both the websites of the Company and HKEXnews.

Management Discussion and Analysis



Business Review

In FY2024, the Group recorded revenue amounting to HK\$8,447.9 million, representing an increase of HK\$680.7 million or 8.8%, as compared with HK\$7,767.2 million in FY2023. Profit attributable to shareholders for the year was HK\$501.1 million, representing a decrease of HK\$21.8 million or 4.2% as compared with HK\$522.9 million in FY2023, mainly resulted from (i) a decrease in government grants; (ii) a reduction in profit contributions from COVID-related works and (iii) higher corporate finance costs, partly mitigated by higher contributions from the E&M, insurance solutions, technical support & maintenance and systems security, guarding & event services businesses. Details of the government grants recognised by the Group are set out in Note 6 to the consolidated financial statements and summarised in the table below.

Summary of government grants

For the year ended 30 June	2024 HK\$'M	2023 HK\$'M
Recognised as deduction of staff costs included in "Cost of services and sales"	9.5	34.3
Recognised as deduction of staff costs included in "General and administrative expenses"	1.1	6.0
Recognised as "Other income"	15.2	36.8
Gross	25.8	77.1
Non-controlling interests	–	(0.1)
Net	25.8	77.0

Summary of profit contributions from COVID-related works

For the year ended 30 June	2024 HK\$'M	2023 HK\$'M
Revenue	2.2	146.5
Cost of services and sales	(2.0)	(114.4)
Gross profit	0.2	32.1
Tax effects thereon	–	(5.3)
Net	0.2	26.8

Results excluding non-recurring items

If excluding the effects of government grants in the Group's results for both years to better illustrate the Group's financial results without such effects, the Group would record an increase in adjusted net profit for the Year of 6.6% to HK\$475.3 million (i.e. after excluding government grants of HK\$25.8 million from its profit attributable to shareholders of the Company of HK\$501.1 million) as compared to its adjusted net profit for last year of HK\$445.9 million (i.e. after excluding government grants of HK\$77.0 million from its profit attributable to shareholders of the Company of HK\$522.9 million). The Group's adjusted net profit of last year included a net profit contribution of about HK\$26.8 million from COVID-related works which mostly did not recur in the Year.

Tender submitted and contracts awarded

For the year ended 30 June 2024	Tender submitted* HK\$'M	Contracts awarded* HK\$'M
Property & facility management services	4,229	149
City essential services		
– Cleaning & pest control services	6,355	2,084
– Insurance solutions	67	41
– Technical support & maintenance services	5,322	1,136
– Environmental solutions	595	184
– Systems security, guarding & event services	1,079	551
City essential services subtotal	13,418	3,996
E&M services	18,350	2,720
Total	35,997	6,865

* With net contract sum not less than HK\$1 million for each contract.

Gross value of contract sum and outstanding contract sum

As at 30 June 2024	Gross value of contract sum HK\$'M	Outstanding contract sum HK\$'M
Property & facility management services	1,178	885
City essential services		
– Cleaning & pest control services	6,283	3,696
– Insurance solutions	136	41
– Technical support & maintenance services	2,339	1,603
– Environmental solutions	882	437
– Systems security, guarding & event services	1,773	1,074
City essential services subtotal	11,413	6,851
E&M services	11,354	5,786
Total	23,945	13,522

Customer Messages

Thanks to the Property Asset Manager of the estate for his professionalism. After receiving the flooding notice of Cheong Shing Court on 8 February 2024, he led the management office team to inspect the site, direct and arrange emergency response measures, and ensure that important public facilities in the housing estate were not damaged by flooding.

The Incorporated Owners of Cheong Shing Court (Wah Ming Road)

Thanks to the effort of the energetic and innovative management office team, the management office of Sereno Verde has been honored with the "Five-star Property Security Management Award" this year, and has also received the "Excellent Facility Management Merit Award" from the Hong Kong Facilities Management Institute for two consecutive years.

The Owners' Committees of Sereno Verde

When half of the elevators in the estate broke down during the Hong Kong-wide voltage sag on 6 April 2024, the officer from the General Security still showed his professionalism of leadership in an orderly manner. He commanded security guards to execute emergency response measures, and also appeased owners and tenants and ensured their safety.

The Management Office of Park Royale

I write to express our appreciation for your team (General Security) display professionalism and devotion to duty displayed in the successful of the Open Ceremony of Po Leung Kuk Lee Shau Kee Youth Oasis organized on 3 March 2024. Without your team's support, I am sure that the ceremony cannot go smoothly and safely.

Po Leung Kuk Lee Shau Kee Youth Oasis



It was not easy to accommodate our demanding work requirements for the Hong Kong Sevens 2024 Rugby Tournament and to maintain such a high standard of cleanliness. Your staff demonstrated exceptional skills and patience in carrying out the work and promptly collaborating to meet our requirements.

Leisure and Cultural Services Department

The professionalism of your cleaning team plays an important role in the environmental sanitation of our estate. They take every cleaning and disinfection job seriously and rigorously, which greatly improves the cleanliness level of the housing estate and makes us feel the responsibility of your company and team for their work.

Kornhill Gardens Owners' Committee

Majestic has been able to perform their contractual obligations with high quality workmanship. We are impressed with their technical expertise and responsible attitude working with other contractors and the consultant team in resolving site problems. We appreciate the contribution of Majestic to success completion of the project and have no hesitation in recommending them to any engagement that requires quality and reliability.

Hip Hing Joint Venture

Regarding the Tsing Yi Vehicle Examination Complex Project, FSEE has shown diligence and dedication to complete the MEP work within the 3 years contract period. Despite various construction difficulties during the project implementation, FSEE has maintained the efficiency of the schedule and has demonstrated the commitment to innovation and technology advancement in enhancing the work quality and progress.

WSP (Asia) Limited





Property & Facility Management Services

Number of staff

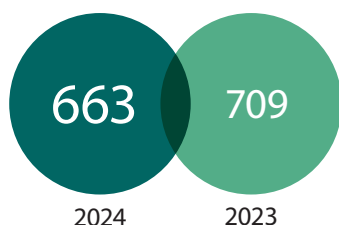
Over **5,200**

Service contracts

Over **300**

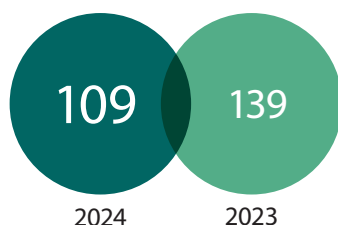
Revenue*

HK\$'million



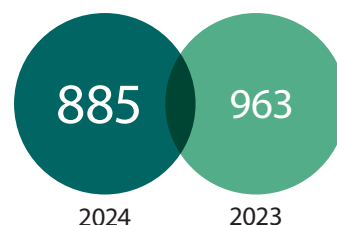
Profit

HK\$'million



Remaining Works

HK\$'million



* Segment revenue does not include inter-segment revenue.

The Group's property and facility management services business, comprising Urban, International Property Management and Kiu Lok (together, the "Property & Facility Management Group"), is one of 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 service companies owned by property developers. The companies provide comprehensive and recognised professional management services for their clients.

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

Our Property & Facility Management Group's unique market differentiation lies in their integration of services, strong pool of professional talents and partnership approach with our clients. In addition, innovation keeps our Property & Facility Management Group at the forefront of the industry. It is a pioneer in the introduction of modern international standards and innovative service models in property and facility management in Hong Kong, including the self-developed eApplication systems – The Sm@rtUrban Apps for customers and the ComEasy App for internal operation, with the application of drones for high rise



FSE Lifestyle is a pioneer in the introduction of modern international standards and innovative service models in property and facility management in Hong Kong.

inspections, altogether create strong synergies to enhance the overall operational efficiency in its property and facility management services.

During FY2024, our Property & Facility Management Group submitted tenders for 61 service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total tender sum of HK\$4,229 million and, combining the submitted tenders from previous months, was awarded 19 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$149 million. Among these 19 service contracts, one of them was a major service contract (with net contract sum not less than HK\$20 million for each service contract) for a residential estate in Tuen Mun.

As at 30 June 2024, the property & facility management services segment has a total gross value of contract sum of HK\$1,178 million with total outstanding contract sum of HK\$885 million.



City Essential Services



Number of staff

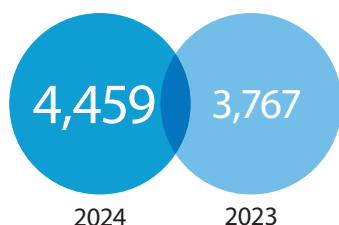
Over **18,700**

Service contracts

Over **8,600**

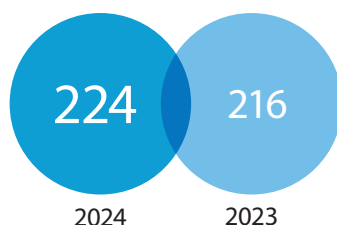
Revenue*

HK\$'million



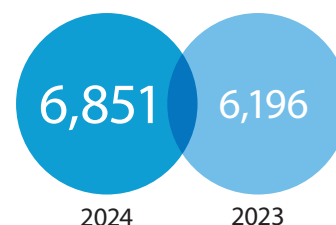
Profit

HK\$'million



Remaining Works

HK\$'million



* Segment revenue does not include inter-segment revenue.

Cleaning & Pest Control Services

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

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

During FY2024, Waihong submitted tenders for 384 cleaning service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total tender sum of HK\$6,355 million and, combining the submitted tenders from previous months, was awarded 123 service contracts

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

(with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$2,084 million. Among these 123 service contracts, 23 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 three residential estates in Tung Chung, Fo Tan and Wu Kai Sha, three shopping malls in Tsuen Wan, Shatin and Causeway Bay, three contracts for a public transport company, two commercial complexes in Tsim Sha Tsui and Kowloon City, two commercial buildings in Lai Chi Kok and Wan Chai, two hospitals in Kowloon City and Wong Chuk Hang, two contracts for a theme park in the Lantau Island, a museum in Tsim Sha Tsui, a school in Pokfulam, a tertiary institution in Wan Chai, a sports academy in Sai Kung, a bank and a waste collection contract for two districts.



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

Management Discussion and Analysis



Nova Insurance Consultant is one of the top five, out of 810, general insurance brokers in Hong Kong.

Insurance Solutions

The Group's insurance solutions business, Nova, comprises Nova Insurance Consultants and International Reinsurance Management, both of which 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.

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 810) 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, recognised 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.

During FY2024, Nova secured placements for a number of sizeable construction projects, arranged policy period extension for client despite its claims caused by the Black Rainstorm in September 2023, and won many new accounts, including a public utility, listed companies, educational institutions and non-governmental organisations. The vast majority of Nova's business involved general insurance, construction and employee benefits-related insurance. Each year Nova has to submit renewal quotations for all these policies to its clients and will only be awarded the renewal contracts when its terms and conditions are competitive. Nova's retention ratio in securing renewed contracts has always been over 90%, reflecting its competitiveness and high level of services.

On 1 February 2024, Nova entered into a conditional sales and purchase agreement to acquire the entire registered and paid up capital of Beijing Nova Insurance Services Limited from (i) Guangzhou Sheng Gao Property Development Limited (40.1%), (ii) Baohua Equity Investment Limited (35.0%) and (iii) Nova Risk Services Holdings Limited (24.9%) at a total cash consideration of RMB143.0 million (equivalent to HK\$155.6 million) (subject to adjustments, if any), funded by the Group's internal resources. Details of this contemplated transaction are set out on page 73 of FSE Lifestyle's 2023-2024 interim report. Beijing Nova is a national insurance brokerage company for the insured established in Mainland China. The transaction is expected to be completed on or before 31 December 2024.

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



Demand for large-scale renovation works for existing commercial premises is expected to grow in the coming years, Far East Engineering Services brings in stable income from maintenance and system retrofit works that support the main businesses of the Group.

During FY2024, 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\$67 million and was awarded 19 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$41 million.

Technical Support & Maintenance Services

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

During FY2024, the Group submitted tenders for 547 maintenance service contracts (with a contract sum not less than HK\$1 million for each contract) with a total tender sum of HK\$5,322 million and, combining the submitted tenders from previous months, was awarded 114 projects (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$1,136 million. Among these 114 projects, 11 of them were major projects (with net contract sum not less than HK\$20 million for each project), which included three term contracts for government buildings in Kowloon, Hong Kong Island and an educational institution in Kowloon Tong, two renovation and term contracts for a commercial building in Lai Chi Kok, two chiller replacements for commercial buildings in Tsuen Wan and Kowloon Bay, ventilation and air conditioning system installation for a hotel in Chek Lap Kok and three contracts for renovation and system upgrading works for a hotel in Macau.

Environmental Solutions

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

Management Discussion and Analysis

This division is divided into three business lines:

- (i) “Environment Solutions” (water and air treatment, laboratory testing & certification) in comprehensive HVAC water treatment services, environmental assessment in air and water quality, deodorisation system and electro-chlorination system to assist its customers in achieving their environmental protection and energy conservation objectives. Its HVAC water treatment service is well-known for the professionalism in the industry with over 40 years of history and it has a water treatment company which is under the list of approved specialist contractors for public works in fountain installation. As innovation is at the heart of this business, it has a patented application of using nanobubble ozonation to sterilize fresh water at cooling towers, swimming pools, public toilets, and water features. Its laboratory is accredited by Hong Kong Laboratory Accreditation Scheme (“HOKLAS”) which is able to test a wide range of chemical and microbial parameters. For air quality related business, it is one of the eight accredited indoor air quality certificate issuing bodies in Hong Kong.
- (ii) “Smart Solutions” (ELV, EV and smart facilities) to provide advanced information and communication infrastructure by providing Extra Low Voltage (“ELV”) building technology with smart facility systems (i.e. smart office and smart toilet) to enhance operational efficiency, as well as a full range of services covering material supply, electrical installation, design and engineering and project management for electrical vehicle (“EV”) infrastructure.



FSE Environment’s HVAC water treatment service is well-known for the professionalism in the industry with over 40 years of history.

- (iii) “Green Solutions” (landscape and building materials) in 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 environmental products such as eco-friendly and anti-bacterial tiles, building controls equipment and other building materials to improve environmental quality and promote carbon neutrality. Its landscape business offers a wide range of one-stop green solutions to its clients. It provides landscape design and performs landscape projects and various tree works. It also supplies festival plants to its client.

Its landscape business offers a wide range of one-stop green solutions to its clients. It provides landscape design and performs landscape projects and various tree works. It also supplies festival plants to its client.

During FY2024, the Group submitted 150 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\$595 million and, combining the submitted tenders from previous months, was awarded 33 environmental, landscape, ELV and building material trading service contracts and quotations (with a sum not less than HK\$1 million for each contract or quotation) with a total sum of HK\$184 million.

As at 30 June 2024, the city essential services segment has a total gross value of contract sum of HK\$11,413 million with a total outstanding contract sum of HK\$6,851 million.



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

Systems Security, Guarding & Event Services

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

General Security serves a broad range of clients of residential properties (including estates, service apartments and luxury detached houses), office towers, shopping malls and buildings, private clubs, construction sites, 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. 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.

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.

During FY2024, General Security and Perfect Event submitted tenders for 72 systems security, guarding and event services contracts (with a contract sum not less than HK\$1 million for each contract) with a total tender sum of HK\$1,079 million and, combining the submitted tenders and quotations from previous months, was awarded 39 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$551 million. Among these 39 service contracts, six of them were major service contracts (with net contract sum not less than HK\$20 million for each service contract) including five residential estates in Shatin, Yuen Long, Tai Kok Tsui, Fo Tan and Tsuen Wan and a racing club in Shatin.



E&M Services



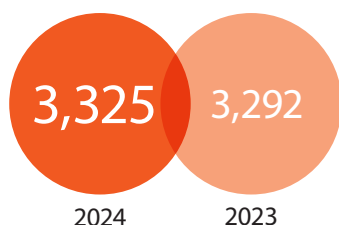
Number of staff

Over **1,200**

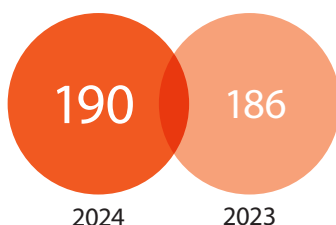
Service contracts

Over **130**

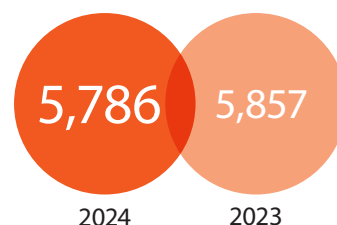
Revenue*
HK\$'million



Profit
HK\$'million



Remaining Works
HK\$'million



* Segment revenue does not include inter-segment revenue.

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

The Group's E&M services business' unique market differentiation lies in its integration of all E&M services, a strong pool of professional talents, a well-established network of suppliers and subcontractors, and a team-based partnership approach towards its clients.

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



FSE Engineering provides a comprehensive range of E&M services to its clients, ranging from design, installation, testing and commissioning services.

in securing and undertaking integrated E&M projects in Hong Kong, Mainland China and Macau.

During FY2024, the Group's E&M services business submitted tenders for 185 E&M engineering projects (with a contract sum not less than HK\$1 million for each project) with a total tender sum of HK\$18,350 million and, combining the submitted tenders from previous months, was awarded 32 contracts (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$2,720 million. Among these contracts, eight of them were major projects (with net contract sum not less than HK\$100 million for each project), which included six residential projects in Kwu Tung, Tuen Mun, Discovery Bay, Kai Tak, Southern District of Hong Kong, a new public market in Tin Shui Wai and a railway extension in Tuen Mun.

As at 30 June 2024, the E&M services segment has a total gross value of contract sum of HK\$11,354 million with a total outstanding contract sum of HK\$5,786 million.



Financial Review

Revenue

In FY2024, the Group's revenue increased by HK\$680.7 million or 8.8% to HK\$8,447.9 million from HK\$7,767.2 million in FY2023, reflecting higher revenue from the city essential services segment and the E&M services segment amounting to HK\$692.3 million and HK\$33.6 million respectively, partly offset by lower revenue from the property & facility management services segment amounting to HK\$45.2 million.

	For the year ended 30 June		
	2024 HK\$'M	2023 HK\$'M	% Change
Property & facility management services*	663.4	708.6	(6.4%)
City essential services*	4,459.1	3,766.8	18.4%
E&M services*	3,325.4	3,291.8	1.0%
Total	8,447.9	7,767.2	8.8%

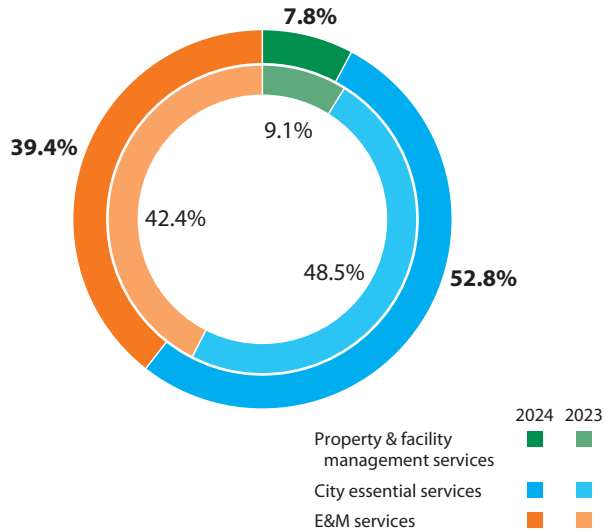
* Segment revenue does not include inter-segment revenue.

The Group's revenue from the property & facility management services segment and the city essential services segment in aggregate contributed 60.6 % in FY2024 (2023: 57.6%), whereas the revenue from E&M services segment contributed 39.4% in FY2024 (2023: 42.4%).

In FY2024, the Group's revenue contribution from Hong Kong, Mainland China and Macau was 90.4%, 7.3% and 2.3% (2023: 90.4%, 8.2% and 1.4%) respectively.

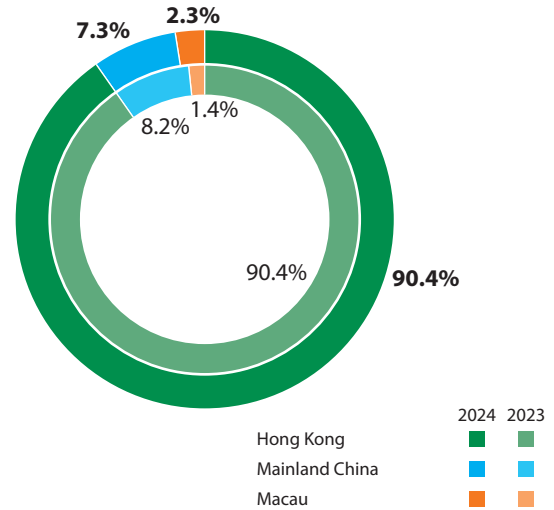
Revenue by Segment

For the year ended 30 June



Revenue by Region

For the year ended 30 June



- Property & facility management services:* This segment contributed 7.8% (2023: 9.1%) of the Group's total revenue. The services were principally provided in Hong Kong.

Segment revenue decreased by 6.4% or HK\$45.2 million to HK\$663.4 million from HK\$708.6 million. It reflected a decrease in COVID-related works for government buildings amounting to HK\$32.3 million.

It should be noted that, under contract terms, about 20% of the property & facility management services segment's revenue is accounted for by only including management fee received. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its lump sum contracts (i.e. with all direct operational costs for performing the related services borne by it) which are primarily facility management contracts, the property & facility management services segment's revenue for the FY2024 would increase by HK\$3,100.0 million from its reported amount of HK\$663.4 million (2023: HK\$708.6 million) to about HK\$3,800.0 million (2023: HK\$3,800.0 million).

- City essential services:* This segment contributed 52.8% (2023: 48.5%) of the Group's total revenue. The individual components of this services segment are as below:

For the year ended 30 June			
	2024 HK\$'M	2023 HK\$'M	% Change
Cleaning & pest control services	2,349.6	1,731.2	35.7%
Insurance solutions	114.4	110.4	3.6%
Technical support & maintenance services	1,060.0	962.8	10.1%
Environmental solutions	304.2	328.9	(7.5%)
Systems security, guarding & event services	630.9	633.5	(0.4%)
Total	4,459.1	3,766.8	18.4%

Most of the revenue reflected an increase in contribution from Hong Kong (HK\$637.0 million) and Macau (HK\$55.4 million).

Management Discussion and Analysis

Segment revenue grew by 18.4% or HK\$692.3 million to HK\$4,459.1 million from HK\$3,766.8 million reflected (i) new general cleaning service contracts, including government buildings and facilities, shopping malls, clubhouse and residential and commercial properties and (ii) higher revenue from its technical support and maintenance services for system replacement works for a commercial building in Tsuen Wan, slightly offset by lower sales of building materials and a decrease in COVID-related cleaning works amounting to HK\$112.0 million.

- *E&M services*: This segment contributed 39.4 % (2023: 42.4%) of the Group's total revenue and 80%, 18% and 2% (2023: 80%, 19% and 1%) of this segment's revenue were contributed from Hong Kong, Mainland China and Macau respectively. Higher revenue contribution was recorded this Year from Macau (HK\$36.2 million) and Hong Kong (HK\$19.1 million), partly offset by a decrease in revenue from Mainland China (HK\$21.7 million).

For the year ended 30 June			
	2024 HK\$'M	2023 HK\$'M	% Change
Hong Kong	2,670.2	2,651.1	0.7%
Mainland China	588.6	610.3	(3.6%)
Macau	66.6	30.4	119.1%
Total	3,325.4	3,291.8	1.0%

Segment revenue increased by 1.0% or HK\$33.6 million to HK\$3,325.4 million from HK\$3,291.8 million and mainly reflected the substantial progress of a number of E&M engineering installation projects during the Year including the expansion of a government building in Central and hotel projects in Macau.

It should be noted that, 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 FY2024 would increase by HK\$1,900.0 million from its reported amount of HK\$3,325.4 million (2023: HK\$3,291.8 million) to about HK\$5,200.0 million (2023: HK\$5,800.0 million).

Gross profit

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

For the year ended 30 June				
	2024 Gross profit HK\$'M	Gross profit margin %	2023 Gross profit HK\$'M	Gross profit margin %
Gross profit and gross profit margin including government grants				
Property & facility management services	212.6	32.0%	230.7	32.6%
City essential services	482.4	10.8%	465.9	12.4%
E&M services	364.2	11.0%	355.0	10.8%
Total	1,059.2	12.5%	1,051.6	13.5%

In FY2024, the Group's property & facility management services segment, city essential services segment and E&M services segment contributed 20.1% (2023: 21.9%), 45.5% (2023: 44.3%) and 34.4% (2023: 33.8%) of its gross profit respectively. The Group's gross profit increased by HK\$7.6 million or 0.7% to HK\$1,059.2 million from HK\$1,051.6 million in FY2023, with an overall gross profit margin decreased to 12.5% from 13.5%, mainly reflecting higher contributions from the Group's E&M, cleaning & pest control and technical support & maintenance businesses, partly offset by a decrease in government grants.

