Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 31 December 2025 (the "Period"), the Group recorded revenue amounting to HK$3,777.1 million, representing a decrease of HK$312.9 million or 7.7%, as compared with HK$4,090.0 million for the six months ended 31 December 2024 (the "same period last year"). Profit attributable to shareholders for the Period was HK$215.9 million, representing a decrease of HK$25.7 million or 10.6% as compared with HK$241.6 million for the same period last year, mainly resulted from a lower contribution from the E&M services segment and a decrease in government grants, partly offset by the effect of the growth at the city essential services segment (principally the systems security, guarding & event services and the technical support & maintenance services businesses) and the property & facility management services segment. Details of the government grants recognised by the Group are set out in Note 7 to the condensed consolidated interim financial statements.

Summary of government grants

For the six months ended 31 December	2025 HK$'M	2024 HK$'M
Recognised as deduction of staff costs included in "Cost of services and sales"	–	1.6
Total	–	1.6

Results excluding government grants

To better illustrate the Group's financial results for both periods, if excluding the effects of government grants (2025: Nil; 2024: HK$1.6 million) in the Group's profit attributable to shareholders of the Company (2025: HK$215.9 million; 2024: HK$241.6 million), the Group would record a decrease in adjusted net profit for the Period of 10.0% to HK$215.9 million as compared to its adjusted net profit for last year of HK$240.0 million.

Tender submitted and contracts awarded

For the six months ended 31 December 2025	Tender submitted[i] HK$'M		Contracts awarded[i] [ii] HK$'M	
Property & facility management services		1,459		88
City essential services				
– Cleaning & pest control services	6,412		699	
– Insurance solutions	28		16	
– Technical support & maintenance services	2,453		563	
– Environmental solutions	766		120	
– Systems security, guarding & event services	631		205	
City essential services subtotal		10,290		1,603
E&M services		32,220		2,206
Total		43,969		3,897

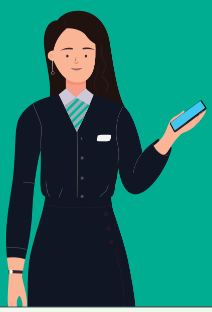
Notes:
(i) With net contract sum not less than HK$1 million for each contract.

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

Gross value of contract sum and outstanding contract sum

As at 31 December 2025	Gross value of contract sum HK$'M		Outstanding contract sum HK$'M	
Property & facility management services		2,246		1,638
City essential services				
– Cleaning & pest control services	6,633		2,703	
– Insurance solutions	167		49	
– Technical support & maintenance services	2,683		1,620	
– Environmental solutions	367		259	
– Systems security, guarding & event services	1,998		895	
City essential services subtotal		11,848		5,526
E&M services		10,911		8,018
Total		25,005		15,182

Property & Facility Management Services



Number of staff
Over **5,400**

Service contracts
Over **300**

Innovation keeps FSE Lifestyle at the forefront of the property and facility management industry. We are expanding our service scope from a conventional property management business into a comprehensive asset management group.

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

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

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

During 2025, Kiu Lok and FSE Property Asset Management expanded its service scope from being a conventional property management business into a comprehensive property asset management group. Through the setup of a property asset management company, Kiu Lok and FSE Property Asset Management now provide its clients with one-stop asset management advisory, property & facility management, and sales & leasing services.

During the Period, our Property & Facility Management Group submitted tenders for 39 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$1,459 million and, combining the submitted tenders from the previous months, was awarded 13 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$88 million. Among these 13 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 Wong Chuk Hang.

As at 31 December 2025, the property & facility management services segment has a total gross value of contract sum of HK$2,246 million with total outstanding contract sum of HK$1,638 million.

We would like to express our gratitude to Urban Group for its prompt response to the power outage at Shui Wo Court during the CNY holidays. Despite the challenges of sourcing materials during the holiday period, the team demonstrated exceptional contingency capability and redeployed resources across districts, and restored electricity to all affected units within 24 hours. They also arranged temporary rest areas and charging stations, demonstrating a strong people-centric service spirit that was widely appreciated by residents.

Sha Tin District Council

City Essential Services

Number of staff
Over **19,300**

Service contracts
Over **12,800**

Leveraging FSE Lifestyle's ecosystem with its synergies and support across the business units, our City Essential Services segment continues to deliver high quality service in every corner of Hong Kong during the year.

Cleaning & Pest Control Services

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

Waihong's unique market differentiation lies in its integration of services, enormous working teams comprising over 12,000 staff, a strong fleet management with over 100 municipal vehicles and full support towards customers with strong integrity and governance. Waihong has applied advanced technology, including AI systems for smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy). High degree of service commitments keeps Waihong ranked the largest in the cleaning service industry in Hong Kong. It is a market leader and competent in providing clients with quality services.

