

Date: 25 November 2020

Mr. Ronald Chan  
Chartwell Capital Limited  
Rm 1702, New World Tower 1  
16-18 Queen's Road Central  
Hong Kong

Dear Mr. Chan,

Thank you for your letter dated 20 November 2020 with comments on our ESG Report.

After discussion with Business Environment Council ("BEC"), our ESG consultant, we would like to reply to your observations as follows:-

1. Besides complying with the statutory requirement on ESG reporting, the Company will consider adding the previous years' KPI performance data on a 3-year rolling basis with breakdown in the future. For the time being, the relevant data can be looked up from the "Performance Data Summary" section in the end of the ESG report of individual year.
2. The factors of acquisition contributed to the fluctuation of ESG metrics are primarily:
  - a) increase of headcount and tedious labor work type especially in Waihong Group that required less training and resulted in lower average training hours. However, there are no much difference in average training hours for E&M Engineering and Environment segments;
  - b) more consumption of oil/gasoline/electricity by the new laundry and cleaning operations and their fleet that have increased the greenhouse gas emission:

The Company will provide or compare ESG metrics in pre- and post-transaction phases for future transactions.

3. Recycling materials are mostly adopted in construction industry but less so in E&M industry. However, the Group has incorporated the application of green building principles into building services equipment, including green and energy efficient E&M products, and adopts green building design, modular integrated construction (MiC), Design for Manufacture and Assembly (DfMA) to reduce energy, carbon footprint and construction wastes.

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We hope the above will address to the respective issues in your observations. Should you have any further queries, please do not hesitate to contact us at any time.

Yours sincerely,  
For and on behalf of  
FSE Services Group Ltd.

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Thomas Soon  
Executive Director  
Chairman of the Risk Management  
Committee of the Board

**FSE Services Group Ltd. 豐盛服務集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

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