For the year ended 30 June				
	2024 HK\$'M	Gross profit margin %	2023 HK\$'M	Gross profit margin %
Gross profit and gross profit margin				
Gross profit and gross profit margin as reported	1,059.2	12.5%	1,051.6	13.5%
Excluding government grants	(9.5)	(0.1%)	(34.3)	(0.4%)
Gross profit and gross profit margin excluding government grants	1,049.7	12.4%	1,017.3	13.1%
Excluding gross profit from COVID-related works	(0.2)	–	(32.1)	(0.4%)
Gross profit and gross profit margin excluding government grants and COVID-related works	1,049.5	12.4%	985.2	12.7%

If excluding the effects of these grants in the Group's gross profit for both years (i.e. HK\$9.5 million for the Year and HK\$34.3 million in last year) to better illustrate the Group's performance without such effects, the adjusted gross profit margin would decrease to 12.4% from 13.1% last year. This was mainly caused by a lower gross profit margin of the city essential services segment, principally driven by a decrease in COVID-related intensive cleaning and disinfection works. The Group's gross profit of last year included a contribution of about HK\$32.1 million from COVID-related works which mostly did not recur in the Year. Should the gross profit from COVID-related works in both years also be excluded, the Group's adjusted gross profit margin would decrease to 12.4% from 12.7% last year.

- *Property & facility management services:* This segment recorded a decrease in its gross profit of HK\$18.1 million to HK\$212.6 million from HK\$230.7 million, with a stable gross profit margin at 32.0%. This was caused by reduced COVID-related works for government buildings and a decrease in government grants.
- *City essential services:* This segment recorded an increase in its gross profit of HK\$16.5 million to HK\$482.4 million from HK\$465.9 million, with its gross profit margin decreased to 10.8% from 12.4%. This was caused by (i) an increase in new cleaning service contracts mainly from the government; (ii) an increase in new general insurance service contracts awarded; and (iii) a higher gross profit contribution from the technical support & maintenance business driven by the system replacement works for a commercial building in Tsuen Wan, partly offset by the effects of (i) a decrease in COVID-related cleaning works; (ii) a lower contribution from its environmental solutions business mainly reflecting its lower sales of building materials and (iii) a decrease in government grants.
- *E&M services:* The gross profit of the E&M services segment increased by HK\$9.2 million to HK\$364.2 million from HK\$355.0 million with its stable gross profit margin at 11.0%, principally reflected its higher revenue, partly offset by a decrease in government grants.

Management Discussion and Analysis

General and administrative expenses

General and administrative expenses of the Group for the Year increased by HK\$20.8 million or 4.4% to HK\$491.5 million from HK\$470.7 million last year, reflected an increase in staff costs and a decrease in government grants.

For the year ended 30 June				
	2024 HK\$'M	2023 HK\$'M	Change HK\$'M	% Change
General and administrative expenses excluding government grants				
General and administrative expenses as reported	491.5	470.7	20.8	4.4%
Excluding government grants	1.1	6.0	(4.9)	(81.7%)
General and administrative expenses excluding government grants	492.6	476.7	15.9	3.3%

If excluding the effects of government grants in the Group's general and administrative expenses for both years (i.e. HK\$1.1 million for the Year and HK\$6.0 million last year) to better compare their amounts without such effects, the adjusted general and administrative expenses would increase by 3.3% to HK\$492.6 million compared to HK\$476.7 million last year.

Other income, net

Other net income of HK\$23.0 million was recorded by the Group during FY2024 compared to HK\$42.0 million recorded in FY2023.

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

Finance income

In FY2024, the Group recorded finance income of HK\$18.9 million (2023: HK\$10.6 million). The increase mainly reflected higher average market interest rates and principal sum of the Group's bank deposits placed during the Year.

Finance costs

The Group's finance costs of HK\$19.5 million (2023: HK\$16.9 million) for FY2024 included interest expenses of (i) HK\$13.9 million (2023: HK\$10.2 million) for the Group's bank loan financing its acquisition of property & facility management services business in December 2019; (ii) HK\$3.8 million (2023: HK\$4.8 million) for other bank borrowings and (iii) HK\$1.8 million (2023: HK\$1.9 million) for lease liabilities.

Income tax expenses

The effective tax rate of the Group increased by 0.2% to 15.4% (2023: 15.2%), mainly attributable to a reduction in the non-taxable government grants.

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			
	2024 HK\$'M	2023 HK\$'M	Change HK\$'M	% Change
Property & facility management services	108.6	138.5	(29.9)	(21.6%)
City essential services	223.8	215.9	7.9	3.7%
E&M services	189.9	185.6	4.3	2.3%
Unallocated corporate expenses and finance costs*	(21.2)	(17.1)	(4.1)	24.0%
Total	501.1	522.9	(21.8)	(4.2%)

* Unallocated corporate expenses and finance costs comprise the Company's corporate expenses of HK\$7.3 million (2023: HK\$6.9 million) and interest expenses of HK\$13.9 million (2023: HK\$10.2 million).

The Group's profit for the Year decreased by 4.2% or HK\$21.8 million to HK\$501.1 million compared to HK\$522.9 million last year. The decrease mainly resulted from (i) a decrease in government grants; (ii) a reduction in profit contributions from COVID-related works and (iii) higher corporate finance costs, partly mitigated by the effects of the higher contributions from the E&M, insurance solutions, technical support & maintenance and systems security, guarding & event services businesses. Details of the government grants recognised by the Group are set out in Note 6 to the consolidated financial statements. The net profit margin of the Group reduced to 5.9% for the Year from 6.7% last year.

	For the year ended 30 June			
	2024 HK\$'M	2023 HK\$'M	Change HK\$'M	% Change
Profit attributable to shareholders				
Profit attributable to shareholders as reported	501.1	522.9	(21.8)	(4.2%)
Excluding government grants	(25.8)	(77.0)	51.2	(66.5%)
Profit attributable to shareholders excluding government grants	475.3	445.9	29.4	6.6%
Excluding profit contributions from COVID-related works	(0.2)	(26.8)	26.6	(99.3%)
Profit attributable to shareholders excluding government grants and COVID-related works	475.1	419.1	56.0	13.4%

If excluding the effects of government grants in the Group's result for both years to better illustrate the Group's financial results without such effects, the Group would record an increase in adjusted net profit for the Year of 6.6% to HK\$475.3 million (i.e. after excluding government grants of HK\$25.8 million from its profit attributable to shareholders of the Company of HK\$501.1 million) as compared to its adjusted net profit for last year of HK\$445.9 million (i.e. after excluding government grants of HK\$77.0 million from its profit attributable to shareholders of the Company of HK\$522.9 million). Should the profit contributions from COVID-related works in both years also be excluded, the Group's adjusted net profit for the Year would have increased by 13.4% to HK\$475.1 million from HK\$419.1 million.

Management Discussion and Analysis

Other comprehensive loss

The Group recorded other comprehensive loss for the Year of HK\$6.6 million (2023: HK\$10.1 million), reflected the remeasurement losses of HK\$5.5 million (2023: gains of HK\$0.8 million) on long service payment liabilities and HK\$0.2 million (2023: gains of HK\$0.1 million) on defined benefit retirement scheme and an unfavourable exchange reserve movement of HK\$0.9 million (2023: HK\$11.0 million) recorded during the Year following an depreciation of the Renminbi ("RMB") for conversion of the Group's net investments in Mainland China.

Capital structure

As at	30 June 2024 HK\$'M	% to total equity	30 June 2023 HK\$'M	% to total equity	Increase/ (decrease) HK\$'M
Non-current assets	304.6	30.8%	338.0	48.3%	(33.4)
Cash and bank balances	601.3	60.8%	751.9	107.5%	(150.6)
Borrowings ⁽ⁱ⁾	235.8	23.8%	282.0	40.3%	(46.2)
Net cash ⁽ⁱⁱ⁾	365.5	37.0%	469.9	67.2%	(104.4)
Working capital ⁽ⁱⁱⁱ⁾	774.0	78.3%	723.4	103.4%	50.6
Total equity	988.9	100.0%	699.4	100.0%	289.5

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 2024, the Group had total cash and bank balances of HK\$601.3 million (30 June 2023: HK\$751.9 million), of which 96%, 2% and 2% (30 June 2023: 96%, 2% and 2%) were denominated in Hong Kong dollar, RMB and other currencies respectively, and total borrowings of HK\$235.8 million (30 June 2023: HK\$282.0 million), of which HK\$218.8 million was denominated in Hong Kong dollars (30 June 2023: HK\$263.6 million) and HK\$17.0 million (30 June 2023: HK\$18.4 million) was denominated in RMB. The Group's

net cash balance decreased by HK\$104.4 million to HK\$365.5 million as at 30 June 2024 as compared to HK\$469.9 million as at 30 June 2023 mainly reflecting the distribution of the Company's FY2023 final dividend of HK\$95.9 million and FY2024 interim dividend of HK\$100.8 million and the Group's net payments for repayments of borrowings of HK\$46.3 million and principal portions of lease liabilities of HK\$49.2 million, partly offset by the net cash inflow from operating activities. The Group's net gearing ratio was maintained at zero as at 30 June 2024 (30 June 2023: 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 2024, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK\$3,134.9 million (30 June 2023: HK\$2,649.7 million). As at 30 June 2024, HK\$1,026.6 million (30 June 2023: HK\$1,052.3 million) of the Group's banking facilities had been utilised for bank borrowings, 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 2024, the Group's total debts amounted to HK\$235.8 million (30 June 2023: HK\$282.0 million), of which HK\$17.0 million is renewed on a monthly basis and HK\$218.8 million matures in December 2024. As at the date of this report, the Group's HK\$218.8 million of debt originally maturing in December 2024 has been renewed for two years and will be matured in September 2026. The Group has managed its debt maturity profile to minimise its refinancing risks. All of these debts, including HK\$218.8 million denominated in Hong Kong Dollar and HK\$17.0 million denominated in RMB, bear interest at floating rates.

Foreign currency exposure

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

As part of the Group's business is carried out in Mainland China, some of its assets and liabilities are denominated in RMB. The majority of these assets and liabilities had arisen from the net investments in Mainland China operations with net assets of HK\$130.2 million (30 June 2023: HK\$128.7 million) as at 30 June 2024. The foreign currency translation arising from translation of these Mainland China operations' financial statements from RMB (functional currency of these Mainland China operations) into Hong Kong dollars (the Group's presentation currency) does not affect the Group's profit before and after tax and will be recognised in its other comprehensive income.

During the Year, the fluctuation of RMB against Hong Kong dollars was 4% (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 2024, if the Hong Kong dollars had strengthened/weakened by another 4% against the RMB with all other variables unchanged, the Group's other comprehensive income would have been HK\$5.2 million lower/higher.

Capital commitments

As at 30 June 2024, the Group had capital commitments of HK\$5.4 million (30 June 2023: HK\$1.4 million) in relation to 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 2024.

Management Discussion and Analysis

Convertible preference shares

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

The convertible preference shares are (i) convertible into 43,676,379 ordinary shares of the Company At an initial price of HK\$3.2260 per share (subject to adjustments upon occurrence of certain prescribed events, including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves etc., in each case if not also made available to the holder(s) of the convertible preference shares), provided that any conversion shall not result in the Company failing to comply with any public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, within a period of 10 years after their date of issue of 16 December 2019 (the "Issue Date") and (ii) redeemable by the Company at its sole discretion at a redemption price equals to the Issue Price together with all outstanding preferred distributions accrued to the date fixed for redemption at any time after 10 years following the Issue Date. The convertible preference shares are treated as contingently issuable potential ordinary shares under Hong Kong Accounting Standard ("HKAS") 33 "Earnings per Share" and, since the conditions for their conversion were

not met as at 30 June 2024, the effect of their conversion is not included in the calculation of the diluted earnings per share for years ended 30 June 2024 and 2023 pursuant to HKAS 33's requirements as described in Note 12 to the consolidated financial statements. Assuming that all of the outstanding convertible preference shares were converted as at the end of the financial year of 30 June 2024 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 2024 would be HK\$1.01 per share, calculated as the Group's profit attributable to shareholders of the Company of HK\$501.1 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 two independent non-executive directors of our Company, all elected by the Board.

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

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 2024.

Environmental

Environmental concerns

Guided by an ISO14001-certified Environmental Management System, our management approach ensures that our business develops sustainably and addresses environmental impacts effectively. Our Sustainability Policy and Energy and Carbon Management Policy enables us to reduce our carbon footprint and manage of 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

Management Discussion and Analysis

efficiency lighting system, promoting electric vehicles to reduce fuel consumption and emissions, and developing guidelines for energy efficient practices in workplaces. For our business operations, we have developed effective contingency plans from past experiences to cope with different challenges of extreme weather events. Additionally, we also provide our clients with sustainable environmental solutions through our various lines of service.

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

Commitment to the environment

Our environmental targets set by the ESG Committee in FY2023 have been well achieved. To demonstrate further commitment in reducing environmental footprint, new environmental targets regarding reduction in fuel consumption, electricity consumption and paper procurement have been set to reflect our strong passion in environmental sustainability. Our new set of targets aims to reduce 1.0% of fuel consumption, 1.5% of electricity consumption, and 8.0% of paper procured.

Enhancing energy efficiency in buildings and business operations is beneficial for our operations and the environment.

Building a culture of sustainability

We believe fostering behavioral change within the Group is key to driving sustainable growth. Our dedicated ESG task force, 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, the Group has already replaced six company cars with four electric vehicles and two hybrid cars. We aim to replace 14 more company vehicles with electric models by 2027.

Our 21-member ESG Task Force acts as sustainability advocates, driving the planning, execution, and evaluation of ESG initiatives.

In addition, the Group aims to reduce electricity consumption through two main initiatives. All our employees are encouraged to abide by the “4-Offs” initiative to ensure that all lights, air conditioning, computers and monitors are turned off when office facilities are not in use. To further reduce our electricity consumption, we also urged colleagues to turn-off the lights when they have their lunch break.

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.



The Group values employees as our asset and introduces two executive programmes to develop future leaders.

Training and development

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

With our clients' needs constantly evolving, continuous learning remains essential in our line of work. Various client engagement workshops including Proactive Marketing and Client Engagement, Being an Effective Service Coach, and Connecting and Engaging People have been arranged for our frontline and management colleagues to attend. We support our employees through a variety of career development opportunities. During this reporting year, we exceeded the last year training hour by 44,249 hours, reaching a total of 204,929 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 FY2024, 29 managers and 30 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



The workshop equipped us with the necessary skillsets and knowledge to engage the ethnic minorities workforce.

Management Discussion and Analysis

of their race, gender, age, professional and education background, or religion. Moreover, we have robust systems in place to ensure pay equality through impartial and transparent performance assessment.

To foster a culture of inclusiveness and fairness, we arranged workshops with Hong Kong Council of Social Service on Cultural Sensitivity for our colleagues to create a multi-cultural workplace within the Group. In partnership with Chi Lin Buddhist Secondary School, we have launched a Summer Work Experience Programme specifically designed for the students with Special Educational Needs ("SEN"). This programme aims to provide their students with valuable work experience, helping them gain practical skills and confidence in a professional environment. To further our DEI efforts, we also collaborated with The Zubin Foundation to create job opportunities for ethnic minorities. This partnership aims to address employment disparities and promote fair hiring practices.

We value diversity for boosting productivity and ensure equal opportunities regardless of race, gender, age, background, or religion.

Occupational Health, Safety and Wellness

We believe that prioritizing the health, safety, and wellness of our people is vital for increasing employee satisfaction, productivity, and overall sustainable business growth. At FSE Lifestyle, we have a Safety Task Force with members from all business units which is responsible for developing and promoting workplace safety policies and procedures. We track and evaluate our safety management performance by monitoring our accident rates of individual business units on monthly basis. Our continued commitment to our employees' health, safety, and wellness will drive our long-term success.

Maintaining 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 178 charity drives and community engagement events for our beneficiaries, supporting children, the elderly, and people from disadvantaged backgrounds.

In the past year, over 3,658 volunteer counts dedicated over 26,530 hours to serving the community, 106.1% of our 2023/24 goal. 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.



The Charity Bazaar was hosted to foster resource reutilization and provide aid to underprivileged members of our community.

Salvation Army charity drive

We partnered with The Salvation Army Recycling Program Hong Kong to host a Charity Bazaar at our headquarters in May 2024. Our event encouraged our employees and business units to donate new or used items, extending the lifetimes of products with a good cause. The proceeds of this charity sale would then be directed to helping people from underprivileged backgrounds. Any leftover items would be donated to support The Salvation Army Recycling program.

With our employee's avid support, we donated over 900 items including books, clothing, houseware items and more to the sale. Our employees expressed immense satisfaction from the event, which we echoed as we work towards creating a positive difference in the community.

KTSI treadmill challenge

The Kai Tak Sports Initiative ("KTSI") is a charity that promotes physical and mental health amongst people in Hong Kong, raising awareness of its importance and providing sporting opportunities to people of all ages and background.

5 employee representatives participated in the KTSI 100 km Treadmill charity challenging in June 2024, using their athletic prowess for a good cause. Alongside 600 participants, they collaborated and ran 100 km in the indoor ultramarathon relay race as a team. In the end, they received a medal of recognition as a token of appreciation towards their dedication.

Participation in this meaningful initiative demonstrated our commitment towards promoting a healthy and sports-filled lifestyle for the community.



Management Discussion and Analysis



It is the 2nd consecutive year for us to support this meaningful and charitable event.

ACCA Community Day Charity Rickshaw Race

Every year, the Association of Chartered Certified Accountants ("ACCA") holds the ACCA community day. Over the past 26 years, this event has raised over HKD\$23 million for charities around Hong Kong.

For the second year in a row, we participated in their Rickshaw Race, paying tribute to Hong Kong's cultural heritage while raising money for charitable causes.

7 of our enthusiastic employees participated in this exciting event while our cheering team cheered them on with self-made props and slogans. We were inspired by the passion embodied by participants as we look to continue supporting different charities around Hong Kong.

Médecins Sans Frontières ("MSF") Day

We have been actively participating in the annual 7.7 MSF Day for over a decade, supporting their medics' tireless dedication and humanitarian work in emergency areas such as Gaza and Ukraine.

This year on the 7th of July, our employees wore MSF bracelets in symbolic support and solidarity to those who put their lives at risk to help others. Employees receive a bracelet in return when donating to MSF.

We hope that our support enables those living in destitution to receive the help and support they need.





Launching our Caring Day 2024 jointly with St. James' Settlement at their Headquarters.

FSE Caring Day 2024

Commemorating the launch of this year's Caring Day, we held a ceremony in March to celebrate our partnership with St. James' Settlement to serve the elderlies, children with special educational needs, the disabled and other underprivileged groups in society.

During the kick-off ceremony, our Executive Vice-Chairman Patrick Lam expressed his gratitude and appreciation towards employees who are proactive in serving those in the community through our social service initiatives.

Following this, our staff banded together and prepared to distributed 1,500 bags of rice to the needies. Seven other social service initiatives were also held after the kick-off ceremony, involving 190 employees from our different lines of services.

We hope to continue our impressive track record of social service initiatives and engage with the community even more.

Participation in smoke-free sportswear day

We are committed to promoting a smoke-free lifestyle to create a healthier environment for all. In support of this goal, we participated in "Smoke-free Sportswear Day 2024", an event organised by the Council on Smoking and Health.

Our employees wore sportswear to work, to showcase our dedication to a smoke-free lifestyle, while promoting an active and healthy habits through sports.

Furthermore, we've also collaborated with Lok Sin Tong Benevolent Society Kowloon and organised anti-smoking campaigns in hopes of encouraging our employees to embrace healthier habits by raising awareness of the harmful effects of smoking.

These efforts demonstrated our commitment towards improving community health through both community and employee engagement.



Management Discussion and Analysis



YWCA elderly volunteering

Aside from home visits, we also hold community visits to elderly living in care homes. We regularly partner with Hong Kong Young Women's Christian Association ("YWCA") and engage in service and volunteering activities.

In celebration of Chinese New Year, 95 of our employees from Waihong Services Group organised a visit to YWCA Wan Wah Care and Attention Home for the Elderly to spread the festive joy.

Our volunteers decorated the center with Fai Chun and other festive decorations. With the help of costumes and Lai See, our staff and residents of the care home wished each other a happy Chinese New Year. It was all smiles as we all enjoyed and celebrated this traditional holiday.

Blood drive

One pint of blood can save up to three people's lives. One person's small contribution can make waves in other people's lives.

We regularly collaborate with Hong Kong Red Cross to organise blood donation drives several times a year and encourage staff to support this meaningful initiative.

At our Kowloon Bay headquarters, 76 employees participated in the January 2024 blood drive, building on the great turnout of 45 donors in July 2023. Employees from the Group, along with our business partners Hip Hing Construction and Vibro, all contributed to this meaningful cause.

By holding blood drives, we hope to raise awareness of the importance of this act. We are inspired by our employees' act of kindness and hope that it can help rescue people from potentially life-threatening situations.



76 blood donors from all FSE business units and our esteemed partners supported the blood drive held in January 2024.



Showing love to children and their carers

For more than 10 years, Urban Group has held "Urban Group Caring Day" where the group reaches out to members of the community to support them with meaningful initiatives.

We recognise the burden that parents may sometimes face caring for their children. In 2024, we collaborated with Hong Kong YWCA and held our Caring Day under the slogan of "Sharing Love and Joy with children and their carers".

Bringing together 50 children and 80 parents to, our volunteers led the children in various activities, such as "Treehouse Adventure", "High Ropes" and "Leaf Vein Printing". In the meantime, we also held a movie screening for parents, giving them a chance to relax and take a break from their care-giving duties.

Through holding regular community service initiatives, Urban Group works hard promote the spirit of volunteering within the community and support children and their caregivers.

Food preparation and meal distribution (豐盛生活 餽暖傳愛)

As the leading lifestyle services provider in Hong Kong, we are committed to quality in both our business operations and in our community services. That's why we partnered with Food Angel to organise 豐盛生活 餽暖傳愛.

Food Angel is a well-known initiative that recycles surplus food from food retailers that would have otherwise been disposed. Using these foods, they prepare nutritious meals for underprivileged members of the community. The food processing centers comply the top food safety standards while using "cook-chill" technology to maintain food quality without the use of preservatives.



FSE volunteers gathered to assist in preparing and sorting fresh vegetables.

Management Discussion and Analysis



FSE volunteers participated in the “豐盛生活 饑暖傳愛” campaign to prepare meal boxes for the less fortunate in the community.

In March, 30 of our employees volunteered at one of Food Angel's food stations to help process and clean vegetables collected from food donors. They assisted in the crucial work of preparing vegetables by sorting, washing, cutting, and packaging them before they could be cooked into delicious meals for their intended beneficiaries.

Later in April, 21 of our employees volunteered once again to assist in the preparation of meal boxes. Together, they prepared 7,700 tasty and nutritious hot meals for the underprivileged. These meals were then distributed by Food Angel's outreach teams.

We know that, for some in the community, hot and nutritious meals could be hard to come by. By contributing to efforts to provide good quality food for all, we hope not only to raise awareness to reduce food wastage but also promote efforts to make access to good food a reality for everyone.



Supporting elderly people

As Hong Kong experiences population aging, there are more and more elderly people who experience illnesses or live alone, needing the support of the community. Recognising this, we are proactive in providing mental and material support to these elderly people by visiting them in their homes.

In March, 197 of our employees visited 300 elderly people who suffer from chronic or terminal illnesses in different communities in Hong Kong. Our employees visited the elderlies' homes, bringing along with them gift packs filled with healthy snacks, crochet toasters and Chinese knotting handiwork, also made by volunteers. Volunteers conversed with the elderly, forming rapport, and provided words of encouragement if they were experiencing bad times.



197 FSE volunteers visited and chatted with 300 elderly singletons.

In June, to share the festive spirit of this year Dragon Boat festival, we collaborated with Lok Sin Tong Benevolent Society Kowloon and arranged visits with elderly people who live alone. 20 of our employees volunteered and visited elderly people living alone in various neighborhoods across Hong Kong. Bringing along with them zongzi and care packages with essential items, our volunteers provided companionship and a chance for conversation with elderly people, who may be experiencing feelings of isolation during the festival.

With warm smiles and candid conversations, both our volunteers and the elderly gained a sense of satisfaction and joy. As a group, we were inspired to further address the needs of the elderly in our business operations as well as our community outreach initiatives.

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





Employees and Remuneration Policy

As at 30 June 2024, the Group had a total of 25,297 employees (30 June 2023: 24,496), including 8,939 (30 June 2023: 9,102) casual workers and employees whose relevant costs are directly reimbursed by or charged to our customers or charged by sub-contractors. Staff costs for the Year, including salaries and benefits, was HK\$3,674.3 million (2023: HK\$3,166.7 million). The increase mainly reflects an increase in the number of staff.

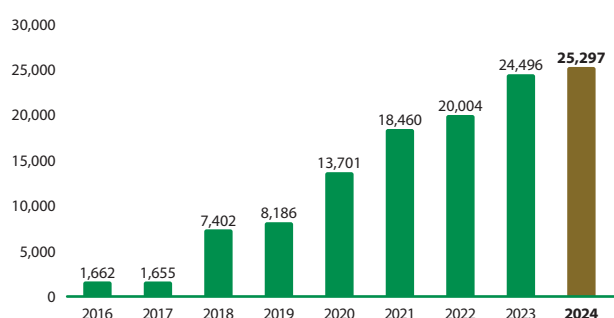
The Group offers attractive remuneration packages, including competitive fixed salaries plus performance-based annual bonuses, and continuously provides tailored training to its employees with the aim of promoting upward mobility within its organisation and fostering employee loyalty. Our employees are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

The Company maintained 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.

Number of Staff at 30 June





Outlook

Property & Facility Management Services segment

The segment has over 50 years' experience providing quality management services to help clients maintain properties and facilities, improving their quality, reputation and value. The higher demand for enhanced and one-stop professional property and facility management solutions represent growth opportunities to the Group. We see ample opportunities and a robust outlook for the business:

Demand for professional property management services in Hong Kong is increasing and will continue to increase due to the government's policy to boost residential unit supply in the next decade.