During the Period, Waihong submitted tenders for 253 cleaning service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$6,412 million and, combining the submitted tenders from the previous months, was awarded 55 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$699 million. Among these 55 service contracts, six 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 two government facilities, shopping malls in two districts, racing facilities in Shatin and a hospital in Sai Ying Pun.

Insurance Solutions

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

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

We appreciate the Waihong team's high awareness and swift response in handling a passenger illness incident at the male restroom near the B2 Cross Boundary Line. Their prompt action ensured the passenger was conveyed to hospital for timely treatment.

MTR Corporation Limited

As one of the top five (out of over 800) general insurance brokers in Hong Kong, Nova's unique market differentiation lies in its highly professional team of brokers and specialists, strong expertise in various classes of insurance, adoption of AI facilitated business processes, customised services, good local knowledge and connections, strong bargaining power in the insurance market and its serving network in both the Greater Bay Area and in the world through its affiliated company in China and global broker partners. Nova serves many clients who are leaders within their respective industries.

During the Period, Nova secured placements for a number of new accounts for various projects and directors and officers liability insurance policies. Nova also won a contract from one of the leading tertiary education institutions. The vast majority of Nova's business involved general insurance, construction and employee benefits-related insurance. Each year Nova has to submit renewal quotations for all these policies to its clients and will only be awarded renewal contracts when its terms and conditions are competitive. Nova's retention ratio in securing renewed contracts has always been over 80%, reflecting its competitiveness and high level of services.

During the Period, Nova submitted tenders for 14 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$28 million and was awarded eight service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$16 million.

Technical Support & Maintenance Services

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

The Group's technical support & maintenance services business' unique market differentiation lies in its proven ability to deliver large-scale, technically complex building services upgrades with minimal disruptions to its clients' daily operations. It specialises in energy efficient chiller replacements, transforming air cooled to water cooled systems, and adopting high Coefficient of Performance units with green refrigerants. By integrating BIM, MiMEP prefabrication, AI driven energy optimisation and other innovative technology, it ensures precision planning, shorter construction periods, and superior sustainability outcomes. With strong project execution experience across Hong Kong and Macau, it combines engineering expertise, digital innovation, and collaborative project management into consistently exceeding client expectations' low carbon and high-performance building environments.

During the Period, the Group submitted tenders for 397 maintenance service contracts (with a contract sum not less than HK$1 million for each contract) with a total tender sum of HK$2,453 million and, combining the submitted tenders from the previous months, was awarded 57 contracts (with a net contract sum not less than HK$1 million for each contract) with a total net contract sum of HK$563 million. Among these 57 contracts, eight of them were major contracts (with net contract sum not less than HK$20 million for each contract), which included five term contracts for government buildings in Kowloon and New Territories, one chiller replacement contract for a commercial building in Kwun Tong, a term contract for a university in Hung Hom and one chilled water pipe replacement contract for a hotel in Tsuen Wan.

Environmental Solutions

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

This division is divided into three business lines:

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

(ii) "Smart Solutions" (EV charging, IoT platform and smart facilities) to provide advanced information and communication infrastructure by providing smart facility systems (i.e. smart office and smart toilet) to enhance operational efficiency, as well as a full range of services covering material supply, electrical installation, design and engineering and project management for electric vehicle ("EV") charging infrastructure. Through its IoT platform "Fiotech", it provides customised integrated IoT solutions to its clients' facilities, from consultation and solution design, system implementation and operation, to data analytics for routine support and maintenance.

(iii) "Green Solutions" (landscape) to provide landscape management and maintenance services to a diversified business portfolio, including but not limited to property developers and managers, to improve environmental quality and promote carbon neutrality. Its landscape business offers a wide range of one-stop green solutions to its clients. It provides landscape design and performs landscape projects and various tree works. It also supplies festival plants to its clients.

During the Period, the Group submitted 133 service contracts tenders and quotations for its environmental, landscape, EV charging infrastructure 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$766 million and, combining the submitted tenders and quotations from the previous months, was awarded 21 environmental, landscape, EV charging infrastructure 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$120 million.

Systems Security, Guarding & Event Services

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

General Security serves a broad range of clients of residential properties (including estates, service apartments and luxury detached houses), office towers, shopping malls and buildings, private clubs, entertaining facilities, event and exhibition venues. General Security holds all three types of licences for operating a security company in Hong Kong which covers three core areas: (i) Type I Licence for provision of systems security, guarding services; (ii) Type II Licence for providing armoured transportation services and (iii) Type III Licence for installation, maintenance and/or repairing of a security device and/or designing a security system incorporating a security device. It has a strong workforce capable of serving multiple events concurrently involving over 100,000 people. General Security and Perfect Event have strong expertise in event security, customer services, and established

> *We are pleased to extend our heartfelt appreciation to FSE Environment for its outstanding professionalism in delivering the EV-charging installation at The Altitude. The team's commitment to quality, innovation and operational excellence was key to the project's successful completion.*
>
> *Kerry Properties Management Office*

We commend the General Security team for their exemplary handling of a shop theft incident. Through decisive action, swift on-site response, and strong coordination, team members successfully restrained and detained one suspect, who was promptly handed over to the attending police for further handling. Their professionalism, courage, and outstanding teamwork ensured an effective resolution to the incident.

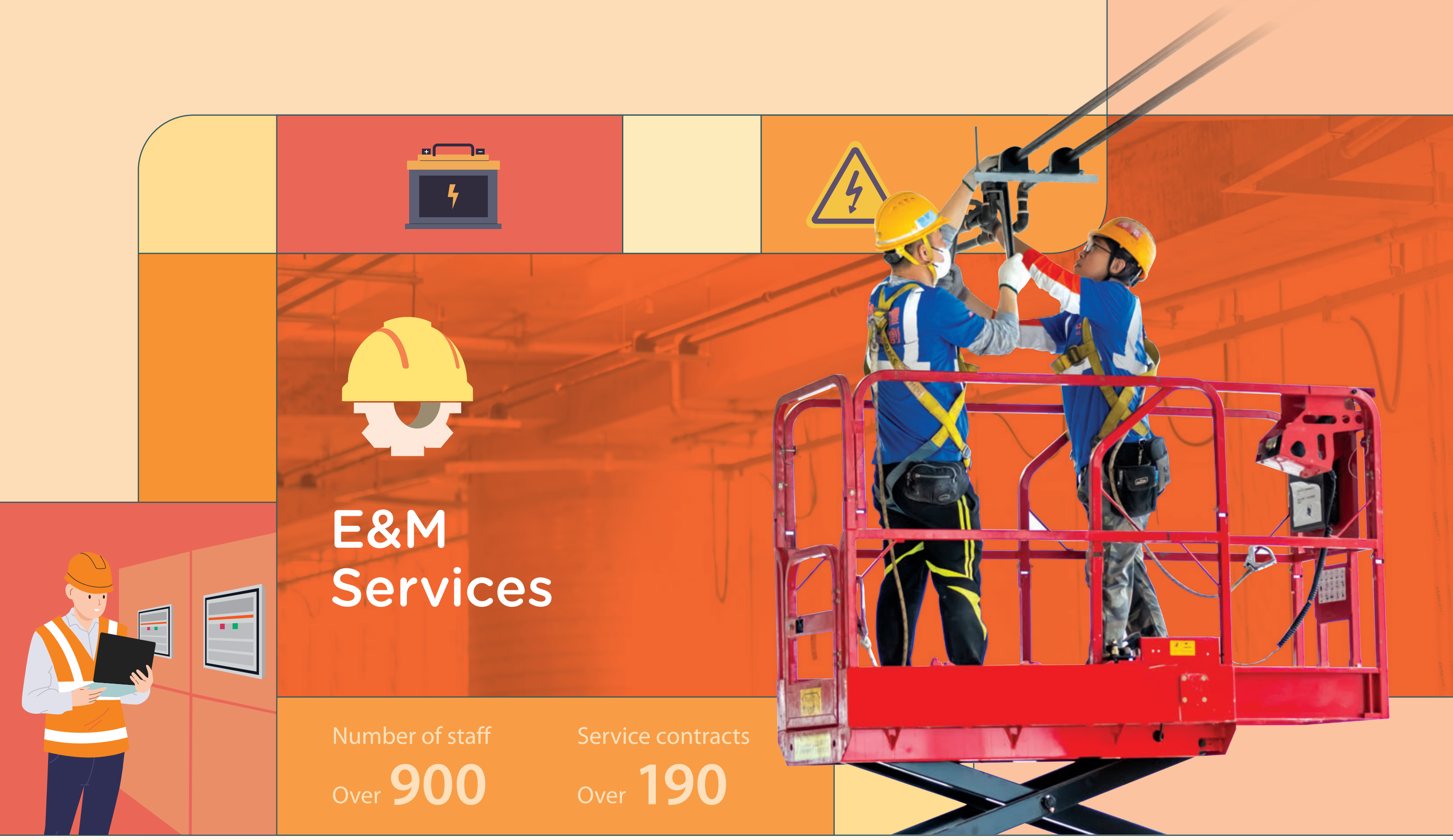
Shun Tak Properties Limited

strategic partnerships with major event operators and managers. In addition, General Security operates a 24-hour Central Alarm Monitoring Station, an additional Central Alarm Monitoring Station ("CAMS") license endorsement and is providing monitoring services to many jewelry stores and houses. It has adopted new technologies, including electronic key management systems, to enhance its service quality and efficiency.