- Demand for professional property management services in Hong Kong is increasing and will continue to increase due to the government's policy to boost residential unit supply in the next decade.

- As social awareness of the need to protect property owners' rights, demand for services from independent (non-property own developer related) property and facility management companies is growing.
- Ongoing growth of residential properties supply in Hong Kong presents the Group with opportunities in the first-hand property sales market. The government's new admission schemes to immigrants, particularly the Top Talent Pass Scheme ("TTPS"), are in favour of property sales and leasing, conducive to driving housing demand and the Group offering sale and leasing services.
- The segment has an over 5,000-strong staff, and the capability to adopt new operating methods, combining skills with innovative technologies and IoT applications to enhance overall service efficiency and effectiveness. With more and more clients opting for technological solutions, the segment is well-versed in applying advanced technologies to capitalise on that trend. The Group has adopted many technology applications, including Sm@rtUrban, ComEasy and Drones, at over 120 sites enhancing operational efficiency and service effectiveness.

Management Discussion and Analysis



- Urban, International Property Management and Kiu Lok under the segment are licensed property management companies under the Property Management Services Ordinance “PMSO”) (Cap. 626 of the Laws of Hong Kong), which together maintain a strong team of over 300 Tier 1 and Tier 2 property management practitioners, one of the largest licensed service teams in the industry. They ensure the smooth operation and statutory compliance of managed properties and facilities. As such, the Group is well-prepared to cater to PMSO-associated market demand and maintain competitive advantages over its peers in new tenders and business development in the coming years.
- The segment has an experienced technical and engineering team with expertise in various building repairs, maintenance, renovations and refurbishment projects. It has participated in and coordinated such projects for large private housing estates, commercial premises and modern intelligent buildings, helping raise their value. It maintains an engineering team with over 500 highly-trained technicians. Urban renewal and the accelerated implementation of urgent repair works under the Mandatory Building Inspection Scheme will provide another growth driver in the coming years.
- Enjoying synergies with other business units, the segment has partners in different professional service providers and contractors. Affording economies of scale and strong bargaining power, it is able to ensure its clients can deliver the most cost-effective services at competitive pricing and the highest operational efficiency.
- Beyond meeting statutory requirements, the segment implements stringent governance practices covering environmental protection and care, corporate social responsibility, and risk and crisis control. Urban, for example, is dubbed “Hong Kong’s Premier Community Manager”, mounting over 50 corporate social responsibility activities a year. It also maintains a meticulous risk and crisis management system to address issues from building service disruptions to pandemic control.
- As a reputable property manager, the Group has earned the trust of clients, thus has a strong customer network, to leverage in providing property sale and leasing services. It uses such digital platforms as webpages, social media channels and instant messaging to effectively engage clients and provide them with convenient access to property information plus promote its property sale and leasing services.

As a reputable property manager, the Group has earned the trust of clients, thus has a strong customer network, to leverage in providing property sale and leasing services.

City Essential Services segment

1. Cleaning Services & Pest Control Services

Waihong continued to grow fast and healthy in the past year. With new government and private development projects to be completed in the coming years, it is looking at guaranteed massive hygiene and environmental service demands. Tourism and the exhibition industry rebounding post-pandemic will also present Waihong with opportunities to provide relevant services. Also, the fragmented market in this industry with relatively low market share of each service providers allow room to capture growth. Waihong is ready for further growth:

- Many new private properties and public facilities will be launched in the Kai Tak Development Area and Northern Metropolis in the coming years. Waihong has already secured some sizable service contracts for residential, commercial, and public facilities in the Kai Tak Development Area. It will also explore and is ready to tap the increasing demand for specialist cleaning and hygiene services of different properties and facilities, public and private, prompted by growing public health awareness.
- Waihong stands prime to benefit from the increasing cleaning and support service demands from the recovering exhibition, conference, concert and international sport event sectors. Such ad-hoc business opportunities will allow it to increase revenue and profit to offset the effects of softening demand for disinfection services.

- Technological development as well as the quest for sustainability are quickly transforming the cleaning and pest control industry. Thanks to more advanced software and hardware, automatic cleaning relevant processes, such as scheduling and inventory management, have improved and IoT sensors and robots are well-adopted in cleaning work. Waihong has also invested in AI systems, including smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy) to strengthen its ability to meet evolving client needs and long-term profitability.
- To address growing environmental sustainability concerns, Waihong provides disposal service for municipal solid waste, medical waste, liquid waste, construction waste, wastepaper, food waste and aged battery, agreeing with the increasing demand for eco-friendly cleaning solutions of clients in industries including healthcare, hospitality, educational institutions, as well as public facilities, while fulfilling its ESG responsibilities. Although the municipal solid waste charging scheme has been postponed until further notice by the Hong Kong Government, the public and market still have strong demand for waste collection and recycling services. Waihong is ready to add more than 100 vehicles to its waste management fleet to deal with the expected market demands.



Management Discussion and Analysis

- Waihong is always exploring different market opportunities. On top of providing excellent and value-added services to meet clients' needs thereby attain high client retention rates, Waihong has invested more resources in strengthening its competitiveness in tendering service contracts from different government agencies to widen its market share.

2. Insurance Solutions

As the largest local insurance broker founded and based in Hong Kong with a 36-year history and a strong team of professionals, Nova has competitive advantages over its peers and is looking at further growth in the coming years:

- With complex requirements and extremely price conscious, corporate insurance buyers need a professional broker to help them get better deals. Nova's quality services helped it win more accounts from its competitors.
- Nova continues to do what it does best, including construction work related insurance. With a lot of new commercial and residential developments and infrastructure projects in the pipeline under the government's initiatives in Hong Kong, it is looking at ample business opportunities to come.
- With extensive experience and a proven track record plus local flair, Nova is well positioned to seize opportunities in the thriving market. In addition, Nova has vast network of local customers and synergy opportunities with other divisions of our Group. The fact that some international brokers tried to grow business in Hong Kong in recent years but failed showed that having local knowledge is important and that is one of Nova's biggest edges.



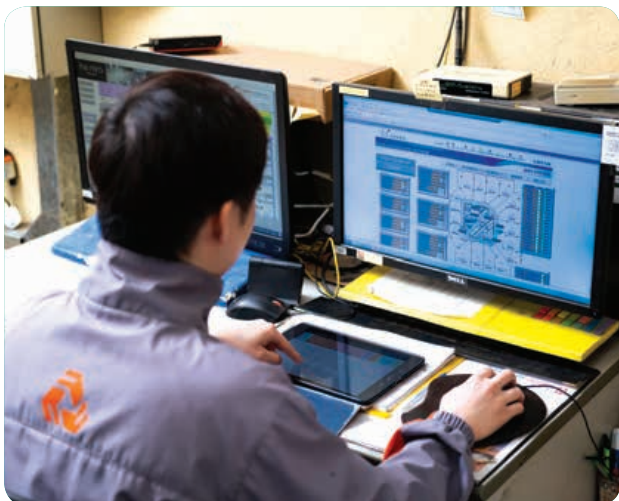
- In the coming years, Nova will strive to win more clients in industries where its experience and expertise lie, such as construction, property management, hospitality, educational institutions, non-government organisations, and employee benefits such as group medical and MPF schemes. It will also focus on specialty products with higher yields such as cyber insurance, professional indemnity insurance, directors & officers liability insurance and trade credit insurance.
- Following the expected completion of Nova's acquisition of Beijing Nova Insurance Services Limited on or before 31 December 2024, Nova can enter and expand its presence in the lucrative Chinese insurance brokerage market and well diversify its business operations geographically. This can help mitigate its risks associated with large reliance on a single market and provide a more balanced revenue stream.

3. Technical Support & Maintenance Services

In coming years, the division will aim to expand the scope of government term contracts to include fire services and electrical systems. Although it is a complementary business of the Group, the division has strong growth prospects and potential to bolster the Group's revenue and profit:

Accomplishing this great challenge – converting the air-cooled system to a 9,300-refrigerant-ton water-cooled chiller system will be a significant milestone for the Group, helpful for it to foster collaboration with power companies and other commercial parties in the future.

- In the private sector, the division brings in steady and stable income from maintenance and system retrofit works that support the main businesses of the Group. Furthermore, demand for large-scale renovation works for existing commercial premises is expected to grow in the coming years. According to the Hong Kong Tourism Board, there are more than 300 hotels and 50 major shopping malls in Hong Kong, a market promising ample opportunities for private sector business development in the next few years.



- With Hong Kong targeting to achieve carbon neutrality before 2050 and continuous enhancement of energy performance of buildings is expected, large developers are looking to enhance the energy performance of their properties, existing and new, to reduce their carbon emissions. Demand for retrofitting works will prevail, meaning there is an immense and sustainable market for the division to expand business. In 2023, the division landed a contract from CLPe Solutions, a wholly-owned subsidiary of CLP Holdings, on chiller replacement work – the first zero-carbon chiller system in Hong Kong. Accomplishing this great challenge – converting the air-cooled system to a 9,300-refrigerant-ton water-cooled chiller system – will be a significant milestone for the Group, helpful for it to foster collaboration with power companies and other commercial parties in the future. Retro-commissioning is another effective way to optimise buildings' operational performance and is recommended by the Electrical and Mechanical Services Department of the Hong Kong Government. The division, armed with certified professional qualifications from the Hong Kong Green Building Council, is apt to meet those market demands.
- The division embraces innovative technologies that can increase the efficiency and effectiveness of its works. Its innovative management system that combines Building Information Modeling ("BIM") with the Group's well-developed mobile app for maintenance services is designed with occupational safety in mind, allowing employees to manage safety issues effectively, and

helping reduce work-related accidents and enhance work efficiency to the Group's and clients' peace of mind.

4. Environmental Solutions

With escalating public demands for improving the living environment, the business segment sees abundant business opportunities for the Environment Solutions, Smart Solutions and Green Solutions it offers to clients in the coming years:

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

- Increasing public awareness of the importance of environmental protection, the Building Energy Efficiency Ordinance (Cap. 610 of the Laws of Hong Kong) taking effect from 2012 and the Hong Kong Government pledging to achieve carbon neutrality by 2050 in the "Hong Kong Climate Action Plan 2050" published in 2021 are continuing to support growth of the Group's environmental assessment services.
- The environmental engineering operation under the segment has grown steadily, driven by its seawater and freshwater treatment products, such as electro-chlorination systems, and odour removal products like biotech deodorisation systems. Despite the fierce competition in HVAC water treatment services, with a patented nanobubble ozonation system and capable of real-time monitoring, it has good prospect in enlarging market share.

Smart Solutions (ELV, EV and smart facilities)

- Regarding the ELV business, with more property developers adopting IT infrastructure and advanced technologies in their projects to enhance building sustainability and energy control, it has good opportunities ahead to generate revenue and profit.
- The Hong Kong Roadmap on Popularisation of Electric Vehicle ("EV") announced by the Government in 2021, targeting to achieve zero vehicular emissions by 2050 has fuelled the demand for relevant installation as supporting facilities in car parks to encourage EV adoption, and that has presented the Group with ample business opportunities.

Management Discussion and Analysis



- With finger on the pulse of the market, the business segment has worked hard on identifying new and more powerful products. It will continue to work with vendors to customise systems according to specific customer needs and smart city blueprints, using advanced technologies and smart solutions such as AI and IoT, intelligent intellectual property/information technology-based systems and various 5G mobile applications to strengthen the building management and environmental monitoring systems so as to enhance building sustainability and environmental quality, in turn increase customer satisfaction.

Green Solutions (landscape and building materials)

- The growing market demand for green elements in both indoor and outdoor spaces to enhance the visual and ecological environment has provided more opportunities to the Group's landscape services business. The greening policies, urban planning initiatives and various support provided by the government are conducive to development of the business.
- For the Group's building materials trading business, technological advancement and emphasis on healthy and green living concepts will translate into new opportunities for promoting new products with new features including anti-bacterial tiles. Collaborating with the Group's environment solutions team, the business has been able to keep up with market trends in identifying new building materials and products.

5. Systems Security, Guarding & Event Services

The service segment has a promising business outlook with housing supply improving and demands for security services increasing for events, festivals, and in the convention and exhibition sector:

- Government initiatives to enhance the quantity and quality of, and the speed, efficiency in public housing supply are making good progress. Also, various private housing projects and Hong Kong Housing Society's Dedicated Rehousing Estates are expected to be completed in the near future. Apart from serving the demand for regular guarding service of these new housing supplies, the division is also actively providing sales ambassadors and systems security, guarding services to new property sales projects.
- The Kai Tak Sports Park to open and expansion of AsiaWorld-Expo will create additional demand for security and event services, translating into valuable opportunities for the division.
- To maintain Hong Kong as a centre for major international events, the Government has launched campaigns to attract visitors and encourage consumption. Perfect Event, which has accumulated substantial experience in crowd management and providing services serving different mega events including races, concerts and exhibitions, has an expanding market share in the sector.

- The industry continues to face the problem of manpower shortage. In bidding for fixed headcount projects, to mitigate the risk of incurring shortage penalties, the division has adopted a more selective bidding strategy and makes the best of its mobilised manpower pool. It is also considering importing workers via the government's Enhanced Supplementary Labor Scheme to help ease the shortage of hands.
- Manpower shortage of the industry has bred demand for higher-tech security solutions, such as night patrol, tele-protection, central monitoring, IoT and AI solutions. The division will continue to diversify its business with the help of new technologies to offer all-round one-stop solutions to customers.



E&M Services segment

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

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

- Public Housing – In the Chief Executive's 2023 Policy Address, it mentioned the Hong Kong Government having identified sufficient land to build 410,000 public housing units and 132,000 private housing units in the coming decade. In addition, there is the "Northern Metropolis" proposal that includes supply of more than 500,000 housing units in 20 years.

Another more than 150,000 public and private housing units are also anticipated to be available in the next 10 to 15 years along the Northern Link and Siu Ho Wan MTR Depot topside development.

Moreover, the introduction of Light Public Housing ("LPH") using the MiC approach will enable overall 172,000 public housing units (including 30,000 LPH units at eight sites) and 80,000 private housing units to be built in the next five years (between 2024/2025 and 2028/2029). Three sites have also been identified for building subsidised sales flats under a new public-private partnership pilot scheme, with the first two sites to provide at least 2,000 units.

- Private Housing – Continuing and anticipated projects included private residential and commercial redevelopments driven by the Urban Renewal Authority ("URA") and the Hong Kong Housing Society, developments in the Kai Tak Development Area, Yau Tong and Ap Lei Chau, and associated railway property developments, development of Tseung Kwan O Area 137 by the Government for residential and commercial and other relevant purposes, and the URA will commence, within the next five years, redevelopment of the "Nullah Road Urban Waterway" in Mong Kok East and the "Street Consolidation Areas" in Yau Ma Tei South.

This points to an increasing demand for professional construction services, and rendering those services to public and private housing and infrastructure projects will be the Group's focus in coming years.

Management Discussion and Analysis

- **Railway Development** – With the Hong Kong Government embarking on railway extension, the MTR has started building or the tendering processes for two-line extensions (Tuen Mun South Extension and Tung Chung Line Extension) and the Hung Shui Kiu Station and Oyster Bay Station. In addition, the Government has completed the public consultation on enhancing three railways, namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai), the Central Rail Link and the Tseung Kwan O Line Southern Extension. And, to match the development of new towns in the proposed Northern Metropolis, the MTR has kicked off studies on the proposal to build two new railways – Northern Link Eastern Extension and Northeast New Territories Line.
- **Airport Development** – The Hong Kong Government has also been working with the Airport Authority Hong Kong to realise the “Airport City” vision, turning Lantau into an Aerotropolis connecting the Greater Bay Area with the world.
- **District Cooling System** – Using District Cooling Systems (“DCS”) is also a government initiative reflective of its commitment to low-carbon development. Apart from the additional DCS in the West Kowloon Cultural District, tendering or construction is in progress for providing DCS in new development areas (i.e. Tung Chung East and Kwu Tung North). Such systems will also be available in new development areas including the proposed Northern Metropolis to help reduce energy consumption.
- **Convention and Exhibition** – To ensure Hong Kong’s position as a premier venue for large-scale international conventions and exhibitions, the Government will proceed with the tendering process for AsiaWorld-Expo Phase 2 at the end of 2024 and the Wan Chai North redevelopment project near the Hong Kong Convention and Exhibition Centre a few years later.
- **Sports and Recreational Facilities** – The Culture, Sports and Tourism Bureau will map out a 10-year development blueprint for 30 sports and recreational facilities, including Hong Kong’s second sports park to be developed in Whitehead, Ma On Shan, and large-scale sports and recreation facilities in the proposed Northern Metropolis.
- **Technology Park and Manufacturing Centre** – To encourage and enhance Innovation and Technology (“I&T”), the Hong Kong Government is collaborating with Shenzhen to develop the Shenzhen-Hong Kong I&T Co-operation Zone adopting a “one zone, two parks” model. Moreover, the Hong Kong Government will expedite development of the San Tin Technopole in the Northern Metropolis, and work to expand the Science Park and Cyberport will be completed in phases starting in 2025.
- **Technology and Operational Efficiency** – Increasing construction volumes, rising construction costs, an ageing workforce and skilled worker shortage, plus incidents, many serious, in different large-scale projects in recent years have posed pressure and challenges to the local construction industry. In 2019, the Development Bureau launched the “Construction 2.0” initiative (Innovation, Professionalisation and Revitalisation), which the Group supports. In 2023, the Bureau reviewed the labour shortage situation in the city and introduced the Labour Importation Scheme for the Construction Sector, with the import quota ceiling set at 12,000. To date, approvals have been given about 8,000 workers under the Scheme.
- **Macau** – In Macau, there is a constant demand for renovation and improvement works from hotels and casinos and also a robust demand for public and private residential housing. And, with the gaming licences of the six major casino operators renewed in November 2022 for 10 years, there are the development of Galaxy Macau Phase 4, renovation works in progress and to begin for existing casinos and hotel areas. In addition, Macau is determined to transform from a gambling-centric



economy into a versatile tourism-driven destination. All these factors are expected to create business opportunities for the Group in the coming few years.

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

At project level, green building principles are applied in using building services equipment to reduce energy usage, carbon footprint and construction wastes and green building designs, MiC, MiMEP, DfMA are adopted.

- In recent years, the Group has been providing project management services across Mainland China to including an international exhibition centre development in Shenyang, two high-rise building complexes in Tianjin and Guangzhou, and two commercial buildings in Beijing. It firmly believes, boasting high market recognition and strong value-added E&M project management expertise, it will be a preferred partner of foreign and Hong Kong-based developers for high-end projects in Mainland China.
- With a long-standing brand and substantial experience, the Group has maintained its position as one of the leading E&M service companies in Hong Kong and as a capable and trustworthy E&M service partner in Mainland China and Macau.
- On top of having a full range of licences and qualifications and being able to effectively manage tendering risks,

the Group's E&M services business has integrated operating and control procedures, a robust network of well-established customers and suppliers, and an experienced and well-trained workforce to support all its operations. These attributes have enabled the business segment to continuously improve operational efficiency and provide the most cost-effective services to clients at optimum prices.

- To cope with corporate clients' and property investors' growing emphasis on sustainability and ESG, the Group's E&M services business remains committed to helping build a greener future via optimising design and exploring relevant innovative methods. At project level, green building principles are applied in using building services equipment to reduce energy usage, carbon footprint and construction wastes and green building designs, MiC, MiMEP, DfMA are adopted.
- To boost operational efficiency and its project management capabilities, the Group invests in innovative construction technologies such as BIM, Digital Works Supervision System ("DWSS"), modularisation and prefabrication, Robotic Total Solution and Sky Drilling Machine, 3D laser scanning and mobile Apps solutions, etc.
- In addition, senior executives of the E&M services business hold key roles in leading industry organisations, including the Construction Industry Council, and such professional institutions as The Hong Kong Institution of Engineers and trade/industry associations including The Hong Kong Federation of Electrical and Mechanical Contractors Limited. Apart from strengthening its brand visibility, these involvements speak volumes to the commitment of the Group to professionalism and keeping pace with development of the modern construction industry.

Conclusion

Despite facing different challenges and operational difficulties, the Group's operations remained stable during the Year. Going forward, the Group will strive to maintain a strong financial position to ensure it is ready to grasp new business opportunities as they arise. We are confident that the Group will continue to grow.

Report of the Directors

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

Principal Activities and Geographical Analysis of Operations

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

Business Review

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) comprising analysis of the Group's performance during the Year, particulars of important events affecting the Group that have occurred since the end of the Year, as well as indication of likely future development in the business of the Group are set out in the sections headed "Chairmen's Statement" on pages 14 to 19 and "Management Discussion and Analysis" on pages 50 to 93. Description of the principal risks and uncertainties facing the Group are set out in the "Corporate Governance Report" under the paragraphs headed "Risk Management and Internal Control" on pages 42 to 48. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are contained in the "Management Discussion and Analysis" on pages 73 and 83 of this annual report.

Results and Appropriation

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 30 June 2024 are set out in the consolidated financial statements on pages 110 to 209.

The Directors have resolved to recommend a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share for the Year to the shareholders whose names appear on the register of ordinary shareholders of the Company on 3 December 2024. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about 16 December 2024. Together with

the interim dividend of HK22.4 cents (2023: HK24.5 cents) per ordinary share paid in March 2024, total distribution of dividends by the Company for the Year will thus be HK43.8 cents (2023: HK45.8 cents) per ordinary share and a dividend payout ratio of 40.0%⁽ⁱ⁾ (2023: 40.1%⁽ⁱⁱⁱ⁾).

Notes:

- (i) Based on the Group's adjusted profit for the year ended 30 June 2024 attributable to ordinary shareholders of HK\$492.6M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2024 from profit attributable to shareholders of the Company of HK\$501.1M).
- (ii) Based on the Group's adjusted profit for the year ended 30 June 2023 attributable to shareholders of the Company of HK\$514.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2023 from profit attributable to shareholders of the Company of HK\$522.9M).

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

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

Reserves

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

Distributable Reserves

Details of movements in the distributable reserves of the Company during the Year are set out in Note 34 to the consolidated financial statements. At 30 June 2024, the Company's reserves available for distribution amounted to HK\$820.4 million (30 June 2023: HK\$817.5 million).

Donations

During the Year, the Group made charitable and other donations amounting to HK\$1.2 million (2023: HK\$1.5 million).

Property, Plant and Equipment

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

Share Issued

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

Equity-Linked Agreements

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

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 210.

Major Customers and Suppliers

During the Year, the five largest customers of the Group accounted for 47.2% of the Group's revenue and the percentage of revenue attributable to the Group's largest customer amounted to 17.4%. The percentage of purchases attributable to the Group's five largest suppliers accounted for 5.2% of the Group's total purchases and the percentage of purchases attributable to the Group's largest supplier amounted to 1.2%.

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

Management Contracts

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

DIRECTORS

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

Non-executive Directors

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

Mr. Poon Lock Kee, Rocky (redesignated from Executive Director with effect from 1 July 2024)

Executive Directors

Mr. Doo Wai Hoi, William (*Chairman*) (appointed on 18 March 2024)

(ceased to act as alternate director to Dr. Cheng Kar Shun, Henry with effect from 19 March 2024)

Mr. Lam Wai Hon, Patrick (*Executive Vice-Chairman and Chief Executive Officer*)

(also acts as alternate director to Dr. Cheng Kar Shun, Henry with effect from 19 March 2024)

Mr. Doo William Junior Guilherme

Mr. Lee Kwok Bong

Mr. Soon Kweong Wah

Mr. Wong Shu Hung

Dr. Cheng Chun Fai

Report of the Directors

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen
Mr. Lee Kwan Hung, Eddie
Dr. Tong Yuk Lun, Paul
Ms. Leung Wan Chong Christine (appointed on 1 February 2024)

In accordance with article 109 of the Company's articles of association, Mr. Doo Wai Hoi, William and Ms. Leung Wan Chong Christine shall retire as Directors at the forthcoming annual general meeting and, both being eligible, offer themselves for re-election as Directors.

In accordance with article 105 of the Company's articles of association, Mr. Lee Kwok Bong, Mr. Soon Kweong Wah, Mr. Kwong Che Keung, Gordon and Mr. Hui Chiu Chung, Stephen shall retire as Directors by rotation at the forthcoming annual general meeting and, all being eligible, offer themselves for re-election as Directors.

The Company has received an annual confirmation from each of the Independent Non-executive Directors of his independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considered all the Independent Non-executive Directors independent.

The Directors' biographical details are set out on pages 20 to 26.

Directors' Service Contracts

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

Directors' Interests in Transactions, Arrangements or Contracts

Details of the connected transactions and material related party transactions are set out on pages 100 to 104 and Note 33 to the consolidated financial statements respectively.

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

Directors' Interests in Competing Business

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

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

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

Directors' Rights to Acquire Shares or Debentures

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

Permitted Indemnity Provision

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

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

Directors' and Chief Executive's Interests in Securities

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules were as follows:

Long position in ordinary shares of the Company

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

Note:

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

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

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

Report of the Directors

Notes:

1. These shares are held by Sino Spring Global Limited ("Sino Spring") as to 315,000,000 shares, Power Victory Global Limited ("Power Victory") as to 90,000,000 shares and Frontier Star Limited ("Frontier Star") as to 35,000,000 shares, the entire issued share capital of each of which is beneficially owned by Mrs. Doo, spouse of Mr. Doo. By Virtue of Part XV of the SFO, Mr. Doo is taken to be interested in all the shares in which his spouse is interested.
2. These shares are held by Equal Merit Holdings Limited ("Equal Merit"), the entire issued share capital of which is solely and beneficially owned by Mr. Lam.
3. These shares are held by Master Empire Group Limited ("Master Empire"), the entire issued share capital of which is solely and beneficially owned by Mr. Doo Jr.
4. These shares are held by Lagoon Treasure Limited ("Lagoon Treasure"), the entire issued share capital of which is solely and beneficially owned by Mr. Lee.
5. The percentage of shareholding is calculated on the basis of 500,000,000 shares of FSE Holdings in issue as at 30 June 2024.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2024.

Substantial Shareholders' Interests in Securities

As at 30 June 2024, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in ordinary shares and underlying shares of the Company

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

Notes:

1. These shares are held by FSE Holdings.
2. These shares are issuable to FMC upon full conversion of a total of 43,676,379 non-voting redeemable convertible preference shares (the "CPS") issued by the Company to FMC on 16 December 2019. Upon exercise of the conversion rights attaching to each CPS, each CPS is convertible into one ordinary share of the Company (subject to adjustments upon occurrence of certain prescribed events, including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves etc., in each case if not also made available to holder(s) of CPS) within a period of 10 years from its date of issue. FMC is wholly owned by FSE Holdings. By virtue of Part XV of the SFO, FSE Holdings is deemed to be interested in all the shares in which FMC is interested.

3. These shares comprise (a) the 337,500,000 ordinary shares in issue and held by FSE Holdings; and (b) the 43,676,379 ordinary shares issuable to FMC upon full conversion of the 43,676,379 CPS as referred to in Note 2 above.
4. FSE Holdings is held as to 63% by Sino Spring, 18% by Power Victory, 7% by Frontier Star, 7% by Master Empire, 4% by Equal Merit and 1% by Lagoon Treasure. By virtue of Part XV of the SFO, Sino Spring is deemed to be interested in all the shares in which FSE Holdings is interested.
5. Sino Spring, Power Victory and Frontier Star are wholly-owned subsidiaries of Fung Seng, which in turn is owned as to 75% by Fungseng Prosperity and 25% by Mrs. Doo. Fungseng Prosperity is a wholly-owned subsidiary of Doo Family which in turn is wholly owned by Mrs. Doo. By virtue of Part XV of the SFO, each of Fung Seng, Fungseng Prosperity, Doo Family and Mrs. Doo is deemed to be interested in all the shares in which Sino Spring is interested.
6. The percentage of shareholding is calculated on the basis of 450,000,000 voting shares of the Company in issue as at 30 June 2024. On a fully diluted basis upon full conversion of the CPS assuming no change in the number of voting shares of the Company, the total number of voting shares of the Company in issue will be 493,676,379 and the percentage of shareholdings held by FSE Holdings and FMC will be 77.21% and 8.85% respectively and in each case, each of Sino Spring, Fung Seng, Fungseng Prosperity, Doo Family and Mrs. Doo is deemed to be interested in all the shares in which FSE Holdings is interested under Part XV of the SFO. These percentage shareholdings on a fully diluted basis are provided for illustrative purposes only. The terms of the CPS will not permit conversion if immediately after such conversion, the public float of the ordinary shares of the Company will fall below the minimum public float requirements of the Listing Rules.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 30 June 2024.

Share Option Scheme

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

(i) Purposes of the Scheme

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

(ii) Who may join

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

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

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

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

(iii) Maximum number of Shares available for issue

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

Report of the Directors

(iv) Maximum entitlement of each participant

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

(v) Exercise period of option

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

(vi) Vesting period of option

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

(vii) Consideration for the option

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

(viii) Subscription price for the Shares

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

Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

(ix) Remaining life of the Scheme

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

No options had been granted under the Scheme since its adoption. The number of options available for grant under the Scheme as at 1 July 2023 and 30 June 2024 was 45,000,000 without any sub-limit for any category of eligible participants.

Connected Transactions

Connected persons of the Company

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

In the above paragraph and as appeared in this section:

"NWD Group" means New World Development Company Limited ("NWD"), the issued shares of which are listed on the Stock Exchange (stock code: 17), together with its subsidiaries from time to time;

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

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

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

Mrs. Doo is one of the controlling shareholders of the Company and is a connected person of the Company. Mrs. Doo is also the sister of Dr. Cheng (a chairman of the Board and a non-executive Director), the spouse of Mr. Doo (a chairman of the Board and an executive Director) and the mother of Mr. Doo Jr (an executive Director). The Doo’s Associates Group are 30%-controlled companies of Mrs. Doo and her “immediate family members” (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies. Members of the Doo’s Associates Group are associates of Mrs. Doo and are connected persons of the Company.

Connected transaction and continuing connected transactions

The Company has entered into the following transactions during the Year and up to the date of this report with one or more the above connected persons which constituted continuing connected transactions (“CCTs”) (paragraph (1) below) or connected transaction (paragraph (2) below) of the Company.

(1) The Master Services Agreements

On 28 April 2023, four master services agreements (the “Master Services Agreements”) were entered into by the Company in relation to the provision and/or receipt of services with details as follows:

- (a) a master services agreement entered into between NWD and the Company (the “NWD Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each NWD CCT in relation to the following services is to be entered into and subject:
- the provision of, by the Group to the NWD Group, E&M engineering and cleaning services, facility and property management services, insurance solutions services, environmental services, landscaping services, security, guarding and event servicing services, and such other types of services as the NWD Group and the Group may agree upon from time to time in writing (the “FSE-NWD Services”); and

- the provision of, by the NWD Group to the Group, rental services, sundry services, IT support services, materials supply services, contracting services, facility and property management services, insurance medical and health care services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing (the “NWD Services”).

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

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

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

- (c) a master services agreement entered into between CTFE and the Company (the “CTFE Master Services Agreement”) which serves to provide them with a master framework of agreement upon and to which the individual agreement for each CTFE CCT in relation to the provision and/or receipt of the services between the CTFE Group and the Company. On 17 November 2023, following the disposal of all the shares of NWS held by NWD to CTFE, NWS became a member of the CTFE Group and ceased as a member of the NWD Group. Accordingly, the services originally provided by the NWS Group as part of the NWD Services ceased as part of the NWD Services and became part of the services provided by the CTFE Group, and

Report of the Directors

the services originally provided as part of the FSE-NWD Services from the Group to the NWD Group also became part of the services from the Group to the CTFE Group. An addendum to the CTFE Master Services Agreement dated 17 November 2023 was signed by the Company and CTFE putting on record the changes in services contemplated under the CTFE Master Services Agreement. The services contemplated under the CTFE Master Services Agreement together with its addendum are summarized as follows:

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

Further details of the change in services contemplated under the CTFE Master Service Agreement and the corresponding changes in the annual caps for the NWD CCTs and the CTFE CCTs for each of the financial year ended/ending 30 June 2024, 2025 and 2026 are disclosed in the announcement of the Company dated 20 November 2023.

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

- the provision of, by the Group to the Doo’s Associates Group, E&M engineering and cleaning services, facility and property management services,

insurance solutions services, environmental services, landscaping services, security, guarding and event servicing services and such other types of services as the Doo’s Associates Group and the Group may agree upon from time to time in writing; and

- the provision of, by the Doo’s Associates Group to the Group, leasing or licensing of properties and related services and such other types of services as the NWD Group and the Group may agree upon from time to time in writing.

The Master Services Agreements and the transactions contemplated thereunder were approved by the independent shareholders at the extraordinary general meeting of the Company held on 28 June 2023. Each of the Master Services Agreements has an initial term of three years commenced on 1 July 2023 and ending on 30 June 2026. Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, each of these agreements shall be automatically renewed at the end of its initial term (or any subsequent renewed term) for a successive period of three years (or such other period permitted under the Listing Rules).

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

The NWD Master Services Agreement

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	1,232,199*	2,788,167
Paid/payable by the Group	6,063	51,140

The CTFJ Master Services Agreement

	Approximate total transaction amounts HK\$’000	Annual cap HK\$’000
Paid/payable to the Group	45,205*	68,287
Paid/payable by the Group	–	80

The CTFE Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	962,258*	1,397,829
Paid/payable by the Group	3,675	27,113

The Doo's Associates Group Master Services Agreement

	Approximate total transaction amounts HK\$'000	Annual cap HK\$'000
Paid/payable to the Group	22,786*	280,791
Paid/payable by the Group	9,526	33,887

* Out of total transaction amount paid/payable to the Group during the Year of HK\$2,262.4 million under the Master Services Agreements with the contracting parties per above, about 63% of it is attributable to ultimate third-party employers who are not connected persons of the Group.

(2) Proposed Acquisition of Beijing Nova Insurance Services Limited

On 1 February 2024, Nova Insurance Consultants Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, as the purchaser and (i) Guangzhou Sheng Gao Property Development Limited ("Sheng Gao"), (ii) Baohua Equity Investment Limited ("Baohua") and (iii) Nova Risk Services Holdings Limited ("Nova Risk Services"), collectively as the vendors (the "Vendors") entered into a conditional sale and purchase agreement pursuant to which the Purchaser has conditionally agreed to acquire from the Vendors the entire registered and paid up capital of Beijing Nova Insurance Services Limited ("Beijing Nova"), of which 40.1% is held by Sheng Gao, 35.0% is held by Baohua and 24.9% is held by Nova Risk Services, at a total cash consideration of RMB143.0 million (equivalent to HK\$155.6 million) (subject to adjustments, if any, by the amount of the unaudited or as the case may be, audited consolidated net tangible assets value of Beijing Nova as at the completion date) (the "Acquisition"). Beijing Nova is a national insurance brokerage for the insured established in Mainland China. The Acquisition allows the existing insurance solutions group of the Group to enter

and expand its presence in the lucrative Chinese insurance brokerage market and well diversify its business operations geographically.

Nova Risk Services, one of the Vendors, is a connected person of the Company for being an associate of FSE Holdings, a controlling shareholder of the Company, as a wholly-owned subsidiary of FSE Holdings. The acquisition of 24.9% of the registered and paid up capital of Beijing Nova by the Purchaser from Nova Risk Services under the Acquisition constitutes a connected transaction for the Company. Nova Risk Services is a substantial shareholder of Beijing Nova holding 24.9% interest in Beijing Nova. As Nova Risk Services is an associate of FSE Holdings who is a controlling shareholder of the Company, each of the proposed acquisitions of 40.1% of the registered and paid up capital of Beijing Nova from Sheng Gao and 35% from Baohua also constitutes connected transaction for the Company under Rule 14A.28 notwithstanding that neither Sheng Gao nor Baohua is a connected person of the Company.

The Acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting held on 18 March 2024. On 28 June 2024, the Purchaser exercised its right to extend the long stop date from 30 June 2024 to 31 December 2024 as more time was required for the fulfilment of the conditions precedent for the completion of the Acquisition. The Acquisition is yet to complete as at the date of this report.

Annual review of CCTs

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

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

Report of the Directors

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

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

Non-Compete Undertakings

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

The Covenantors have provided to the Company a written confirmation confirming that, since the date of listing of the Company's shares on the Stock Exchange (that is, 10 December 2015), they have complied with the undertakings contained in the Deed and there is no matter in relation to their compliance with or enforcement of the Deed that needs to be brought to the attention of the Stock Exchange, the Company and/or the shareholders of the Company. Our Independent Non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Covenantors and

reviewed the written confirmation from the Covenantors and/or such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed had not been complied with by the Covenantors during the Year.

Pre-Emptive Rights

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

Purchase, Sale Or Redemption Of The Company's Listed Securities

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

Sufficiency of Public Float

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

Auditor

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

On behalf of the Board

Dr. Cheng Kar Shun, Henry
Chairman

Mr. Doo Wai Hoi, William
Chairman

Hong Kong, 13 September 2024

Independent Auditor's Report



羅兵咸永道

To the Shareholders of FSE Lifestyle Services Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of FSE Lifestyle Services Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 110 to 209, comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition of the contracting work</p> <p>Refer to Note 4 in the critical accounting estimates and judgements in the consolidated financial statements.</p> <p>The Group recognises its contracting revenue according to the percentage-of-completion of individual contracting work. The Group has recognised HK\$3,864 million contracting revenue in relation to contracting work for the year ended 30 June 2024.</p> <p>Because of the nature of the activity undertaken in contracts, the date at which the contract activity entered into and the date when the activity is completed usually fall into different financial periods. Management is required to exercise significant judgement in the ongoing estimation of total contract revenue and total contract costs for each contract as the contract progresses, based on past experience and market circumstances, especially in relation to change in estimates of revenue and costs arising from variation orders, litigations and claims with the customers and sub-contractors.</p> <p>The eventual realisation of these estimates are inherently uncertain, subject to the outcome of negotiations with the customers and sub-contractors. Any revision of the total contract revenue and total contract costs, which determined the percentage-of-completion, would affect the contracting revenue recognition and may result in material adjustments to margin, which can be positive or negative.</p>	<p>Our audit procedures in relation to revenue recognition of the contracting work included the following:</p> <ul style="list-style-type: none">— Obtained an understanding of management's internal control and evaluated and tested the operating effectiveness of key controls operated by the Group about the estimation of the total contract revenue, the estimation of the total contract costs and actual costs incurred;— Checked, on a sample basis, the contractual terms of the work and variation orders in order to understand their work nature and contractual relationships with the customers; checked correspondences with the customers, including the agreed documents or communication evidence to evaluate the reasonableness of management's estimates on the budgeted total contract revenue, especially the estimates of revenue arising from variation orders and claims;— Checked, on a sample basis, to correspondences, such as agreed documents or communication evidence, with the sub-contractors and suppliers to evaluate the reasonableness of management's assessment of budgeted total contract costs, especially the estimates of costs relating to variation orders; and— Selected contracts, on a sample basis, to perform interview with the project directors. <p>We found the management's estimations and judgements on the revenue recognition in respect of contracting work to be supportable based on the available evidence.</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yam Kwok Damien Chow.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 September 2024

Consolidated Income Statement

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	8,447,943	7,767,209
Cost of services and sales		(7,388,729)	(6,715,594)
Gross profit		1,059,214	1,051,615
General and administrative expenses		(491,524)	(470,722)
Other income, net	6	22,957	42,023
Operating profit	7	590,647	622,916
Finance income	10	18,894	10,564
Finance costs	10	(19,488)	(16,916)
Share of results of associates	17	1,594	1,445
Share of results of joint ventures	18	215	(263)
Profit before income tax		591,862	617,746
Income tax expenses	11	(90,704)	(93,548)
Profit for the year		501,158	524,198
Profit for the year attributable to:			
Shareholders of the Company		501,100	522,902
Non-controlling interests		58	1,296
		501,158	524,198
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in HK\$)			
— Basic and diluted	12	1.09	1.14

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	2024 HK\$'000	2023 HK\$'000
Profit for the year	501,158	524,198
Other comprehensive (loss)/income:		
<i>Items that may be subsequently reclassified to consolidated income statement:</i>		
Currency translation differences	(895)	(10,963)
<i>Items that will not be subsequently reclassified to consolidated income statement:</i>		
Remeasurement (losses)/gains on defined benefit retirement scheme, net of tax	(165)	100
Remeasurement (losses)/gains on long service payment liabilities, net of tax	(5,543)	813
Other comprehensive loss for the year, net of tax	(6,603)	(10,050)
Total comprehensive income for the year	494,555	514,148
Total comprehensive income for the year attributable to:		
Shareholders of the Company	494,497	512,852
Non-controlling interests	58	1,296
	494,555	514,148

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	65,425	57,415
Right-of-use assets	15	51,962	87,696
Other intangible assets	16	173,021	176,870
Interests in associates	17	218	234
Interests in joint ventures	18	1,171	956
Deferred income tax assets	19	9,445	11,292
Pension assets	20	3,329	3,554
		304,571	338,017
Current assets			
Trade and other receivables	21	2,427,496	2,318,986
Contract assets	22	598,739	560,239
Inventories	23	17,578	21,291
Cash and bank balances	24	601,288	751,901
		3,645,101	3,652,417
Total assets		3,949,672	3,990,434
EQUITY			
Ordinary shares	25	45,000	45,000
Convertible preference shares	25	140,900	140,900
Reserves	26	802,645	513,252
Shareholders' funds		988,545	699,152
Non-controlling interests	27	327	269
Total equity		988,872	699,421

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

	Notes	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	10,027	28,174
Long service payment liabilities	28	56,687	46,794
Deferred income tax liabilities	19	21,489	22,173
Pension liabilities	20	1,480	1,229
Borrowings	29	–	263,658
		89,683	362,028
Current liabilities			
Trade and other payables	30	2,115,466	2,042,773
Contract liabilities	22	392,918	716,295
Borrowings	29	235,789	18,377
Current portion of lease liabilities	15	30,783	45,784
Taxation payable		96,161	105,756
		2,871,117	2,928,985
Total liabilities		2,960,800	3,291,013
Total equity and liabilities		3,949,672	3,990,434
Net current assets		773,984	723,432
Total assets less current liabilities		1,078,555	1,061,449

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 110 to 209 were approved by the Board of Directors on 13 September 2024 and were signed on its behalf.

Lam Wai Hon, Patrick
Director

Doo William Junior Guilherme
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Ordinary shares (Note 25) HK\$'000	Convertible preference shares (Note 25) HK\$'000	Reserves (Note 26) HK\$'000	Equity attributable to shareholders of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 July 2022	45,000	140,900	227,554	413,454	23,320	436,774
Profit for the year	-	-	522,902	522,902	1,296	524,198
Other comprehensive (loss)/income:						
Currency translation differences	-	-	(10,963)	(10,963)	-	(10,963)
Remeasurement gains on defined benefit retirement scheme, net of tax	-	-	100	100	-	100
Remeasurement gains on long service payment liabilities, net of tax	-	-	813	813	-	813
Total comprehensive income for the year	-	-	512,852	512,852	1,296	514,148
Transactions with shareholders:						
Dividends to ordinary shareholders	-	-	(218,700)	(218,700)	(1,500)	(220,200)
Distribution to convertible preference shareholder	-	-	(8,454)	(8,454)	-	(8,454)
Acquisition of non-controlling interests	-	-	-	-	(22,847)	(22,847)
At 30 June 2023	45,000	140,900	513,252	699,152	269	699,421
At 1 July 2023	45,000	140,900	513,252	699,152	269	699,421
Profit for the year	-	-	501,100	501,100	58	501,158
Other comprehensive loss:						
Currency translation differences	-	-	(895)	(895)	-	(895)
Remeasurement losses on defined benefit retirement scheme, net of tax	-	-	(165)	(165)	-	(165)
Remeasurement losses on long service payment liabilities, net of tax	-	-	(5,543)	(5,543)	-	(5,543)
Total comprehensive income for the year	-	-	494,497	494,497	58	494,555
Transactions with shareholders:						
Dividends to ordinary shareholders	-	-	(196,650)	(196,650)	-	(196,650)
Distribution to convertible preference shareholder	-	-	(8,454)	(8,454)	-	(8,454)
At 30 June 2024	45,000	140,900	802,645	988,545	327	988,872

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash generated from operations	31(a)	269,800	517,594
Hong Kong profits tax paid		(97,401)	(61,795)
Interest paid		(19,303)	(16,736)
(Increase)/decrease in trust cash		(6,325)	3,782
Mainland China and Macau income tax paid		(766)	(2,833)
Net cash generated from operating activities		146,005	440,012
Cash flows from investing activities			
Purchase of property, plant and equipment		(30,840)	(38,853)
Interest received		18,894	10,564
Proceeds from disposal of right-of-use assets		6,702	1,159
Proceeds from disposal of property, plant and equipment		1,802	1,420
Dividend received from associates		1,610	1,410
Proceeds from disposal of a subsidiary	31(b)	94	115
Net cash used in investing activities		(1,738)	(24,185)
Cash flows from financing activities			
Proceeds from bank borrowings	31(c)	224,761	18,377
Dividends paid to ordinary shareholders	31(c)	(196,650)	(218,700)
Repayment of bank borrowings	31(c)	(271,075)	(140,000)
Payments for principal portion of lease liabilities	31(c)	(49,180)	(49,359)
Distribution paid to convertible preference shareholder	31(c)	(8,454)	(8,454)
Dividend paid to a non-controlling shareholder	31(c)	–	(1,500)
Acquisition of non-controlling interests	31(d)	(458)	(22,389)
Net cash used in financing activities		(301,056)	(422,025)
Net decrease in cash and cash equivalents during the year		(156,789)	(6,198)
Cash and cash equivalents at the beginning of the year		715,949	727,303
Exchange differences	31(e)	(149)	(5,156)
Cash and cash equivalents at the end of the year		559,011	715,949
Analysis of balances of cash and cash equivalents			
Representing:			
Cash and bank balances as stated in the consolidated statement of financial position		601,288	751,901
Less: Trust cash		(42,277)	(35,952)
Cash and cash equivalents at the end of the year		559,011	715,949

The notes on pages 116 to 209 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

FSE Lifestyle Services Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 22 June 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “Group”) are principally engaged in provision of property & facility management services, property agency and related services for buildings, car parks management services, cleaning & pest control and management of waste disposal services, recycling and environmental disposal services, insurance solutions services, trading of environmental products and provision of related engineering consultancy services, provision of ELV engineering services, EV infrastructure services, trading of building materials, landscaping services, systems security, guarding & event services in Hong Kong and provision of mechanical and electrical engineering services and technical support and maintenance services in Hong Kong, Mainland China and Macau. The ultimate holding company of the Company is FSE Holdings Limited incorporated in the Cayman Islands. The directors consider Mrs. Doo Cheng Sau Ha, Amy to be the ultimate controlling shareholder (the “Ultimate Controlling Shareholder”) during the financial year ended 30 June 2024.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company (the “Board”) on 13 September 2024.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The basis and material accounting policies applied in the preparation of the consolidated financial statements are set out below and within the corresponding notes to the consolidated financial statements. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622 of the Laws of Hong Kong. The consolidated financial statements have been prepared under the historical cost convention, except for plan assets under defined benefit retirement scheme which are measured at fair value and defined benefits obligations which are measured at present value of estimated future cash outflows using interest rates determined by reference to market yields at the period end date.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 5, 11, 14, 16, 20 and 28 to the consolidated financial statements.

(i) Adoption of new standard and amendments to existing standards that are effective for the Group's financial year beginning 1 July 2023 by the Group

For the year ended 30 June 2024, the Group adopted the following new standard and amendments to existing standards which are effective for the financial year of the Group beginning on 1 July 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and its Amendments	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

Amendment to HKAS 12 — International Tax Reform — Pillar Two Model Rules (effective for annual reporting period commencing on or after 1 January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1 January 2024. Since the Pillar Two legislation was not effective at 30 June 2024, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 30 June 2024 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Apart from above, the Group's adoption of the above pronouncements neither has any material effect on the results and financial position of the Group nor any substantial changes in the Group's accounting policies and presentation of its consolidated financial statements.

(ii) **New standards and amendments to existing standards that have been issued but not yet effective and have not been early adopted by the Group**

The following new standards and amendments to existing standards have been issued but not yet effective for the Group's financial year beginning on 1 July 2023 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of the above pronouncements to the Group and considered that there will not be any substantial changes to the Group's accounting policies and presentation of its consolidated financial statements.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A change in the ownership interest of a subsidiary company, without a change of control, is accounted for as an equity transaction.

(ii) Business combinations under common control

Business combinations under common control refers to combinations where the combining entities are controlled by the same party or parties before and after the combination and that control is not transitory.

The acquirer measures both the consideration paid and net assets obtained at their carrying amounts. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid is recorded in reserves. Any direct transaction costs attributable to the business combination are expensed as incurred. However, the handling fees, commissions and other expenses incurred for the issuance of equity instruments or bonds for the business combination are recorded in the initial measurement of the equity instruments and bonds, respectively.

The Company applies merger accounting to account for the business combinations under common control in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

(iii) Business combinations not under common control

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(iii) Business combinations not under common control (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the consolidated income statement.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(v) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4 Financial assets

(i) Classifications

The Group classifies its financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss) after initial recognition; and
- (b) those to be measured subsequently at amortised cost after initial recognition.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses are either to be recorded in the profit or loss or OCI. For investments in equity instruments that are not held for trading, the accounting treatment for them depends on whether the Group has made an irrevocable election at the time of their initial recognition to account for them as the equity investments at fair value through other comprehensive income (FVOCI) or not.

Financial assets are classified as current assets if they are expected to be settled within 12 months or in the normal operating cycle of the business. Otherwise, they are classified as non-current.

The Group reclassifies debt investments when and only when its business model for managing these assets changes.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Financial assets (Continued)

(ii) Recognition and Measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not measured at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in "Other income/(expenses), net", together with foreign exchange gains and losses. Impairment losses are presented within "General and administrative expenses" in another line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised directly in the profit or loss. When a financial asset is derecognised, its cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss and recognised in "Other income/(expenses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other income/(expenses), net" and impairment expenses are presented within "General and administrative expenses" in another as separate line item in the consolidated income statement.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Financial assets (Continued)

(ii) Recognition and Measurement (Continued)

(a) Debt instruments (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the profit or loss and presented net within “Other income/(expenses), net” in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity instruments at fair value. When the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in “Other income/(expenses), net” in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.5 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI and trade receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment on these financial assets are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in external credit rating of the debtors;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations;

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Impairment of financial assets (Continued)

- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

2.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.7 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Foreign currencies (Continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over associates that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interests in joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to consolidated income statement.

2.9 Government grants

Grants from governments are recognised at their fair values when there is reasonable assurance that the grants will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate and offset with the related expenses. Grants related to income are recognised within "Other income/(expenses), net" in the consolidated income statement.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in the consolidated income statement of the period in which the grants become receivable.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It is the Group's policy not to enter into derivative transaction for speculative purposes.

The Group sets financial risk management policies in accordance with policies and procedures approved by the Board of Directors. The Group's treasury function serves as a centralised unit for providing cost efficient funding and managing major risks.

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The credit risk of the Group's financial assets, which mainly comprise deposits with banks and financial institutions, trade and other receivables and contract assets, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(a) *Credit risk of deposits with banks and financial institutions*

To manage this risk arising from cash and cash equivalents and restricted bank balances, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(b) *Credit risk of trade receivables, retention receivables, accrued contract revenue and contract assets*

The Group applies the HKFRS 9 "Financial Instruments" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables, retention receivables, accrued contract revenue and contract assets have been grouped based on shared credit risk characteristics and the days past due, except for amounts relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, which are assessed individually. The retention receivables, accrued contract revenue and contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the retention receivables, accrued contract revenue and contract assets.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Credit risk (Continued)

(b) *Credit risk of trade receivables, retention receivables, accrued contract revenue and contract assets* (Continued)

The expected loss rates are based on the payment profiles of revenue and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") and unemployment rate of the economies in which it provides its services and sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 30 June 2024, the Group provides for loss allowance against trade receivables, retention receivables, accrued contract revenue and contract assets based on their composition and ageing.

Trade receivables, retention receivables, accrued contract revenue and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a substantial period of time.

The maximum exposure to credit risk is represented by the carrying amount of each receivable in the statement of financial position after deducting any impairment allowance.

(c) *Credit risk of other receivables*

The Group measures the expected credit loss allowance of other receivables and deposits as 12-month expected credit loss under stage 1 of the impairment model since there was no significant increase in credit risk in other receivables and deposits since initial recognition.

Other than trade receivables, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

Other than trade receivables, a default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 90 days when they past due.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(ii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group also maintains undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

The tables below analyse the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting periods to the contractual maturity date.

As at 30 June 2024	Less than 1 year HK\$'000	After 1 year but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Difference from carrying amounts HK\$'000	Carrying amounts HK\$'000
Borrowings	241,418	–	241,418	(5,629)	235,789
Leases liabilities	31,734	10,518	42,252	(1,442)	40,810
Trade and other payables, excluding accrued employee benefits	1,693,838	–	1,693,838	–	1,693,838

As at 30 June 2023	Less than 1 year HK\$'000	After 1 year but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Difference from carrying amounts HK\$'000	Carrying amounts HK\$'000
Borrowings	33,652	270,950	304,602	(22,567)	282,035
Leases liabilities	47,185	28,648	75,833	(1,875)	73,958
Trade and other payables, excluding accrued employee benefits	1,634,041	–	1,634,041	–	1,634,041

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Foreign exchange risk

The Group operates primarily in Hong Kong, Mainland China and Macau. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. Entities in Macau and Mainland China are not exposed to significant exchange risk.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

As at 30 June 2024 and 2023, if Hong Kong dollars had strengthened/weakened by 5% (2023: 10%) against Renminbi with all other variables unchanged, there would have insignificant impact on the Group's profit for the year before income tax.

At 30 June 2024, the Group had HK\$5.1 million (2023: HK\$7.6 million) of net monetary assets denominated in United States dollar. Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there is no significant foreign exchange risk with respect to the United States dollar.

(iv) Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to the bank borrowings, the terms of which are disclosed in Note 29.

At 30 June 2024, if interest rates on the bank borrowings had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, profit before income tax for the years would have been HK\$2.4 million (2023: HK\$2.8 million) lower/higher respectively. Other components of equity would not be affected by the changes in interest rates.

3.2 Fair value estimation

At 30 June 2024 and 30 June 2023, the carrying amounts of Group's financial assets and liabilities approximate their fair values due to short-term maturities of these assets and liabilities.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital. The Group's strategy is to maintain sufficient capital with the funds generated from operations.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and enhance shareholder value in the long term. The capital structure consists of total equity as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholder, return capital to equity holder, or issue new shares.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

	Notes
Estimation of revenue, costs and foreseeable losses of contracting works	5
Income taxes	11
Depreciation and impairment of property, plant and equipment	14
Impairment of goodwill	16
Pension obligations	20
Long service payment liabilities	28

5 REVENUE AND SEGMENT INFORMATION

Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services and sales of goods in the ordinary course of the Group's activities. If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. Specific criteria where revenue is recognised are described below.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

5 REVENUE AND SEGMENT INFORMATION (Continued)

Accounting policies of revenue recognition (Continued)

(i) Property management services

Revenue arising from property management services is recognised in the accounting period in which the services are rendered. The Group bills the customers for each month of service provided and recognises as revenue in the amount to which the Group satisfies performance obligations by transferring the services to its customers.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service. For property management services income from properties managed under commission basis, the Group only recognises the commission, which is calculated by fixed percentage of the costs involved in the management of the property units, as its revenue.

(ii) Value-added services

Value-added services income, including income from property agency services, is recognised over time when the services are rendered and the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

(iii) Service fee income

Income from the provision and management of cleaning and pest control services, waste disposal services, provision of recycling and environmental services, service fees, consultancy fees income, landscaping and planting services, systems security, guarding and event services, concierge services are recognised over time and in accordance with the terms of the service agreements when the services are rendered.

(iv) Insurance brokerage services

Insurance brokerage services includes commission fee income and claims handling service income. Commission fee income is generated by brokers primarily through assessment of insurable risks and risk appetite of customers and sourcing relevant insurance products from insurers and underwriters which meets the needs of the customer. The Group recognised commission fee income at invoice date on the basis that the Group acts primarily as an agent of the customer when acting in the capacity as a broker, and as an agent of the insurer while acting in the capacity as an agent. Claims handling services refers to claims processing on behalf of insurers and the revenue is recognised over time throughout the insurance policy period.

5 REVENUE AND SEGMENT INFORMATION (Continued)

Accounting policies of revenue recognition (Continued)

(v) Engineering contracts

Revenue from engineering contracts is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. Thus, the Group satisfies a performance obligation over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. In determining the transaction price, the Group adjusts the amount of consideration for the effect of a financing component if it is significant.

(vi) Sales of goods

Revenue from sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. A delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

(vii) Security systems

Revenue from security systems installation is recognised at a point in time when services are rendered.

(viii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ix) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

5 REVENUE AND SEGMENT INFORMATION (Continued)

Critical accounting estimates and judgements for estimation of revenue, costs and foreseeable losses of contracting works

The Group recognises its contract revenue for contracting works according to the percentage of total estimated costs for each contract of contracting work. The management estimates the completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. In determining the transaction price, the Group adjusts the amount of consideration for the effect of a financing component if it is significant. Because of the nature of the activity undertaken in contracts, the date at which the contract activity entered into and the date when the activity is completed usually fall into different financial periods. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue. Any revision of these costs and revenue will impact the result for the subsequent financial periods.

Budgeted contracting income is determined in accordance with the terms set out in the relevant contracts. Budgeted contracting costs which mainly comprise staff costs, sub-contracting charges and costs of materials are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the Group's management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred. When it is probable that total budgeted contracting costs will exceed total budgeted contracting income, the expected loss is recognised as an expense immediately.

The Executive Directors are the Group's chief operating decision-makers ("CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from the product and service perspectives and the Group is organised into three major business segments according to the nature of services and products provided:

- (i) Property & facility management services — Provision of property & facility management services, property agency and related services for buildings, carpark management services and guarding services;
- (ii) City essential services — Provision of cleaning & pest control and waste disposal services, recycling and environmental disposal services, insurance solutions, technical support & maintenance services, environmental solutions services (including environmental engineering services, ELV engineering services, EV infrastructure services and landscaping services) and systems security, guarding & event services and trading of environmental, EV charging and building materials products; and
- (iii) E&M services — Provision of engineering and consultancy services on installation.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's revenue is as follows:

For the year ended 30 June 2024	2024 HK\$'000	2023 HK\$'000
Revenue		
Property & facility management services	663,455	708,609
City essential services		
— Cleaning & pest control services	2,349,622	1,731,162
— Insurance solutions	114,381	110,409
— Technical support & maintenance services		
— Renovations, system retrofit and repairing ⁽ⁱ⁾	954,010	842,971
— Routine maintenance ⁽ⁱⁱ⁾	106,067	119,849
— Environmental solutions		
— Rendering of services ⁽ⁱⁱⁱ⁾	263,017	267,534
— Sales of goods ^(iv)	41,088	61,348
— Systems security, guarding & event services		
— Rendering of services	606,929	612,693
— Sales of goods ^(v)	24,006	20,817
City essential services subtotal	4,459,120	3,766,783
E&M services	3,325,368	3,291,817
Total^(vi)	8,447,943	7,767,209

Notes:

- (i) Technical support & maintenance services — Renovations, system retrofit and repairing: Provision of renovation, system retrofit and repairing services covering replacement of chiller units, upgrade of electrical supply systems, modification and enhancement of fire services, plumbing and drainage systems, alteration and addition works and term contracts.
- (ii) Technical support & maintenance services — Routine maintenance: Provision of operational and maintenance services for central air conditioning plants and other building services.
- (iii) Environmental solutions — Rendering of services: Provision of environmental solutions services including installation and maintenance of water treatment systems, odour abatement systems, construction site wastewater treatment systems, ELV systems, EV infrastructure, IoT solutions, consultancy services for energy audit, carbon audit, building environmental assessment, indoor air quality and water quality assessment, laboratory services and landscape management.
- (iv) Environmental solutions — Sales of goods: Sales of tiles, building service products including pipes, pumps, accessory valves and fittings, building automation systems, heating, ventilation, air-conditioning parts, fire services products, environmental engineering products covering building services water treatment and odour abatement systems, air quality monitoring machines, construction site wastewater treatment systems, EV charging products and plants.
- (v) Systems security, guarding & event services — Sales of goods: Sales of CCTV, burglar alarm, mobile patrol, access control, intercom, carpark barrier and face reader systems, and handheld and walkthrough metal detectors.

5 REVENUE AND SEGMENT INFORMATION (Continued)

Notes: (Continued)

- (vi) An analysis of the Group's contracting revenue recognised based on percentage of actual costs incurred over total estimated costs of individual contracting work is as follows:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Contracting revenue recognised based on percentage-of-completion method		
Technical support & maintenance services		
— Renovations, system retrofit and repairing	407,721	280,850
Environmental solutions		
— Rendering of services	130,535	166,588
E&M services	3,325,368	3,291,817
Total	3,863,624	3,739,255

Accounting policies of segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive directors that make strategic decisions have been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CODM assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effects of unallocated corporate expenses. In addition, finance income and costs and share of results of associates and joint ventures are not allocated to segments.

Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated corporate expenses.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that are reported as direct offsets in the statement of financial position. Segment assets consist primarily of property, plant and equipment, right-of-use assets, other intangible assets, interests in associates, interests in joint ventures, deferred income tax assets, pension assets, trade and other receivables, contract assets, inventories and cash and bank balances.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include other liabilities that are incurred for financing rather than operating purpose unless the segment is engaged in financing activities.

As at 30 June 2024 and 30 June 2023, unallocated assets and unallocated liabilities represented the assets and liabilities not arising from the operations of the operating segments.

Additions to non-current assets comprise mainly additions to property, plant and equipment (Note 14), right-of-use assets (Note 15) and other intangible assets (Note 16).

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) As at and for the year ended 30 June 2024

The segment results for the year ended 30 June 2024 and other segment items included in the consolidated income statement are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Revenue — External	663,455	4,459,120	3,325,368	–	8,447,943
Revenue — Internal	2,244	94,549	–	(96,793)	–
Total revenue	665,699	4,553,669	3,325,368	(96,793)	8,447,943
Timing of revenue recognition					
Over time	665,699	4,432,785	3,325,368	(88,458)	8,335,394
At a point in time	–	120,884	–	(8,335)	112,549
Total revenue	665,699	4,553,669	3,325,368	(96,793)	8,447,943
Operating profit before unallocated corporate expenses	121,629	256,963	219,342	–	597,934
Unallocated corporate expenses					(7,287)
Operating profit					590,647
Finance income (Note 10)					18,894
Finance costs (Note 10)					(19,488)
Share of results of associates (Note 17)					1,594
Share of results of joint ventures (Note 18)					215
Profit before income tax					591,862
Income tax expenses (Note 11)					(90,704)
Profit for the year					501,158
Other items					
Depreciation and amortisation	12,320	36,945	26,086	–	75,351
Impairment losses, net					
— Trade and other receivables (Note 21)	–	1,284	–	–	1,284
Reversal of provision for inventories	–	(3,065)	–	–	(3,065)
Additions to non-current assets (other than financial instruments and deferred tax assets)	6,994	30,063	9,917	–	46,974

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) As at and for the year ended 30 June 2024 (Continued)

The segment assets and liabilities as at 30 June 2024 are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Total HK\$'000
Segment assets	413,547	1,910,240	1,623,468	3,947,255
Unallocated assets				2,417
Total assets				3,949,672
Segment liabilities	166,658	1,035,767	1,475,653	2,678,078
Unallocated liabilities				282,722
Total liabilities				2,960,800

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) As at and for the year ended 30 June 2023

The segment results for the year ended 30 June 2023 and other segment items included in the consolidated income statement are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Revenue — External	708,609	3,766,783	3,291,817	–	7,767,209
Revenue — Internal	3,926	92,598	–	(96,524)	–
Total revenue	712,535	3,859,381	3,291,817	(96,524)	7,767,209
Timing of revenue recognition					
Over time	712,535	3,727,732	3,291,817	(88,941)	7,643,143
At a point in time	–	131,649	–	(7,583)	124,066
Total revenue	712,535	3,859,381	3,291,817	(96,524)	7,767,209
Operating profit before unallocated corporate expenses	154,302	256,009	219,512	–	629,823
Unallocated corporate expenses					(6,907)
Operating profit					622,916
Finance income (Note 10)					10,564
Finance costs (Note 10)					(16,916)
Share of results of associates (Note 17)					1,445
Share of results of joint ventures (Note 18)					(263)
Profit before income tax					617,746
Income tax expenses (Note 11)					(93,548)
Profit for the year					524,198
Other items					
Depreciation and amortisation	12,451	34,176	28,154	–	74,781
Impairment losses, net					
— Trade and other receivables (Note 21)	–	720	–	–	720
Reversal of provision for inventories	–	(2,681)	–	–	(2,681)
Additions to non-current assets (other than financial instruments and deferred tax assets)	6,539	41,813	13,725	–	62,077

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) As at and for the year ended 30 June 2023 (Continued)

The segment assets and liabilities as at 30 June 2023 are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Total HK\$'000
Segment assets	417,015	1,738,859	1,827,246	3,983,120
Unallocated assets				7,314
Total assets				3,990,434
Segment liabilities	175,768	903,379	1,849,899	2,929,046
Unallocated liabilities				361,967
Total liabilities				3,291,013

Revenue from external customers by geographical areas is based on the geographical location of the customers.

Revenue is allocated based on the regions in which the customers are located as follows:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Revenue		
Hong Kong	7,638,101	7,024,720
Mainland China	613,087	637,250
Macau	196,755	105,239
Total	8,447,943	7,767,209

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

The analysis of the Group's major customers, which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Customer A	1,471,993	1,562,309
Customer B	1,210,787	N/A ⁽ⁱ⁾
Customer C	N/A ⁽ⁱ⁾	1,422,019

Note:

(i) The amount is less than 10% of the Group's revenue.

The revenue contributed by the above major customers is mainly attributable to the Group's E&M services segment in Hong Kong and Mainland China, city essential services and property & facility management services segments in Hong Kong.

The non-current assets, other than deferred tax assets and pension assets, are allocated based on the regions in which the non-current assets are located as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Non-current assets, other than deferred tax assets and pension assets		
Hong Kong	269,917	289,357
Mainland China	19,390	27,559
Macau	2,490	6,255
Total	291,797	323,171

6 OTHER INCOME, NET

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Government grants ⁽ⁱ⁾	15,218	36,795
Gain on disposal of right-of-use assets, net	4,281	833
Sundries	1,748	3,238
Gain on disposal of property, plant and equipment, net	1,075	485
Exchange gain/(loss), net	330	(234)
Ex-gratia payments from the government for retirement of motor vehicles	305	485
Administrative fee income for application of government grants	–	421
Total	22,957	42,023

Note:

- (i) During the year ended 30 June 2024, the Group was entitled to government grants under various schemes from the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") as financial support for its businesses, amounting to HK\$25.8 million in total (2023: HK\$77.1 million from the HKSAR Government and the Government of the Macau Special Administrative Region). Out of which, (i) HK\$15.2 million was recognised as "Other income, net" (2023: HK\$36.8 million) and (ii) HK\$10.6 million (2023: HK\$40.3 million) was net off in its staff costs (Note 8).

7 OPERATING PROFIT

For the year ended 30 June	Notes	2024 HK\$'000	2023 HK\$'000
Operating profit is stated after charging/(crediting):			
Staff costs (including Directors' emoluments)	8	3,674,284	3,166,654
Subcontracting fees		2,383,007	2,362,409
Raw materials and consumables used		1,434,394	1,267,311
Depreciation of right-of-use assets	15(b)	49,417	49,912
Cost of inventories sold		25,355	37,634
Depreciation of property, plant and equipment	14	22,085	20,916
Auditors' remuneration			
Audit services		5,682	6,264
Non-audit services		2,354	1,619
Amortisation of other intangible assets ⁽ⁱ⁾	16	3,849	3,953
Expenses relating to short-term leases	15(b)	2,373	3,754
Impairment loss on trade and other receivables, net	21	1,284	720
Reversal of provision for inventories		(3,065)	(2,681)

Note:

- (i) Included in general and administrative expenses.

Save as disclosed in this note and elsewhere in the consolidated financial statements, the other items charged/credited to the Group's operating profit are of individually immaterial amounts, which include insurance expenses, repair and maintenance expenses, utility expenses, motor vehicles expenses, etc.

8 STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

Accounting policies of employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of consolidated statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plan

Provisions for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution schemes

Contributions to defined contribution schemes, including the Mandatory Provident Fund ("MPF") Scheme and employee pension schemes established by municipal government in Mainland China, are expensed as incurred. Except for the MPF Scheme, contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

(iv) Defined benefit retirement schemes

Defined benefit costs under defined benefit retirement schemes which are assessed using the projected unit credit method, are charged to the profit or loss. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the period end date based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

8 STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS (Continued)

Accounting policies of employee benefits (Continued)

(v) Long service payment liabilities

The Group's net obligation in respect of long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The long service payment liabilities are assessed by using the projected unit credit method. The cost of providing the long service payment liabilities is charged to the consolidated statement of comprehensive income so as to spread the costs over the service lives of employees.

The long service payment liabilities are discounted to determine the present value and reduced by entitlements accrued under the Group's MPF and Occupational Retirement Schemes Ordinance ("ORSO") scheme that is attributable to contributions made by the Group.

Changes in the present value of the long service payment liabilities resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Salaries, wages and bonuses	3,528,894	3,032,032
Contributions to defined contribution schemes ⁽ⁱ⁾	136,943	126,486
Contributions to defined benefits retirement scheme (Note 20)	319	357
Long services payment expenses (Note 28)	8,128	7,779
Total	3,674,284	3,166,654

Note:

- (i) Forfeited contributions of defined contribution schemes for employees who leave before the contributions are fully vested are not used to offset existing contributions but are refunded to the Group.

Notes to the Consolidated Financial Statements

9 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Fees	4,134	3,530
Salaries and other emoluments	47,048	41,240
Contributions to defined contribution schemes	2,608	2,472
Total	53,790	47,242

The directors of the Company represent key management personnel of the Group having authority and responsibility for planning, directing and controlling the activities of the Group.

(i) The remuneration of each Director for the year ended 30 June 2024 is set out below:

	Fees HK\$'000	Salaries HK\$'000	Bonuses HK\$'000	Other benefits HK\$'000	Contributions to defined contribution schemes HK\$'000	Total HK\$'000
Doo Wai Hoi, William ^(a)	161	518	–	–	–	679
Lam Wai Hon, Patrick ^(b)	330	6,686	4,914	–	668	12,598
Doo William Junior Guilherme	264	5,574	3,600	–	418	9,856
Lee Kwok Bong	264	3,901	2,300	–	391	6,856
Soon Kweong Wah	264	3,819	1,778	–	382	6,243
Poon Lock Kee, Rocky ^(c)	264	4,223	1,175	–	396	6,058
Wong Shu Hung	264	2,500	1,251	–	–	4,015
Cheng Chun Fai	264	3,529	1,280	–	353	5,426
Cheng Kar Shun, Henry	540	–	–	–	–	540
Kwong Che Keung, Gordon	406	–	–	–	–	406
Hui Chiu Chung, Stephen	325	–	–	–	–	325
Lee Kwan Hung, Eddie	325	–	–	–	–	325
Tong Yuk Lun, Paul	325	–	–	–	–	325
Leung Wan Chong Christine ^(d)	138	–	–	–	–	138
Total	4,134	30,750	16,298	–	2,608	53,790

9 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

(ii) The remuneration of each Director for the year ended 30 June 2023 is set out below:

	Fees	Salaries	Bonuses	Other	Contributions	Total
	HK\$'000	HK\$'000	HK\$'000	benefits	to defined	
				HK\$'000	contribution	HK\$'000
					schemes	
					HK\$'000	HK\$'000
Lam Wai Hon, Patrick ^(b)	288	6,054	2,966	–	605	9,913
Poon Lock Kee, Rocky ^(c)	255	4,122	1,399	–	413	6,189
Doo William Junior Guilherme	255	5,044	2,472	–	378	8,149
Lee Kwok Bong	255	3,698	1,912	–	370	6,235
Soon Kweong Wah	255	3,672	1,670	–	367	5,964
Wong Shu Hung	255	2,403	1,203	–	–	3,861
Cheng Chun Fai	255	3,393	1,232	–	339	5,219
Cheng Kar Shun, Henry	446	–	–	–	–	446
Kwong Che Keung, Gordon	372	–	–	–	–	372
Hui Chiu Chung, Stephen	298	–	–	–	–	298
Lee Kwan Hung, Eddie	298	–	–	–	–	298
Tong Yuk Lun, Paul	298	–	–	–	–	298
Total	3,530	28,386	12,854	–	2,472	47,242

Notes:

- (a) Mr. Doo Wai Hoi, William was appointed as an Executive Director on 18 March 2024.
- (b) Mr. Lam Wai Hon, Patrick was appointed as the Chief Executive Officer of the Company with effect from 1 July 2024.
- (c) Mr. Poon Lock Kee, Rocky resigned as the Chief Executive Officer of the Company and was redesignated from an Executive Director to a Non-executive Director with effect from 1 July 2024.
- (d) Ms. Leung Wan Chong Christine was appointed as an Independent Non-executive Director on 1 February 2024.
- (e) During the year ended 30 June 2024, no directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

Notes to the Consolidated Financial Statements

9 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Directors' material interests in transactions, arrangements or contracts

Details of the Group's material related party transactions are set out in Note 33 to the consolidated financial statements.

Save for the above and contracts amongst group companies, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 30 June 2024 or at any time during the year ended 30 June 2024.

(c) Five highest paid individuals' emoluments

The five individuals whose emoluments were the highest in the Group during the year ended 30 June 2024 include five directors (2023: five) whose emoluments are reflected in the analysis presented above.

10 FINANCE INCOME AND COSTS

Accounting policies of borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Finance income		
Interest from bank deposits	18,894	10,564
Finance costs		
Interest on bank borrowings	17,691	15,052
Interest on lease liabilities	1,797	1,864
Total	19,488	16,916

11 INCOME TAX EXPENSES

Accounting policies of current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of consolidated statement of financial position in the countries where the Group and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

(a) *Inside basis differences*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(b) *Outside basis differences*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except deferred income tax liability where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSES (Continued)

Critical accounting estimates and judgements for income taxes

The Group is subject to income tax in Hong Kong, Macau and Mainland China. Judgement is required in determining the provision for taxation in these jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxation in the financial period in which such determination is made.

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Current income tax		
Hong Kong profits tax	86,828	88,873
Macau profits tax	2,392	–
Mainland China income tax	617	76
(Over)/under-provision in prior years	(1,329)	2,986
Deferred income tax expenses/(credits) (Note 19)		
Income tax	2,076	1,670
Withholding tax	120	(57)
Total	90,704	93,548

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. Taxation on Mainland China and Macau profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates. These rates range from 12% to 25% for the year ended 30 June 2024 (2023: 12% to 25%). According to applicable People's Republic of China ("PRC") tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Hence, the Group used 5% to accrue the withholding tax for certain PRC subsidiaries which are expected to fulfill the aforesaid conditions.

11 INCOME TAX EXPENSES (Continued)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Profit before income tax	591,862	617,746
Less: Share of results of		
Associates (Note 17)	(1,594)	(1,445)
Joint ventures (Note 18)	(215)	263
	590,053	616,564
Calculated at a tax rate of 16.5% (2023: 16.5%)	97,359	101,733
(Over)/under-provision in prior years	(1,329)	2,986
Expenses not deductible for taxation purposes	3,222	2,014
Tax losses not recognised	1,625	1,598
Effect of different taxation rates in other regions	(805)	521
Temporary differences not recognised	1,019	125
Income not subject to taxation	(8,564)	(14,894)
Tax concessions	(1,943)	(478)
Withholding tax on undistributed earnings from subsidiaries in Mainland China	120	(57)
Income tax expenses	90,704	93,548

Notes to the Consolidated Financial Statements

12 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

(a) Basic

The calculation of basic earnings per share for the year is based on the following:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to shareholders of the Company	501,100	522,902
Less: Preferred distribution to the holder of convertible preference shares	(8,454)	(8,454)
Earnings used in the basic earnings per share calculation	492,646	514,448
Weighted average number of ordinary shares in issue (shares in thousands)	450,000	450,000
Basic earnings per share (HK\$)	1.09	1.14

(b) Diluted

On 16 December 2019, the Company issued convertible preference shares, with details set out in Note 25, which are treated as contingently issuable potential ordinary shares under HKAS 33 "Earnings per Share". Since the conditions for their conversion were not met as at 30 June 2024 and 30 June 2023, therefore, the effect of their conversion is not included in the calculation of the diluted earnings per share for years ended 30 June 2024 and 30 June 2023. As a result, the diluted earnings per share equals to the basic earnings per share for the years ended 30 June 2024 and 30 June 2023.

13 DIVIDENDS

Accounting policies of dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period when the dividends are approved by the Company's shareholders/directors, where appropriate.

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Interim dividend paid of HK22.4 cents (2023: HK24.5 cents) per share	100,800	110,250
Final dividend proposed of HK21.4 cents (2023: HK21.3 cents) per share	96,300	95,850
Total	197,100	206,100

Note:

At a meeting held on 13 September 2024, the Board recommended a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share to the ordinary shareholders of the Company. The final dividend will be paid in cash. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained earnings for the year ending 30 June 2025.

14 PROPERTY, PLANT AND EQUIPMENT

Accounting policies of property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated income statement during the financial year in which they are incurred.

Freehold land is not depreciated.

Depreciation of property, plant and equipment, except for freehold land, is calculated to allocate their costs to their residual values over their estimated useful lives using the straight-line method. Estimated useful lives are summarised as follows:

Leasehold land under finance leases and buildings	Shorter of 20 to 50 years, or the remaining lease terms
Leasehold improvements	Shorter of 5 years or the remaining lease terms
Plant and machinery	2 to 7 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	3 to 5 years

The residual values and estimated useful lives of the assets are reviewed, and adjusted if appropriate, at each date of statement of financial position.

The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as described in Note 2.3 to the consolidated financial statements.

Gains and losses on disposals of plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within "Other income/(expenses), net" in the consolidated income statement.

Critical accounting estimates and judgements for property, plant and equipment

The expected useful lives and residual values of property, plant and equipment are determined by the management based on the internal accounting guidelines and industrial practices of similar property, plant and equipment. Management will revise the depreciation charges where useful lives and residual values are different to previously estimated.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of a CGU is higher than its recoverable amount. The recoverable amount of a CGU is determined based on value in use calculations. In determining the CGU's value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimate the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, equipment and others HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 30 June 2023						
At 1 July 2022	3,720	5,965	8,555	12,301	10,139	40,680
Currency translation differences	(141)	(18)	–	(85)	(23)	(267)
Additions	–	3,406	6,017	5,066	24,364	38,853
Disposals	(94)	(4)	(679)	(157)	(1)	(935)
Depreciation charge	(116)	(2,634)	(6,087)	(5,742)	(6,337)	(20,916)
Closing net book value	3,369	6,715	7,806	11,383	28,142	57,415
At 30 June 2023						
Cost	4,753	81,605	54,317	98,863	77,652	317,190
Accumulated depreciation	(1,384)	(74,890)	(43,711)	(87,480)	(49,510)	(256,975)
Accumulated impairment	–	–	(2,800)	–	–	(2,800)
Net book value	3,369	6,715	7,806	11,383	28,142	57,415
Year ended 30 June 2024						
At 1 July 2023	3,369	6,715	7,806	11,383	28,142	57,415
Currency translation differences	(9)	(1)	–	(7)	(1)	(18)
Additions	18	4,567	5,100	4,882	16,273	30,840
Disposals	(515)	–	(112)	(80)	(20)	(727)
Depreciation charge	(106)	(1,945)	(5,629)	(5,121)	(9,284)	(22,085)
Closing net book value	2,757	9,336	7,165	11,057	35,110	65,425
At 30 June 2024						
Cost	4,077	86,162	56,501	102,001	89,419	338,160
Accumulated depreciation	(1,320)	(76,826)	(46,536)	(90,944)	(54,309)	(269,935)
Accumulated impairment	–	–	(2,800)	–	–	(2,800)
Net book value	2,757	9,336	7,165	11,057	35,110	65,425

Notes:

- Property, plant and equipment is allocated to the Group's CGUs identified according to Group's reportable segments. In assessing the impairment of property, plant and equipment, the Group compares the carrying amounts of the CGUs to which property, plant and equipment has been allocated against their recoverable amounts (i.e. the higher of the CGUs' fair value less costs of disposal and their value in use).
- None of the above property, plant and equipment was pledged as security as at 30 June 2024 (2023: None).

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Accounting policies of leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an assets of similar value to the right-of-use asset in a similar economic environment with similar terms and security conditions.

To determine the incremental borrowing rate, the Group:

- where possible uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance costs. The finance costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Accounting policies of leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(a) Group as lessees — Amount recognised in the consolidated statement of financial position

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets		
Properties	37,606	72,160
Leasehold lands	12,131	14,981
Equipment	2,225	555
Total	51,962	87,696
Leases liabilities		
Within one year	30,783	45,784
Within a period of more than one year but not exceeding two years	6,899	25,471
Within a period of more than two years but not exceeding five years	3,128	2,703
	40,810	73,958
Less: Current portion	(30,783)	(45,784)
Non-current portion	10,027	28,174

During the year ended 30 June 2024, the Group acquired right-of-use assets and recognised lease liabilities, including lease modifications, totalling HK\$16.1 million (2023: HK\$23.2 million).

(b) Group as lessees — Amount recognised in the consolidated income statement

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets		
Properties	48,340	48,742
Leasehold lands	405	469
Equipment	672	701
	49,417	49,912
Expense relating to short-term leases (Note 7)	2,373	3,754
Interest on lease liabilities (Note 10)	1,797	1,864
Total	53,587	55,530

Notes to the Consolidated Financial Statements

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(c) Group as lessees — Amount recognised in the consolidated statement of cash flows

The total cash outflow for leases during the year ended 30 June 2024 was HK\$51.0 million (2023: HK\$55.0 million).

(d) Group as lessees — Other disclosures

(i) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and equipment. Rental contracts are typically made for fixed periods of 3 months to 8 years (2023: 3 months to 8 years) but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

(iii) Residual value guarantees

As at 30 June 2024, no residual value guarantee is expected to be payable (2023: None).

(iv) Leases not yet commenced to which the lessee is committed

The Group does not commit at 30 June 2024 to any leases that are not yet commenced (2023: None).

(v) Restriction or covenants imposed by leases

The lease agreements entered into by the Group do not impose any covenants other than the security interests in the leased assets under such lease agreements that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16 OTHER INTANGIBLE ASSETS

Accounting policies of intangible assets (other than right-of-use assets)

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Trademarks and brand names

Separately acquired trademarks and brand names are shown at historical cost. Trademarks and brand names acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and brand names have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and brand names over their estimated useful lives of 25 to 30 years.

(iii) Internally generated environmental technology

(a) Environmental technology

Costs associated with research phase of the internally generated environmental technology are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of the technology controlled by the Group are recognised as intangible assets when the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

Notes to the Consolidated Financial Statements

16 OTHER INTANGIBLE ASSETS (Continued)

Accounting policies of intangible assets (other than right-of-use assets) (Continued)

(iii) Internally generated environmental technology(Continued)

(a) *Environmental technology*(Continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(b) *Research and development*

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(c) *Amortisation method and period*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following period:

Internally generated environmental technology	10 years
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(iv) Customer contracts and customer relationships

Separately acquired customer contracts are shown at historical cost. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer contracts over their estimated useful lives of 5 to 20 years.

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 10 years.

16 OTHER INTANGIBLE ASSETS (Continued)

	Goodwill HK\$'000	Trademarks and brand names HK\$'000	Internally generated environmental technology HK\$'000	Customer contracts and customer relationships HK\$'000	Total HK\$'000
Year ended 30 June 2023					
Opening net book value	125,495	24,392	1,177	29,759	180,823
Amortisation	–	(1,859)	(148)	(1,946)	(3,953)
Closing net book value	125,495	22,533	1,029	27,813	176,870
At 30 June 2023					
Cost	130,166	59,740	2,316	106,436	298,658
Accumulated amortisation	–	(29,927)	(442)	(78,623)	(108,992)
Accumulated impairment	(4,671)	(7,280)	(845)	–	(12,796)
Net book value	125,495	22,533	1,029	27,813	176,870
Year ended 30 June 2024					
Opening net book value	125,495	22,533	1,029	27,813	176,870
Amortisation	–	(1,859)	(147)	(1,843)	(3,849)
Closing net book value	125,495	20,674	882	25,970	173,021
At 30 June 2024					
Cost	130,166	59,740	2,316	106,436	298,658
Accumulated amortisation	–	(31,786)	(589)	(80,466)	(112,841)
Accumulated impairment	(4,671)	(7,280)	(845)	–	(12,796)
Net book value	125,495	20,674	882	25,970	173,021

Notes to the Consolidated Financial Statements

16 OTHER INTANGIBLE ASSETS (Continued)

(a) Impairment tests for goodwill

Critical accounting estimates and judgements for impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the CGUs based on value in use calculations. These calculations require the use of estimates which are subject to change of economic environment in future.

Goodwill is monitored at the segment level and is allocated to the CGUs of the Group's segments. For the purpose of impairment tests, the recoverable amount of the Group's CGUs is determined based on value in use calculations. The key assumptions adopted on growth rates and discount rates used in the value in use calculations are based on management's best estimates and past experience.

A summary of the goodwill allocation to business units is presented below:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Property & facility management services	66,899	66,899
City essential services		
— Cleaning & pest control services	7,916	7,916
— Insurance solutions	2,387	2,387
— Systems security, guarding & event services	14,452	14,452
E&M services	33,841	33,841
Total	125,495	125,495

The recoverable amount of a group of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period which the growth rates are stated as below. Cash flows beyond the five-year period are extrapolated using 1% growth rate for the property & facility management services business unit, cleaning & pest control services, insurance solutions business units and systems security, guarding & event services, and zero growth rate for the E&M services business unit. The growth rate does not exceed the long-term average growth rate for the businesses in which the group of CGUs operates.

16 OTHER INTANGIBLE ASSETS (Continued)

(a) Impairment tests for goodwill (Continued)

The following assumptions have been used for the analysis of the group of CGUs within the operating segment.

30 June 2024					
	Property & facility management services	Cleaning & pest control services	Insurance solutions	Systems security, guarding & event services	E&M services
Cash flows in the first five years					
Gross margin	28.7%-30.0%	7.5%-9.5%	N/A ⁽ⁱ⁾	7.8%-9.1%	9.0%-11.7%
Annual increase of operation costs	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	2.5%-15.8%	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾
Growth rate	2.5%-6.6%	3.0%-6.5%	2.5%-7.0%	2.5%-6.7%	2.5% to 9.6%
Pre-tax discount rate	13.6%	14.2%	14.2%	14.8%	17.0%
Cash flows beyond five-year period					
Terminal growth rate	1%	1%	1%	1%	0%
Pre-tax discount rate	13.6%	14.2%	14.2%	14.8%	17.0%

30 June 2023					
	Property & facility management services	Cleaning & pest control services	Insurance solutions	Systems security, guarding & event services	E&M services
Cash flows in the first five years					
Gross margin	29.5%-30.4%	8.6%-9.5%	N/A ⁽ⁱ⁾	9.8%-10.2%	8.1%-10.5%
Annual increase of operation costs	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	2.5%-16.3%	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾
Growth rate	2.5%-7.8%	3.0%-9.4%	2.5%-7.5%	2.5%-4.3%	2.5% to 8.1%
Pre-tax discount rate	13.8%	14.4%	14.4%	15.0%	17.2%
Cash flows beyond five-year period					
Terminal growth rate	1%	1%	1%	1%	0%
Pre-tax discount rate	13.8%	14.4%	14.4%	15.0%	17.2%

Note:

- (i) These are not the key assumptions used in value in use calculations of the Group's CGUs.

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments and business life-cycle. On the basis of these reviews, management concluded that no impairment was required for goodwill as at 30 June 2024 (2023: Nil).

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective group of CGUs.

17 INTERESTS IN ASSOCIATES

Accounting policies of associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated income statement where appropriate.

The Group's share of post-acquisition profits or losses of associate is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

17 INTERESTS IN ASSOCIATES (Continued)

	2024 HK\$'000	2023 HK\$'000
At beginning of year	234	199
Share of profit for the year	1,594	1,445
Dividends	(1,610)	(1,410)
At end of year	218	234

Particulars of associates are as follows:

Name	Place of incorporation	Principal activities	Particular of issued share capital	Effective percentage of equity interest held	
				2024	2023
Harbour Place Management Services Limited	Hong Kong	Provision of property management services	1,000 ordinary shares paid up to HK\$1,000	30%	30%
Landes Limited	Hong Kong	Landscape design	10 shares paid up to HK\$10	20%	20%

The following represents the Group's share of its individually immaterial associates that are accounted for using the equity method of accounting:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Carrying amount of interests in associates	218	234
Share of profit and total comprehensive income for the year	1,594	1,445

There are no commitments or contingent liabilities relating to the Group's interests in associates, and no commitments or contingent liabilities of the equity itself.

18 INTERESTS IN JOINT VENTURES

Accounting policies of joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The assets that the Group has the rights and the liabilities that the Group has the obligations in relation to the joint operations are recognised in the consolidated statement of financial position on an accrual basis and classified according to the nature of the item. The share of expenses that the Group incurs and its share of income that it earns from the joint operations are included in the consolidated income statement.

18 INTERESTS IN JOINT VENTURES (Continued)

	2024 HK\$'000	2023 HK\$'000
At beginning of year	956	1,219
Share of profit/(loss) for the year	215	(263)
At end of year	1,171	956

Particulars of joint ventures are as follows:

Name	Place of incorporation	Principal activities	Particular of issued share capital	Effective percentage of equity interest held	
				2024	2023
廣州市富城物業管理有限公司	PRC	Provision of property management services	RMB800,000	50%	50%
Urban-Wellborn Property Management Limited	Hong Kong	Provision of property management services	10,000 ordinary shares paid up to HK\$100,000	50%	50%

Set out below is, in aggregate, the carrying amounts of the Group's share of all its individually immaterial joint ventures that are accounted for using the equity method of accounting:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Carrying amount of interests in joint ventures	1,171	956
Share of profit/(loss) and total comprehensive income/(loss) for the year	215	(263)

There are no commitments or contingent liabilities relating to the Group's interest in joint ventures, and no commitments or contingent liabilities of the entities themselves.

Notes to the Consolidated Financial Statements

19 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

As at 30 June	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets	9,445	11,292
Deferred income tax liabilities	(21,489)	(22,173)
Net	(12,044)	(10,881)

Deferred income tax assets and deferred income tax liabilities are expected to be recovered/settled after more than 12 months. Their movements in the Group's deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year and net balances after offsetting at the end of the reporting periods are as follows:

Deferred income tax assets

	Accelerated accounting depreciation HK\$'000	Tax losses HK\$'000	Remeasurement of long service payment liabilities HK\$'000	Others HK\$'000	Total HK\$'000
At 1 July 2022	5,046	6,987	194	827	13,054
Currency translation differences (Charged)/credited to consolidated income statement (Note 11)	–	(53)	–	–	(53)
	(171)	(395)	–	149	(417)
Charged to other comprehensive loss	–	–	(12)	(20)	(32)
At 30 June 2023	4,875	6,539	182	956	12,552
At 1 July 2023	4,875	6,539	182	956	12,552
Currency translation differences (Charged)/credited to consolidated income statement (Note 11)	–	4	–	–	4
	(529)	(1,703)	(78)	88	(2,222)
Credited to other comprehensive loss	–	–	4	34	38
At 30 June 2024	4,346	4,840	108	1,078	10,372

As at 30 June	2024 HK\$'000	2023 HK\$'000
Total deferred income tax assets before offsetting	10,372	12,552
Less: Amount offset against deferred income tax liabilities	(927)	(1,260)
Net deferred income tax assets after offsetting	9,445	11,292

19 DEFERRED INCOME TAX ASSETS/(LIABILITIES) (Continued)

Deferred income tax liabilities

	Accelerated depreciation allowance HK\$'000	Fair value adjustments on trademarks and brand names HK\$'000	Fair value adjustments on property, plant and equipment arising from business combinations HK\$'000	Fair value adjustments on customer contracts and customer relationship HK\$'000	Remeasurement of long service payment liabilities HK\$'000	Others HK\$'000	Total HK\$'000
At 1 July 2022	(1,997)	(4,032)	(5,006)	(4,944)	(4,413)	(1,716)	(22,108)
(Charged)/credited to consolidated income statement (Note 11)	(2,308)	323	376	356	–	57	(1,196)
Charged to other comprehensive loss	–	–	–	–	(129)	–	(129)
At 30 June 2023	(4,305)	(3,709)	(4,630)	(4,588)	(4,542)	(1,659)	(23,433)
At 1 July 2023	(4,305)	(3,709)	(4,630)	(4,588)	(4,542)	(1,659)	(23,433)
(Charged)/credited to consolidated income statement (Note 11)	(1,208)	286	869	304	(105)	(120)	26
Credited/(charged) to other comprehensive loss	–	–	–	–	993	(2)	991
At 30 June 2024	(5,513)	(3,423)	(3,761)	(4,284)	(3,654)	(1,781)	(22,416)

	2024 HK\$'000	2023 HK\$'000
Total deferred income tax liabilities before offsetting	(22,416)	(23,433)
Less: Amount offset against deferred income tax assets	927	1,260
Net deferred income tax liabilities after offsetting	(21,489)	(22,173)

As at 30 June 2024, the Group did not recognise deferred income tax assets of HK\$15 million (2023: HK\$11 million), arising from unused tax losses of HK\$100 million (2023: HK\$69 million). Except for tax losses of HK\$25 million (2023: HK\$3 million) as at 30 June 2024 which will expire within three years after the reporting date, the remaining tax losses have no expiry date.

20 PENSION ASSETS/(LIABILITIES)

Critical accounting estimates and judgements for pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income for pensions include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The expected return on plan assets assumption is determined based on historical return trends, asset allocation and future estimates of long-term investment returns.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group refers to market yields based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. Other key assumptions used are based on current market conditions.

The Group operates a defined benefit retirement scheme (the “Scheme”) registered under the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong) that provides lump sum benefits based on a multiple of a member’s final salary and years of service or employee contribution balance, whichever is higher, upon the member’s retirement, death, disability or leaving service. The Scheme has been closed to new employees since 1 December 2000.

The Group has an unconditional right to the surplus of the Scheme.

The Scheme is administered by an independent trustee with its assets held separately from those of the Group. The key responsibilities of the trustee are to ensure that the Scheme is administered in accordance with the trust deed and rules and to act on behalf of all members impartially, prudently and in good faith.

The costs of benefits are jointly funded by the Group and the employees. Employees’ contributions are based on 5% of basic salary and the Group’s contributions are determined with reference to the funding valuation carried out by the Scheme’s actuary. The valuations of the Scheme as at 30 June 2024 and 2023 were prepared by independent qualified actuaries using the projected unit credit method.

20 PENSION ASSETS/(LIABILITIES) (Continued)

The Scheme exposes the Group to actuarial risks, such as investment risk, interest rate risk and salary risk.

- (i) The amounts recognised in the consolidated statement of financial position are as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Present value of defined benefit obligations	(20,351)	(22,521)
Fair value of plan assets	22,200	24,846
Net retirement benefit assets	1,849	2,325
Representing:		
Pension assets	3,329	3,554
Pension liabilities	(1,480)	(1,229)
Net	1,849	2,325

Majority of the above liabilities are expected to be settled after more than one year.

However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

Notes to the Consolidated Financial Statements

20 PENSION ASSETS/(LIABILITIES) (Continued)

(ii) Movements in net defined benefit assets and its components as follows:

	Present value of defined benefit obligations HK\$'000	Fair value of plan assets HK\$'000	Total HK\$'000
At 1 July 2022	(21,572)	24,094	2,522
Net (charge)/credit to consolidated income statement			
Current service costs	(427)	–	(427)
Interest (expenses)/income	(557)	627	70
	(984)	627	(357)
Net credit/(charge) to other comprehensive gain: Remeasurement gain/(loss) ⁽ⁱ⁾ :			
Actuarial gain arising from change in financial assumptions	807	–	807
Actuarial loss arising from experience adjustments	(567)	–	(567)
Loss on plan assets excluding interest income	–	(120)	(120)
	240	(120)	120
Contribution paid by the employees	(205)	205	–
Contribution paid by the employer	–	40	40
At 30 June 2023	(22,521)	24,846	2,325

20 PENSION ASSETS/(LIABILITIES) (Continued)

(ii) Movements in net defined benefit assets and its components as follows: (Continued)

	Present value of defined benefit obligations HK\$'000	Fair value of plan assets HK\$'000	Total HK\$'000
At 1 July 2023	(22,521)	24,846	2,325
Net (charge)/credit to consolidated income statement			
Current service costs	(409)	–	(409)
Interest (expenses)/income	(810)	900	90
	(1,219)	900	(319)
Net (charge)/credit to other comprehensive loss: Remeasurement (loss)/gain ⁽ⁱ⁾ :			
Actuarial loss arising from change in financial assumptions	(452)	–	(452)
Actuarial gain arising from experience adjustments	23	–	23
Gain on plan assets excluding interest income	–	232	232
	(429)	232	(197)
Benefit paid	4,023	(4,023)	–
Contribution paid by the employees	(205)	205	–
Contribution paid by the employer	–	40	40
At 30 June 2024	(20,351)	22,200	1,849

Note:

- (i) During the year ended 30 June 2024, the Group recognised remeasurement losses of HK\$0.2 million (2023: remeasurement gains of HK\$0.1 million) on defined benefit scheme, net of their corresponding tax effects of HK\$32,000 of deferred tax credits (2023: HK\$20,000 of deferred tax expenses) in its other comprehensive income.

The weighted average duration of the defined benefit obligation is 3.3 years (2023: 3.2 years).

Notes to the Consolidated Financial Statements

20 PENSION ASSETS/(LIABILITIES) (Continued)

(iii) Significant actuarial assumptions adopted for the purpose of the actuarial valuation are as follows:

As at 30 June	2024	2023
Discount rate	3.5% p.a.	3.7% p.a.
Salary growth rate	4.0% p.a.	3.5% p.a.

The below analysis shows how the defined benefit obligation as at each year end date would have increased/(decreased) as a result of 0.25% change in significant actuarial assumptions:

As at 30 June	2024		2023	
	Increase in 0.25% HK\$'000	Decrease in 0.25% HK\$'000	Increase in 0.25% HK\$'000	Decrease in 0.25% HK\$'000
Discount rate	(164)	167	(174)	178
Salary growth rate	165	(164)	178	(174)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same actuarial valuation method has been applied as when calculating the defined benefit obligation recognised in the consolidated statement of financial position.

(iv) Fair value of the plan assets is analysed as follows:

As at 30 June	2024	2023
Equities	72.7%	71.0%
Bonds	23.5%	26.5%
Cash and others	3.8%	2.5%
Total	100.0%	100.0%

The Scheme has a benchmark asset allocation of 70% in equities and 30% in bonds and cash. The long-term strategic asset allocations of the Scheme is set and reviewed from time to time by the Scheme's trustee taking into account the Scheme's membership, liability profile, liquidity requirements, and the risk appetite of the Group.

21 TRADE AND OTHER RECEIVABLES

Accounting policies of trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivable. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement. See Notes 2.5 and 3.1(i)(b) to the consolidated financial statements for descriptions of the Group's impairment policies and methodology for trade and other receivables involving estimation of their expected credit losses.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss for trade receivables, retention receivables, accrued contract revenue and contract assets and uses 12-month expected credit loss under stage 1 of the impairment model for other receivables and deposits as mentioned in Notes 3.1(i)(b) and (c).

Notes to the Consolidated Financial Statements

21 TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June	2024 HK\$'000	2023 HK\$'000
Trade receivables		
Third parties	1,077,518	872,672
Related companies (Note 33(c))	148,930	326,131
	1,226,448	1,198,803
Less: Provision for impairment		
Third parties	(10,987)	(10,174)
Related companies (Note 33(c))	(45)	(45)
	1,215,416	1,188,584
Retention receivables		
Third parties	303,384	293,383
Related companies (Note 33(c))	124,433	124,619
	427,817	418,002
Accrued contract revenue	414,505	443,760
Less: Provision for impairment	(149)	(149)
	414,356	443,611
Other receivables and prepayments		
Third parties	314,579	239,988
Related companies (Note 33(c))	55,799	28,801
	370,378	268,789
Less: Provision for impairment		
Third parties	(471)	–
	369,907	268,789
Total	2,427,496	2,318,986

Generally, no credit period is granted by the Group to customers for provision of property and facility management services, insurance solutions services, landscaping services and systems security, guarding & event services and its retail customers for trading of building materials and planting and materials. The credit period generally granted by the Group to its other customers is 30 to 60 days.

21 TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2024, the Group provides for loss allowance against trade receivables, retention receivables and accrued contract revenue based on their composition and ageing are as follows:

	Lifetime expected credit loss rate	Gross carrying amount HK\$'000	Lifetime expected credit loss HK\$'000	Net carrying amount HK\$'000
At 30 June 2024				
Provision on individual basis ⁽ⁱ⁾	100%	7,382	(7,382)	–
Provision on collective basis	0.18%	2,061,388	(3,799)	2,057,589
Total		2,068,770	(11,181)	2,057,589
	Lifetime expected credit loss rate	Gross carrying amount HK\$'000	Lifetime expected credit loss HK\$'000	Net carrying amount HK\$'000
At 30 June 2023				
Provision on individual basis ⁽ⁱ⁾	100%	7,382	(7,382)	–
Provision on collective basis	0.15%	2,053,183	(2,986)	2,050,197
Total		2,060,565	(10,368)	2,050,197

Note:

- (i) The receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision of impairment allowance.

Notes to the Consolidated Financial Statements

21 TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2024	Current to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
Expected loss rate	0.03%	0.9%	11.8%	
HK\$'000				
Gross carrying amount	1,939,780	42,925	86,065	2,068,770
Expected credit loss allowance	(610)	(373)	(10,198)	(11,181)
Carrying amount, net of expected credit loss allowance	1,939,170	42,552	75,867	2,057,589

As at 30 June 2023	Current to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
Expected loss rate	0.03%	0.7%	13.5%	
HK\$'000				
Gross carrying amount	1,947,326	42,983	70,256	2,060,565
Expected credit loss allowance	(575)	(286)	(9,507)	(10,368)
Carrying amount, net of expected credit loss allowance	1,946,751	42,697	60,749	2,050,197

The ageing analysis of the Group's trade receivables (including amounts due from related parties of trading in nature) based on the invoice due date, net of provision for impairment, is as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Current to 90 days	1,096,997	1,085,138
91 to 180 days	42,552	42,697
Over 180 days	75,867	60,749
Total	1,215,416	1,188,584

21 TRADE AND OTHER RECEIVABLES (Continued)

The carrying amounts of the trade and other receivables of the Group approximate their fair values and are denominated in the following currencies:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Hong Kong dollars	1,934,402	1,862,079
Renminbi	356,641	411,387
Macau patacas	125,054	42,442
United States dollars	10,977	2,325
Others	422	753
Total	2,427,496	2,318,986

At 30 June 2024, the Group's trade receivables, accrued contract revenue and other receivable of HK\$11.7 million (2023: HK\$10.4 million) were impaired.

Movements in provision for impairment of the Group's trade receivables, accrued contract revenue and other receivables are as follows:

As at 30 June 2024	Trade receivables HK\$'000	Accrued contract revenue HK\$'000	Other receivables HK\$'000	Total HK\$'000
At the beginning of year	10,219	149	–	10,368
Provision for the year, net	813	–	471	1,284
Carrying amount, net of expected credit loss allowance	11,032	149	471	11,652

As at 30 June 2023	Trade receivables HK\$'000	Accrued contract revenue HK\$'000	Other receivables HK\$'000	Total HK\$'000
At the beginning of year	9,499	149	–	9,648
Provision for the year, net	720	–	–	720
Carrying amount, net of expected credit loss allowance	10,219	149	–	10,368

Retention receivables in respect of contracting services are settled in accordance with the terms of respective contracts. Other classes within trade and other receivables do not contain material impaired assets.

Notes to the Consolidated Financial Statements

22 CONTRACT ASSETS AND CONTRACT LIABILITIES

Accounting policies of contracts assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as a contract asset if its cumulative revenue recognised in the profit or loss exceeds cumulative progress billing to customers. Conversely, the contract is a liability and recognised as contract liability if its cumulative progress billing to customers exceeds the revenue recognised in the profit or loss. Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

As at 30 June	2024 HK\$'000	2023 HK\$'000
Contract costs incurred plus attributable profits less foreseeable losses	7,702,107	7,106,799
Progress payments received and receivable	(7,496,286)	(7,262,855)
Net	205,821	(156,056)
Representing:		
Contract assets	598,739	560,239
Contract liabilities	(392,918)	(716,295)
Net	205,821	(156,056)

22 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Notes:

- (a) The Group's contract assets and contract liabilities at 30 June 2024 and 30 June 2023 mostly relate to its engineering and insurance solutions contracts with customers. The Group's contract assets at 30 June 2024 are stated at their expected recoverable amounts, with no loss allowances (2023: Nil) included therein. The Group measures loss allowances for its contract assets at amounts equal to their lifetime expected credit losses and recognise them in accordance with HKFRS 9 (Note 3.1(i)(b)).

Contract assets primarily relate to the Group's rights to consideration for delivered services but not yet billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantially different loss pattern for contract assets as compared to accounts receivable for similar customer bases. The Group refers to the expected credit loss provision rates for accounts receivable to measure the contract assets' expected credit losses.

- (b) During the year ended 30 June 2024, the Group recognised (i) HK\$647.1 million (2023: HK\$429.3 million) of revenue for its engineering and insurance solutions contracts relating to its carried-forward contract liabilities and (ii) HK\$26.2 million (2023: HK\$60.1 million) of revenue from its performance obligations satisfied in previous reporting years.
- (c) As at 30 June 2024, the aggregate amount of transaction price allocated to the Group's remaining performance obligations in respect of property & facility management, cleaning & pest control, insurance solutions, technical support & maintenance, environmental solutions, systems security, guarding & event services and E&M services contracts is HK\$13,522 million (2023: HK\$13,016 million). The Group will recognise this revenue during the completion of the related works, which is expected to occur over the next 113 months (2023: 125 months) after the reporting date.
- (d) During the year ended 30 June 2024, the increase in the Group's contract assets of HK\$38.5 million principally reflects increased progress of certain projects and the decrease in its contract liabilities of HK\$323.4 million principally reflects completion of certain projects.

23 INVENTORIES

Accounting policies of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the first-in-first-out or weighted average basis for different type and nature of inventories. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

As at 30 June	2024 HK\$'000	2023 HK\$'000
Raw materials	1,032	759
Finished goods	16,531	19,337
Spare parts and consumables	15	1,195
Total	17,578	21,291

Notes to the Consolidated Financial Statements

24 CASH AND BANK BALANCES

Accounting policies of cash and cash equivalents

Cash and cash equivalents include cash in hand, trust cash, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

As at 30 June	2024 HK\$'000	2023 HK\$'000
Time deposits with original maturities within three months	237,150	426,300
Trust cash ⁽ⁱ⁾	42,277	35,952
Other cash at banks and on hand	321,861	289,649
Total	601,288	751,901

Note:

- (i) Trust cash relates to cash held for insurance premiums received from policy holders which will ultimately be paid to insurers. Trust cash cannot be used to meet business obligations/operating expenses other than payments to insurers and/or refunds to policy holders.

At 30 June 2024, the effective interest rate on bank deposits is 4.1% per annum (2023: 4.3% per annum).

The carrying amounts of cash and bank balances of the Group approximate their fair values and are denominated in the following currencies:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Hong Kong dollars	574,244	721,133
Renminbi	13,336	12,356
Macau patacas	5,923	6,088
United States dollars	6,081	10,419
Euros	1,465	1,659
Others	239	246
Total	601,288	751,901

25 SHARE CAPITAL

The numbers of the Company's authorised and issued shares are as follows:

	2024		2023	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each				
At the beginning and the end of year	900,000,000	90,000	900,000,000	90,000
Convertible preference shares of HK\$0.10 each (Note a)				
At the beginning and the end of year	100,000,000	10,000	100,000,000	10,000
Total	1,000,000,000	100,000	1,000,000,000	100,000

	2024		2023	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each				
At the beginning and the end of year	450,000,000	45,000	450,000,000	45,000
Convertible preference shares of HK\$0.10 issued at HK\$3.2260 each (Note a)				
At the beginning and the end of year	43,676,379	140,900	43,676,379	140,900
Total	493,676,379	185,900	493,676,379	185,900

As at 30 June 2024 and 30 June 2023, the total nominal amount of the Company issued shares was HK\$49,367,638, comprising HK\$45,000,000 for ordinary shares and HK\$4,367,638 for convertible preference shares.

Notes to the Consolidated Financial Statements

25 SHARE CAPITAL (Continued)

Note (a):

On 16 December 2019 (the "Issue Date"), the Company issued and allotted a total of 43,676,379 non-voting redeemable convertible preference shares of HK\$0.1 each to FMC at an issue price of HK\$3.2260 per share (the "Issue Price"), credited as fully paid. The major terms of the convertible preference shares are set out below:

- Each convertible preference share shall entitle the holder to convert within a period of 10 years after the Issue Date, 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.
- Each convertible preference share is convertible into such number of ordinary share(s) being one multiplied by the conversion rate. The conversion rate is determined by dividing the Issue Price of convertible preference shares by the conversion price.
- The conversion price is the Issue Price, subject to adjustment upon the occurrence of certain prescribed events.
- Each convertible preference share shall confer on the holder the right to receive preferred distributions from the Issue Date at a rate of 6.0% per annum on the Issue Price, payable annually in arrears. Each preferred distribution is cumulative. The Board may, in its sole discretion, elect to defer or not to pay a preferred distribution. No interest accrues on any unpaid preferred distribution. If the Board elects to defer or not to pay a preferred distribution, the Company shall not (a) pay any dividends, distributions or make any other payment on any ordinary shares or (b) redeem, cancel, repurchase or acquire for any consideration any ordinary shares, unless at the same time it pays to the holder of the convertible preference shares any deferred or unpaid preferred distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments is made or during which such redemption, cancellation, repurchase or acquisition occurs.
- The holder of the convertible preference shares shall not have the right to attend or vote at any general meeting of the Company (except a general meeting for winding up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of such holder).
- The holder of the convertible preference shares will have priority over the holders of ordinary shares of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding up or dissolution of the Company.
- At any time after 10 years following the Issue Date, the Company may at its sole discretion serve at least ten days' prior written notice to the holder of the convertible preference shares to redeem either in whole or in part of the convertible preference shares for the time being outstanding, at a redemption price equals to the Issue Price together with all outstanding preferred distributions accrued to the date fixed for redemption.

The convertible preference shares are classified as equity instruments, considered that: (i) the Company has no contractual obligation to deliver cash or another financial asset to the holder of the convertible preference shares; and (ii) the convertible preference shares are non-derivative that includes no contractual obligation for the Company to deliver a variable number of ordinary shares.

26 RESERVES

	Share premium HK\$'000	Merger reserve (Note a) HK\$'000	Exchange reserve HK\$'000	Statutory reserves (Note b) HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2022	743,204	(1,616,318)	(21,398)	21,890	1,100,176	227,554
Profit for the year	–	–	–	–	522,902	522,902
Currency translation differences	–	–	(10,963)	–	–	(10,963)
Remeasurement gains on defined benefit retirement scheme	–	–	–	–	120	120
Deferred tax on remeasurement gains on defined benefit retirement scheme	–	–	–	–	(20)	(20)
Remeasurement gains on long service payment liabilities	–	–	–	–	954	954
Deferred tax on remeasurement gains on long service payment liabilities	–	–	–	–	(141)	(141)
Dividends to ordinary shareholders	–	–	–	–	(218,700)	(218,700)
Distribution to convertible preference shareholder	–	–	–	–	(8,454)	(8,454)
Appropriation to statutory reserves (Note c)	–	–	–	151	(151)	–
At 30 June 2023	743,204	(1,616,318)	(32,361)	22,041	1,396,686	513,252
At 1 July 2023	743,204	(1,616,318)	(32,361)	22,041	1,396,686	513,252
Profit for the year	–	–	–	–	501,100	501,100
Currency translation differences	–	–	(895)	–	–	(895)
Remeasurement losses on defined benefit retirement scheme	–	–	–	–	(197)	(197)
Deferred tax on remeasurement losses on defined benefit retirement scheme	–	–	–	–	32	32
Remeasurement losses on long service payment liabilities	–	–	–	–	(6,540)	(6,540)
Deferred tax on remeasurement losses on long service payment liabilities	–	–	–	–	997	997
Dividends to ordinary shareholders	–	–	–	–	(196,650)	(196,650)
Distribution to convertible preference shareholder	–	–	–	–	(8,454)	(8,454)
Appropriation to statutory reserves (Note c)	–	–	–	232	(232)	–
At 30 June 2024	743,204	(1,616,318)	(33,256)	22,273	1,686,742	802,645

Notes to the Consolidated Financial Statements

26 RESERVES (Continued)

Notes:

- (a) Merger reserve arises from (i) the difference between the consideration for the acquisition of the FSE Engineering Group Limited, FSE Environmental Technologies Limited and Building Materials Supplies Limited by the Company and their issued share capital upon the completion of the reorganisation on 30 June 2015; (ii) the difference between the consideration for the acquisition of Crystal Brilliant Limited and its subsidiaries by the Company's wholly-owned subsidiary, FSE Facility Services Group Limited, and their net asset value at the date when they first came under common control upon the completion of the acquisition on 11 April 2018; (iii) the difference between the consideration for the acquisition of Legend Success Investments Limited and its subsidiaries by the Company's wholly-owned subsidiary, FSE Property Management Group Limited, and their net asset value at the date when they first came under common control upon the completion of the acquisition on 16 December 2019 and (iv) the difference between the cash consideration plus net book value of certain properties used for the acquisition of Business Investments Limited and its subsidiaries by the Company's wholly-owned subsidiary, FSE City Essential Services Limited, and their net asset value at the date when they first came under common control upon the completion of the acquisition on 19 April 2021.
- (b) PRC companies are required to allocate 10% of the companies' net profits to the statutory reserves fund until such fund reaches 50% of the companies' registered capitals. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses, if any, or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capitals.
- (c) During the year ended 30 June 2024, the board of directors of the Group's PRC companies resolved to appropriate HK\$232,000 (2023: HK\$151,000) from retained earnings to statutory reserves.

27 NON-CONTROLLING INTERESTS

The table below shows details of the Group's subsidiaries that have material non-controlling interests:

Name	Place of incorporation	Percentage of ownership interest and voting right held by non-controlling shareholders		Profit for the year attributable to non-controlling shareholders		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
		HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Wise Plaza Limited	Hong Kong	–	–	–	1,231	–	–
Individually immaterial subsidiary with non-controlling interests				58	65	327	269
				58	1,296	327	269

Set out below is the summarised financial information of Wise Plaza Limited based on amounts before intragroup eliminations. Wise Plaza Limited has become a 70%-owned subsidiary of the Group since 30 June 2021 right before the Group's acquisition of Kiu Lok Properties (International) Limited. On 12 June 2023, the Group acquired the remaining 30% interest in Wise Plaza Limited at a consideration of HK\$22.8 million, which includes HK\$22.4 million of initial sum of consideration paid in June 2023 as described in Note 31(d) to the consolidated financial statements and HK\$0.4 million of final cash payment of consideration paid in July 2023. There was no differences arising from changes in equities of subsidiaries to the Group in respect of this transaction.

28 LONG SERVICE PAYMENT LIABILITIES

Critical accounting estimates and judgements for long service payment liabilities

The present value of the long service payment liabilities depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for long service payment liabilities include the discount rate. Any changes in these assumptions will impact the carrying amount of long service payment liabilities.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the long service payment liabilities. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the liabilities will be paid, and that have terms to maturity approximating the terms of the related long service payment liabilities.

Other key assumptions for long service payment liabilities are based in part on current market conditions.

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service and is reduced by entitlements accrued under the Group's MPF and ORSO schemes that are attributable to contributions made by the Group. The Group has not set aside any assets to fund any remaining obligations.

The liability recognised in the consolidated statement of financial position is the present value of unfunded obligations and its movements are as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	46,794	44,040
Expenses recognised in the consolidated income statement ⁽ⁱ⁾	8,128	7,779
Remeasurement losses/(gains) recognised in other comprehensive loss ⁽ⁱⁱ⁾	6,540	(954)
Benefits paid	(4,775)	(4,071)
At the end of the year	56,687	46,794

Notes to the Consolidated Financial Statements

28 LONG SERVICE PAYMENT LIABILITIES (Continued)

Notes:

- (i) In June 2022, the HKSAR Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("Offsetting Arrangement Amendment"). The amendment will come into effect prospectively from a date to be appointed by the HKSAR Government ("Transition Date"). The amendment results in:
- (a) Changes in the offsetting arrangement, such that the accrued benefits attributable to the employers' mandatory contributions under the Mandatory Provident Fund and certain employers' contributions under the Occupational Retirement Schemes would no longer be eligible to offset against the severance payments and long service payments accrued from the Transition Date; and
 - (b) Change of the calculation basis of last monthly wages for the portion of the long service payments accrued before the Transition Date.
- Following the enactment of the Offsetting Arrangement Amendment in June 2022, the Group has accounted for its effects arising from the above changes started the year ended 30 June 2022. In April 2023, the HKSAR Government announced that the Transition Date for the Offsetting Arrangement Amendment would be 1 May 2025.
- (ii) During the year ended 30 June 2024, the Group recognised remeasurement losses on long service payment liabilities of HK\$6.5 million (2023: remeasurement gains HK\$1.0 million), net of their corresponding deferred tax credits of HK\$1.0 million (2023: deferred tax expenses of HK\$0.2 million) in its other comprehensive loss.

Significant actuarial assumptions adopted for the purpose of the actuarial valuation are as follows:

As at 30 June	2024	2023
Discount rate	3.7%–4.3%	3.6%–4.1%
Long term rate of salary increases	3.2%–4.7%	3.2%–4.7%
Long term average expected return on MPF and ORSO balances	5.0%	5.0%

The below analysis shows how the long service payment liability as at each year end date would have increased/(decreased) as a result of 0.25% change in significant actuarial assumptions:

As at 30 June Assumptions	2024		2023	
	Increase in 0.25%	Decrease in 0.25%	Increase in 0.25%	Decrease in 0.25%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Discount rate	(979)	1,023	(835)	866
Long term rate of salary increases	282	(289)	299	(315)
Long term average expected return on MPF and ORSO balances	(41)	84	(121)	123

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the long service payment liability to significant actuarial assumptions, the same actuarial valuation method has been applied as when calculating the long service payment liability recognised within the consolidated statement of financial position.

29 BORROWINGS

Accounting policies of borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at 30 June	2024 HK\$'000	2023 HK\$'000
Non-current liabilities		
Bank borrowings — Guaranteed	—	263,658
Current liabilities		
Bank borrowings — Guaranteed	235,789	18,377

The borrowings are interest bearing at an effective interest rate of 5.7% (2023: 3.8%). The carrying amounts of the borrowings approximate their fair values and are denominated in Hong Kong dollar. At 30 June 2024 and 30 June 2023, the Group's borrowings were repayable as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Within 1 year	235,789	18,377
Between 1 and 2 years	—	263,658
Total	235,789	282,035

The Group's borrowings are guaranteed by corporate guarantees provided by FSE Engineering Group Limited and FSE Facility Services Group Limited (wholly-owned subsidiaries of the Company) as at 30 June 2024 and 30 June 2023.

Notes to the Consolidated Financial Statements

30 TRADE AND OTHER PAYABLES

Accounting policies of trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

As at 30 June	2024 HK\$'000	2023 HK\$'000
Trade payables		
Third parties	475,552	414,318
Other payables		
Third parties	298,776	263,587
Related companies (Note 33(c))	12,276	80,176
	311,052	343,763
Retention payables		
Third parties	281,940	299,460
Accrued expenses	519,324	465,077
Provision for contracting costs	527,598	520,155
Total	2,115,466	2,042,773

The carrying amounts of the above balances approximate their fair values.

30 TRADE AND OTHER PAYABLES (Continued)

The carrying amounts of the trade and other payables of the Group are denominated in the following currencies:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Hong Kong dollars	1,582,668	1,536,930
Renminbi	440,035	463,038
Macau patacas	80,508	37,531
United States dollars	11,995	5,161
Others	260	113
Total	2,115,466	2,042,773

The ageing analysis of the Group's trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
1–90 days	406,026	374,229
91–180 days	25,114	19,540
Over 180 days	44,412	20,549
Total	475,552	414,318

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 2024.

Notes to the Consolidated Financial Statements

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

For the year ended 30 June		2024	2023
	Notes	HK\$'000	HK\$'000
Profit before income tax		591,862	617,746
Depreciation of right-of-use assets	15	49,417	49,912
Depreciation of property, plant and equipment	14	22,085	20,916
Finance costs	10	19,488	16,916
Long service payment liabilities			
Expenses recognised in the consolidated income statement	28	8,128	7,779
Benefit paid	28	(4,775)	(4,071)
Amortisation of other intangible assets	16	3,849	3,953
Impairment losses on trade and other receivables, net	21	1,284	720
Pension costs on defined benefits scheme	20	319	357
Finance income	10	(18,894)	(10,564)
Gains on disposal of right-of-use assets, net	6	(4,281)	(833)
Reversal of provision for inventories	7	(3,065)	(2,681)
Share of results of associates	17	(1,594)	(1,445)
Gains on disposal of property, plant and equipment, net	6	(1,075)	(485)
Unrealised exchange differences		(330)	235
Share of results of joint ventures	18	(215)	263
Operating cash flows before changes in working capital		662,203	698,718
Changes in working capital:			
Trade and other payables		76,320	52,004
Inventories		6,778	4,904
Net contract assets/liabilities		(362,987)	90,894
Trade and other receivables		(112,474)	(328,886)
Pension assets/liabilities	20	(40)	(40)
Cash generated from operations		269,800	517,594

(b) Proceeds from disposal of a subsidiary

On 1 July 2016, Shenzhen Landes, a wholly-owned subsidiary of FSE C & L Limited, was disposed to an external party at the consideration of RMB15.4 million (equivalent to HK\$17.9 million). Amounts of RMB87,000 (equivalent to HK\$94,000) have been received during the year ended 30 June 2024 (2023: RMB106,000 (equivalent to HK\$115,000)).

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The movements of the Group's liabilities arising from financing activities during the years ended 30 June 2024 and 2023 are as follows.

	Borrowings	Dividends payable to ordinary shareholders	Dividend payable to a non-controlling shareholder	Distribution payable to convertible preference shareholder	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2022	403,478	–	–	–	100,594	504,072
Dividends and preferred distribution	–	218,700	1,500	8,454	–	228,654
New leases	–	–	–	–	23,224	23,224
Interest portion of lease liabilities	–	–	–	–	1,864	1,864
Financing cash flows	(121,623)	(218,700)	(1,500)	(8,454)	(49,359)	(399,636)
Payments for interest portion of lease liabilities	–	–	–	–	(1,864)	(1,864)
Currency translation differences	–	–	–	–	(353)	(353)
Lease modifications	–	–	–	–	(148)	(148)
Other changes	180	–	–	–	–	180
At 30 June 2023	282,035	–	–	–	73,958	355,993
Dividends and preferred distribution	–	196,650	–	8,454	–	205,104
New leases	–	–	–	–	16,795	16,795
Interest portion of lease liabilities	–	–	–	–	1,797	1,797
Financing cash flows	(46,314)	(196,650)	–	(8,454)	(49,180)	(300,598)
Payments for interest portion of lease liabilities	–	–	–	–	(1,797)	(1,797)
Currency translation differences	(117)	–	–	–	(5)	(122)
Lease modifications	–	–	–	–	(758)	(758)
Other changes	185	–	–	–	–	185
At 30 June 2024	235,789	–	–	–	40,810	276,599

Notes to the Consolidated Financial Statements

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Acquisition of non-controlling interests

On 12 June 2023, the Group acquired the remaining 30% interest in Wise Plaza Limited at a consideration of HK\$22.8 million, which includes HK\$22.4 million of initial sum of consideration paid in June 2023 and HK\$0.4 million of final cash payment of consideration paid in July 2023.

(e) Exchange differences

The exchange differences of cash and cash equivalents during the year are mainly arising from the remeasurement of the Group's foreign currency denominated cash and bank balances at the year-end exchange rate.

(f) Major non-cash transactions

During the year ended 30 June 2024, the Group acquired right-of-use assets and recognised lease liabilities, including lease modifications, totalling HK\$16.1 million (2023: HK\$23.2 million).

(g) Funds held on behalf of third parties

As at 30 June 2024, the Group held cash and bank balances totalling HK\$1,300.9 million (2023: HK\$1,136.8 million) in trust for owners of certain buildings which were under its management. These funds have not been included in the consolidated financial statements of the Group.

32 COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	5,418	1,396

(b) Operating lease commitments — The Group as lessees

The Group has future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

As at 30 June	2024 HK\$'000	2023 HK\$'000
No later than one year	562	776
Later than one year and no later than five years	—	34
Total	562	810

33 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group undertook the following transactions with related parties, which in the opinion of the Directors of the Company, were carried out in the normal course of business during the year ended 30 June 2024.

(a) The Directors of the Company are of the view that the related parties that had transactions with the Group are listed below:

Name	Relationship
Brilliant Mission Co Limited	Note i
China Fame Enterprise Limited	Note i
Ease King Investment Limited	Note i
FSE Management Company Limited	Note i
Great City Developments Limited	Note i
Kingdom of Morocco (Consulate General-HK) Company Limited	Note i
Perfect Modern Limited	Note i
Power Estate Investments Limited	Note i
Prosperity Property Investment Limited	Note i
Silver Asia Investments Limited	Note i
上海上實南洋大酒店有限公司	Note i
上海華美達廣場有限公司	Note i
上海新尚賢坊房地產發展有限公司	Note i
上海豐昌物業管理有限公司	Note i
Anway Limited	Note ii
AOS Management (HK) Limited	Note ii
AOS Management Limited	Note ii
ATL Logistics Centre Hong Kong Limited	Note ii
Atrend Fashion Limited	Note ii
Beamland Limited	Note ii
Bright Link Engineering Limited	Note ii
Bright Moon Company Limited	Note ii
Broadway-Nassau Investments Limited	Note ii
Calpella Limited	Note ii
Cheer Globe Limited	Note ii
CHI Studio Company Limited	Note ii
Chow Tai Fook Art Foundation Limited	Note ii
Chow Tai Fook Energy Company Limited	Note ii
Chow Tai Fook Enterprises Limited	Note ii
Chow Tai Fook Jewellery Company Limited	Note ii
Cititop Limited	Note ii
Daily Land Limited	Note ii
Diamond International Limited	Note ii
Discovery Park Commercial Services Limited	Note ii
Eastrade Holdings Limited	Note ii

Notes to the Consolidated Financial Statements

33 RELATED PARTY TRANSACTIONS (Continued)

- (a) The Directors of the Company are of the view that the related parties that had transactions with the Group are listed below: (Continued)

Name	Relationship
Ever Right Limited	Note ii
Foregain Company Limited	Note ii
Full Asset Enterprises Limited	Note ii
GH Hotel Company Limited	Note ii
GHK Hospital Limited	Note ii
Global Winner Limited	Note ii
Good Sense Development Limited	Note ii
Hip Hing Builders Company Limited	Note ii
Hip Hing Construction Company Limited	Note ii
Hip Hing Engineering Company Limited	Note ii
Hip Hing Joint Venture (VEC)	Note ii
Hong Kong Convention and Exhibition Centre (Management) Limited	Note ii
Hong Kong Golf & Tennis Academy Management Company Limited	Note ii
Hong Kong Island Development Limited	Note ii
Hong Kong Multiple Intelligence Education Company Limited	Note ii
Humansa Dental Limited	Note ii
Humansa Eye Limited	Note ii
Humansa Imaging Limited	Note ii
Humansa VD Limited	Note ii
Hyatt Regency Hong Kong	Note ii
Joy Century Limited	Note ii
K11 AFLM Limited	Note ii
K11 Art Foundation Limited	Note ii
K11 Art Mall Properties Company Limited	Note ii
K11 Artus Limited	Note ii
K11 Concepts Limited	Note ii
K11 Gentry Club Limited	Note ii
K11 Property Management Company Limited	Note ii
K11 Retail & Corporate Sales Company Limited	Note ii
K11 Select Limited	Note ii
K11 Theme Parks Limited	Note ii
Kai Tak Sports Park Limited	Note ii
Karnival TP-FT Limited	Note ii
Kid World Services Limited	Note ii
Kiu Lok Properties Services (China) Limited	Note ii
Loyalton Limited	Note ii
Luxba Limited	Note ii
Maronne Limited	Note ii

33 RELATED PARTY TRANSACTIONS (Continued)

- (a) The Directors of the Company are of the view that the related parties that had transactions with the Group are listed below: (Continued)

Name	Relationship
Nature Discovery Park Limited	Note ii
New Gain Limited	Note ii
New Town Project Management Limited	Note ii
New World China Land Limited	Note ii
New World Corporate Services Limited	Note ii
New World Department Stores Limited	Note ii
New World Development (China) Limited	Note ii
New World Development Company Limited	Note ii
New World Facilities Management Company Limited	Note ii
New World Group Charity Foundation Limited	Note ii
New World Hotel Management Limited	Note ii
New World Property Management Company Limited	Note ii
New World Strategic Investment Limited	Note ii
New World Tower Company Limited	Note ii
NW Project Management Limited	Note ii
NWS Holdings Limited	Note ii
Park New Astor Hotel Limited	Note ii
Polytown Company Limited	Note ii
Pride Success Fashion Trading Limited	Note ii
Pridemax Limited	Note ii
Renaissance Harbour View Hotel HK	Note ii
Rosewood Hotels (Hong Kong) Limited	Note ii
Roxy Limited	Note ii
Sunfield Investments Limited	Note ii
Sunny Goal Limited	Note ii
The Artisan Movement Company Limited	Note ii
The Artizen Management Company Limited	Note ii
The Dragon Seed Company Limited	Note ii
The Town Club (HK) Limited	Note ii
Treasure High Limited	Note ii
Treasure Tower Holdings Limited	Note ii
Urban Parking Limited	Note ii
Vibro (H.K.) Limited	Note ii
Victoria Educational Organisation Limited	Note ii
Wan Fau Sin Koon Service & Dev Co., Limited	Note ii
Wealth Master Corporation Limited	Note ii
Win Win Way Construction Co., Limited	Note ii

Notes to the Consolidated Financial Statements

33 RELATED PARTY TRANSACTIONS (Continued)

- (a) The Directors of the Company are of the view that the related parties that had transactions with the Group are listed below: (Continued)

Name	Relationship
Wise City Investment Limited	Note ii
上海新世界淮海物業發展有限公司	Note ii
天津新世界環渤海房地產開發有限公司	Note ii
北京易喜新世界百貨有限公司	Note ii
北京崇文·新世界房地產發展有限公司	Note ii
佛山鄉村房地產開發有限公司	Note ii
深圳天得房地產開發有限公司	Note ii
清遠新世界旅遊發展有限公司	Note ii
新世界(瀋陽)房地產開發有限公司	Note ii
新世界百貨(中國)有限公司	Note ii
新世界百貨集團上海匯美百貨有限公司	Note ii
新世界協中建築有限公司	Note ii
新世界嘉業(武漢)有限公司	Note ii
寧波公泰置業有限公司	Note ii
寧波新立房地產開發有限公司	Note ii
廣州永沛房地產開發有限公司	Note ii
瀋陽博覽館商務會展有限公司	Note ii

Notes:

- (i) These companies are commonly controlled by the Ultimate Controlling Shareholder and/or the family members of the Ultimate Controlling Shareholder.
- (ii) These related companies include companies of which the key management personnel are close member of the family of the Ultimate Controlling Shareholder.

33 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related companies during the year ended 30 June 2024.

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Contract revenue (Note i)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	15,236	23,271
Other related companies (Note ii)	1,825,011	2,594,977
Total	1,840,247	2,618,248
Cleaning & pest control service income (Note i)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	1,678	1,719
Other related companies (Note ii)	162,294	157,427
Total	163,972	159,146
Premises management service fee and building manager remuneration (Note iii)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	1,638	1,643
Other related companies (Note ii)	20,831	17,762
Total	22,469	19,405
Insurance solutions consultancy fee income from related companies (Note iv)	23	3,061
Landscaping service income (Note v)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	21	19
Other related companies (Note ii)	7,229	7,315
Total	7,250	7,334
Security service income (Note vi)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	4,213	4,400
Other related companies (Note ii)	224,274	240,794
Total	228,487	245,194

Notes to the Consolidated Financial Statements

33 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Rental expenses/addition of rights-of-use assets (Note vii)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	7,222	1,053
Other related companies (Note ii)	51	50
Total	7,273	1,103
Appointment fees to related companies (Note viii)	2,779	2,751
Contracting service expenses to related companies (Note ix)	6,268	7,086
Miscellaneous service fees expenses to related companies (Note x)	640	462

Notes:

- (i) Revenue from provision of contracting work and cleaning service income is principally charged in accordance with respective contracts.
- (ii) These related companies are companies of which the key management personnel are close members of the family of the ultimate controlling shareholder.
- (iii) Premises management service fee and building manager remuneration was charged based on certain percentages of total expenditures of the properties in accordance with the management contracts.
- (iv) Insurance solutions consultancy fee income was charged at terms mutually agreed between the parties.
- (v) Landscaping service income was charged at prices and terms as agreed by both parties.
- (vi) Security service fee income was charged at prices and terms as agreed by both parties.
- (vii) Rental expenses/additions of rights-of-use assets were principally calculated in accordance with the terms of the respective rental agreements.
- (viii) Appointment fees were charged at prices and terms as agreed by both parties.
- (ix) Contracting service expenses were charged in accordance with the terms of the respective contracts.
- (x) Miscellaneous service fees were charged based on fixed amounts mutually agreed by the parties.
- (xi) The above transactions with related parties are based upon mutually agreed terms and conditions.

33 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

As at 30 June	2024 HK\$'000	2023 HK\$'000
Trade receivables		
Related companies commonly controlled by the Ultimate Controlling Shareholder	496	943
Other related companies (Note i)	148,389	325,143
Total	148,885	326,086
Retention receivables due from related companies (Note i)	124,433	124,619
Other receivables		
Other related companies (Note i)	55,799	28,801
Contract assets due from related companies (Note i)	159,166	243,215
Contract liabilities		
Other related companies (Note i)	84,681	334,554
Other payables		
Related companies commonly controlled by the Ultimate Controlling Shareholder	2,217	–
Other related companies (Note i)	10,059	80,176
Total	12,276	80,176
Lease liabilities		
Related companies commonly controlled by the Ultimate Controlling Shareholder	21,551	40,620

Note:

- (i) These related companies are companies of which the key management personnel are close members of the family of the Ultimate Controlling Shareholder.

Notes to the Consolidated Financial Statements

33 RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

Key management includes directors and senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

For the year ended 30 June	2024 HK\$'000	2023 HK\$'000
Fees	4,134	3,530
Salaries and other emoluments	90,635	74,497
Contributions to defined contribution schemes	5,095	3,951
Total	99,864	81,978

The emoluments to directors and members of the senior management of the Group fell within the following bands:

For the year ended 30 June	2024 Number of individuals	2023 Number of individuals
Emolument bands		
Nil – HK\$1,000,000	7	5
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	–	2
HK\$2,000,001 – HK\$2,500,000	5	2
HK\$2,500,001 – HK\$3,000,000	4	2
HK\$3,000,001 – HK\$3,500,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	3
HK\$4,000,001 – HK\$4,500,000	2	–
HK\$4,500,001 – HK\$5,000,000	1	1
HK\$5,000,001 – HK\$5,500,000	2	2
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$6,000,001 – HK\$6,500,000	2	2
HK\$6,500,001 – HK\$7,000,000	1	–
HK\$7,000,001 – HK\$7,500,000	–	1
HK\$7,500,001 – HK\$8,000,000	1	1
HK\$8,000,001 – HK\$8,500,000	1	1
HK\$8,500,001 – HK\$9,000,000	1	–
HK\$9,000,001 – HK\$9,500,000	1	–
HK\$9,500,001 – HK\$10,000,000	1	–
HK\$10,000,001 – HK\$10,500,000	1	–
HK\$10,500,001 – HK\$11,000,000	1	–
HK\$11,000,001 – HK\$11,500,000	1	–
HK\$11,500,001 – HK\$12,000,000	1	–
HK\$12,000,001 – HK\$12,500,000	1	–
HK\$12,500,001 – HK\$13,000,000	1	–
Total	29	23

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

As at 30 June	2024 HK\$'000	2023 HK\$'000
ASSETS		
Non-current assets		
Subsidiaries	412,132	412,132
Current assets		
Trade and other receivables	199	202
Amounts due from subsidiaries	2,775,807	2,635,593
Cash and bank balances	314	1,327
	2,776,320	2,637,122
Total assets	3,188,452	3,049,254
EQUITY		
Ordinary shares	45,000	45,000
Convertible preference shares	140,900	140,900
Reserves (Note (a))	820,391	817,511
Total equity	1,006,291	1,003,411
LIABILITIES		
Current liabilities		
Trade and other payables	5,956	5,823
Amounts due to subsidiaries	2,176,205	2,040,020
Total liabilities	2,182,161	2,045,843
Total equity and liabilities	3,188,452	3,049,254
Net current assets	594,159	591,279
Total assets less current liabilities	1,006,291	1,003,411

The statement of financial position of the Company was approved by the Board of Directors on 13 September 2024 and was signed on its behalf.

Lam Wai Hon, Patrick
Director

Doo William Junior Guilherme
Director

Notes to the Consolidated Financial Statements

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2022	743,204	62,222	805,426
Profit for the year	–	239,239	239,239
Dividends	–	(218,700)	(218,700)
Preferred distribution	–	(8,454)	(8,454)
At 30 June 2023	743,204	74,307	817,511
At 1 July 2023	743,204	74,307	817,511
Profit for the year	–	207,984	207,984
Dividends	–	(196,650)	(196,650)
Preferred distribution	–	(8,454)	(8,454)
At 30 June 2024	743,204	77,187	820,391

35 PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2024:

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
Directly-owned subsidiaries:					
FSE City Essential Services Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
FSE Engineering Group Limited	British Virgin Islands/ Hong Kong	50,000,000 shares of HK\$1 each paid up to HK\$50,000,000	100	100	Investment holding
FSE Environmental Solutions Limited	British Virgin Islands/ Hong Kong	1 share of US\$1 paid up to US\$1	100	100	Investment holding
FSE Facility Services Group Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
FSE Property Management Group Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
Lucky Bridge Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1 paid up to US\$1	100	100	Investment in trading securities
Indirectly owned subsidiaries:					
Building Material Supplies Limited	British Virgin Islands	1 share of HK\$1 paid up to HK\$1	100	100	Investment holding

35 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
Business Investments Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
Companion Building Material Supplies (H.K.) Limited	Hong Kong	100 shares paid up to HK\$100	100	100	Trading of ceramic tiles and building materials and provision of maintenance and fitting out services
Crystal Brilliant Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
Espora Company Limited	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of property management services
Environmental Pioneers & Solutions Limited	Hong Kong	1,000 shares paid up to HK\$100,000	100	100	Trading of environmental products and the provision of related engineering and consultancy services
Extensive Trading Company Limited	Hong Kong	8,500,000 ordinary shares and 1,500,000 non-voting deferred shares ⁽¹⁾ paid up to HK\$10,100,000	100	100	Trading of equipment and materials
EPS Environmental Technologies (Macao) Limited	Macau	MOP25,000	100	100	Trading of environmental products and the provision of related engineering and consultancy services
Far East Engineering Services Limited	Hong Kong	766,714 ordinary shares and 233,288 non-voting deferred shares ⁽¹⁾ paid up to HK\$10,000,020	100	100	Mechanical and electrical engineering, trading and project management consultancy
Far East Technical Service (Macao) Limited	Macau	MOP25,000	100	100	Mechanical and electrical engineering
FSE C & L Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
FSE Environmental Laboratory Services Limited	Hong Kong	10,000 shares paid up to HK\$10,000	100	100	Provision of testing and calibration services
FSE Environmental Technologies Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding

Notes to the Consolidated Financial Statements

35 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
FSE Facility Management Limited	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of referral services to a fellow subsidiary engaged in insurance brokerage business
FSE Ins Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
FSE International Realty Limited (formerly known as Kiu Lok International Realty Limited)	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of property agency and related services for buildings in Hong Kong
FSE S & G Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
General Security & Guarding Limited	British Virgin Islands	1 share of HK\$1 paid up to HK\$1	100	100	Investment holding
General Security (H.K.) Limited	Hong Kong	8,402 ordinary shares and 11,600 non-voting deferred shares ⁽¹⁾ paid up to HK\$2,000,200	100	100	Security services, sales and maintenance of alarm systems
General Security Limited	Hong Kong	2 ordinary shares and 2,500 non-voting deferred shares ⁽¹⁾ paid up to HK\$250,200	100	100	Security services
Hong Kong Island Landscape Company Limited	Hong Kong	1,980,000 ordinary shares and 20,000 non-voting deferred shares ⁽¹⁾ paid up to HK\$20,000,000	100	100	Trading, landscaping project contracting
International Property Management Limited	Hong Kong	450,000 ordinary shares and 95,500 non-voting deferred shares ⁽¹⁾ paid up to HK\$5,455,000	99	99	Investment holding and provision of property management services for buildings
International Reinsurance Management Limited	Hong Kong	500,000 shares paid up to HK\$500,000	100	100	Reinsurance brokerage
Joneson Environmental Technologies Limited	Hong Kong	885,000 ordinary shares and 35,000 non-voting deferred shares ⁽¹⁾ paid up to HK\$920,000	100	100	Trading, building maintenance, chemical engineering

35 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
Kiu Lok Properties (International) Limited	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of property agency and related services for buildings in Hong Kong
Kiu Lok Service Management Company Limited	Hong Kong	2 ordinary shares and 1,002 non-voting deferred shares ⁽¹⁾ paid up to HK\$100,400	100	100	Provision of property management, property agency and related services for buildings in Hong Kong
KL Property Management Limited	Hong Kong	1 share paid up to HK\$1	100	100	Provision of property management and related services for buildings in Hong Kong
KLPS Group Limited	Hong Kong	20,000,000 shares paid up to HK\$20,000,000	100	100	Investment holding
Legend Success Investments Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
Majestic Engineering Company Limited	Hong Kong	30,000 shares paid up to HK\$30,000,000	100	100	Mechanical and electrical engineering
Majestic Engineering (Macao) Company Limited	Macao	MOP25,000	100	100	Mechanical and electrical engineering
Majestic Plumbing Engineers Limited	Hong Kong	2,000,000 shares paid up to HK\$2,000,000	100	100	Plumbing engineering services
Nova Insurance Consultants Limited	Hong Kong	500,000 shares paid up to HK\$500,000	100	100	Insurance brokerage
Paramatta Estate Management Limited	Hong Kong	10,000 shares paid up to HK\$10,000	100	100	Estate Manager of City One, Shatin
Park Vale (Management) Limited	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of property management services for buildings
Perfect Event Services Limited	Hong Kong	10,000 shares paid up to HK\$10,000	100	100	Provision of one-stop solution and support services to event activities
Plantgrove Developments Limited	British Virgin Islands	2 shares of US\$1 each paid up to US\$2	100	100	Investment holding

Notes to the Consolidated Financial Statements

35 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
Premier Custodian Services Limited	Hong Kong	1 share paid up to HK\$1	100	100	Provision of premier cleaning services
Smart and Safe Fleet Management Limited	Hong Kong	1 share paid up to HK\$1	100	100	Provision of fleet management services in Hong Kong
Sunningdale (Management) Limited	Hong Kong	2 shares paid up to HK\$20	100	100	Provision of property management services for buildings
Turning Technical Services Limited	Hong Kong	200,000 shares paid up to HK\$200,000	99	99	Provision of cleaning, repairs and maintenance services for properties
Uniformity Security Limited	British Virgin Islands	1 share of HK\$1 paid up to HK\$1	100	100	Investment holding
Urban Focus Limited	British Virgin Islands	1 share of US\$1 paid up to US\$1	100	100	Investment holding
Urban Management Limited	British Virgin Islands	1 share paid up to HK\$1	100	100	Investment holding
Urban Management Services Limited	Hong Kong	10,000 shares paid up to HK\$10,000	100	100	Provision of property management services
Urban Property Management Limited	Hong Kong	49,995,498 ordinary shares and 4,502 non-voting deferred shares ⁽¹⁾ paid up to HK\$50,000,000	100	100	Provision of property management services for buildings and investment holding
Urban Technical Services Limited	Hong Kong	2 shares paid up to HK\$2	100	100	Provision of repairs and maintenance services
Tridant Engineering Company Limited	Hong Kong	34,400,000 ordinary shares and 15,600,000 non-voting deferred shares ⁽¹⁾ paid up to HK\$50,000,000	100	100	Provision of mechanical and electrical engineering services
Waihong Cleaning Limited	British Virgin Islands	1 share of HK\$1 paid up to HK\$1	100	100	Investment holding

35 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation or establishment/ place of operation	Issued/Registered and paid-up capital	Attributable equity interest of the Group		Principal activities
			As at 30 June 2024	2023	
Waihong Environmental Services Limited	Hong Kong	400,000 shares paid up to HK\$40,000,000	100	100	Provision and management of cleaning, pest control and waste disposal services and provision of recycling and environmental disposal services
Waihong Integrated Green Services Limited	Hong Kong	400,000 shares paid up to HK\$400,000	100	100	Provision of pest control services
Waihong Medicare Services Limited	Hong Kong	1 share paid up to HK\$1	100	100	Provision of cleaning services in hospitals
Wise Plaza Limited	Hong Kong	10,000 shares paid up to HK\$10,000	100	100	Investment holding
Young's Engineering Company Limited	Hong Kong	4,000,000 shares paid up to HK\$40,000,000	100	100	Mechanical and electrical engineering
Young's Engineering (Macao) Company Limited	Macao	MOP100,000	100	100	Mechanical and electrical engineering
豐盛機電工程有限公司 ⁽²⁾	Mainland China	RMB50,000,000	100	100	Mechanical and electrical engineering
北京遠東景福機電設備維修有限公司 ⁽²⁾	Mainland China	US\$150,000	100	100	Mechanical, electrical engineering and maintenance
景福機電安裝工程（上海）有限公司 ⁽²⁾	Mainland China	RMB15,000,000	100	100	Mechanical and electrical engineering
廣州凱康園林服務有限公司 ⁽²⁾	Mainland China	RMB1,000,000	100	100	Provision of landscaping services

Notes:

1. The non-voting deferred shares do not carry any voting rights and are not entitled to any profits distribution by the subsidiary. On a return of assets on winding up or otherwise, the assets of the subsidiary to be returned shall be distributed firstly in paying HK\$1 billion per share to the holders of the ordinary shares and secondly in repaying to the holders of non-voting deferred shares the nominal amount paid up or credited as paid upon such shares. The balance of the assets of the subsidiary shall be distributed among the holders of the ordinary shares.
2. These subsidiaries are registered as wholly foreign owned enterprises under the law of Mainland China.

Five-Year Financial Summary

FSE LIFESTYLE — CONSOLIDATED⁽ⁱ⁾

RESULTS	For the year ended 30 June				
	2020	2021	2022	2023	2024
	(restated)				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5,656,086	6,452,741	6,966,935	7,767,209	8,447,943
Profit for the year attributable to shareholders of the Company	412,161	586,911	502,935	522,902	501,100
ASSETS, LIABILITIES AND EQUITY	As at 30 June				
	2020	2021	2022	2023	2024
	(restated)				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	3,740,112	3,050,225	3,599,304	3,990,434	3,949,672
Total liabilities	3,023,655	2,950,711	3,162,530	3,291,013	2,960,800
Total equity	716,457	99,514	436,774	699,421	988,872
FINANCIAL INFORMATION PER SHARE	For the year ended 30 June/As at 30 June				
	2020	2021	2022	2023	2024
	(restated)				
Earnings (HK\$)	0.91	1.29	1.10	1.14	1.09
KEY RATIOS	For the year ended 30 June/As at 30 June				
	2020	2021	2022	2023	2024
	(restated)				
Return on assets	11.0%	19.2%	14.0%	13.1%	12.7%
Return on equity	57.5%	589.6%	115.4%	74.9%	50.7%
Current ratio (times)	1.3	1.0	1.2	1.2	1.3
Net gearing ratio	0%	0%	0%	0%	0%
Dividend payout ratio	45.7%	48.7%	41.0%	40.1%	40.0%

Note:

- (i) Consolidated figures after intra-group eliminations. For presentation purpose, the financial information for 2020 has been restated for the Group's application of merger accounting for its acquisition of the Business Investments Group completed on 19 April 2021 which have been accounted for as a business combination under common control.

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

Dr. Cheng Kar Shun, Henry *GBM, GBS (Chairman)*
Mr. Poon Lock Kee, Rocky *MH*

Executive Directors

Mr. Doo Wai Hoi William *BBS, JP (Chairman)*
Mr. Lam Wai Hon, Patrick
(*Executive Vice-Chairman & Chief Executive Officer*)
(*also alternate to Dr. Cheng Kar Shun, Henry*)
Mr. Doo William Junior Guilherme *BBS, JP*
Mr. Lee Kwok Bong
Mr. Soon Kweong Wah
Mr. Wong Shu Hung
Dr. Cheng Chun Fai

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Lee Kwan Hung, Eddie
Dr. Tong Yuk Lun, Paul
Ms. Leung Wan Chong Christine

AUDIT COMMITTEE

Mr. Kwong Che Keung, Gordon (*Chairman*)
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Lee Kwan Hung, Eddie
Ms. Leung Wan Chong Christine

REMUNERATION COMMITTEE

Mr. Hui Chiu Chung, Stephen *JP (Chairman)*
Mr. Lee Kwan Hung, Eddie
Dr. Tong Yuk Lun, Paul
Mr. Lam Wai Hon, Patrick
Mr. Doo William Junior Guilherme *BBS, JP*

NOMINATION COMMITTEE

Mr. Lee Kwan Hung, Eddie (*Chairman*)
Mr. Hui Chiu Chung, Stephen *JP*
Dr. Tong Yuk Lun, Paul
Mr. Lam Wai Hon, Patrick
Mr. Doo William Junior Guilherme *BBS, JP*

ESG COMMITTEE

Dr. Cheng Chun Fai (*Chairman*)
Mr. Lee Kwok Bong
Mr. Soon Kweong Wah
Dr. Tong Yuk Lun, Paul
Ms. Leung Wan Chong Christine
Mr. Kwan Chun Kit, Terry
Mr. Tsang Tin Ngai

COMPANY SECRETARY

Mr. Chan Ju Wai

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Chong Hing Bank Limited
Crédit Agricole Corporate and Investment Bank,
Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation
Limited
JPMorgan Chase Bank NA, Singapore
Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

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

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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8th Floor, Chevalier Commercial Centre
8 Wang Hoi Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

331

INVESTOR RELATIONS

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