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

During the Period, General Security and Perfect Event submitted tenders for 57 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$631 million and, combining the submitted tenders from the previous months, was awarded 18 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$205 million. Among these 18 service contracts, three of them were major service contracts (with net contract sum not less than HK$20 million for each service contract) including a residential estate in Pok Fu Lam, a clubhouse in Fanling and a commercial complex in Sheung Wan.

As at 31 December 2025, the city essential services segment has a total gross value of contract sum of HK$11,848 million with a total outstanding contract sum of HK$5,526 million.



E&M Services

Number of staff
Over 900

Service contracts
Over 190

FSE Lifestyle's E&M service business' unique market differentiation lies in its strong pool of professional talents, well-established supplier and subcontractor network, and a team-based partnership approach towards its clients.

The Group's E&M services business, comprising FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group, serving Hong Kong, Chinese Mainland and Macau. These companies have maintained its position as one of the leading E&M companies in Hong Kong, capable of providing quality professional management and a comprehensive range of E&M 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, universities, airport facilities, event and exhibition venues and residential properties.

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, strong presence in professional institutions, and a team-based partnership approach towards its clients. Innovation by using advanced technology keeps it at the forefront of the E&M industry. It is also recognised as one of the industry pioneers in adoption of green building design, Modular Integrated Construction ("MiC"), Multi-trade Integrated Mechanical, Electrical and Plumbing ("MiMEP"), Design for Manufacture and Assembly ("DfMA") in its projects. With such competitive edges over its competitors, the Group has strong confidence in securing and undertaking integrated E&M projects in Hong Kong, Chinese Mainland and Macau.

During the Period, the Group's E&M services business submitted tenders for 424 E&M engineering projects (with a contract sum not less than HK$1 million for each project) with a total tender sum of HK$32,220 million and, combining the submitted tenders from the previous months, was awarded 28 contracts (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$2,206 million. Among these contracts, eight of them were major projects (with net contract sum not less than HK$100 million for each project), which include three residential projects in Tung Chung, Cheung Sha Wan and To Kwa Wan, three public housing projects in Ma Tau Kok, Yau Tong and Shau Kei Wan, an exhibition centre and a passenger concourse in the Hong Kong Airport.

As at 31 December 2025, the E&M services segment has a total gross value of contract sum of HK$10,911 million with a total outstanding contract sum of HK$8,018 million.

We commend the FSE Engineering team for their exceptional initiative and proactive contributions during the preparation phase of the fire services installation at the Caroline Hill Road District Court Building. By proposing advanced construction materials, the team has enhanced both construction quality and efficiency for this complex project. Their successful attainment of Fire Services Department approval for these materials has ensured statutory compliance and maintaining project progress under a tight programme. Thank you for your outstanding efforts.

Architectural Services Department

Revenue

During the Period, the Group's revenue decreased by HK$312.9 million or 7.7% to HK$3,777.1 million from HK$4,090.0 million for the same period last year, reflecting lower revenue from the E&M services segment amounting to HK$390.8 million, mitigated by higher revenue from the city essential services segment and the property & facility management services segment amounting to HK$74.7 million and HK$3.2 million respectively.

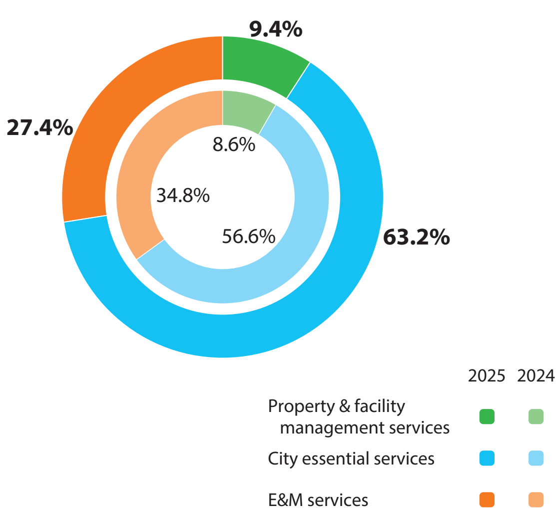
	For the six months ended 31 December		
	2025 HK$'M	2024 (restated) HK$'M	% Change
Property & facility management services*	**353.6**	350.4	0.9%
City essential services*	**2,389.5**	2,314.8	3.2%
E&M services*	**1,034.0**	1,424.8	(27.4%)
Total	**3,777.1**	4,090.0	(7.7%)

* Segment revenue does not include inter-segment revenue.

Revenue by segment

The Group's revenue from the property & facility management services segment and the city essential services segment in aggregate contributed 72.6% (2024: 65.2% (restated)), whereas the revenue from E&M services segment contributed 27.4% (2024: 34.8% (restated)).

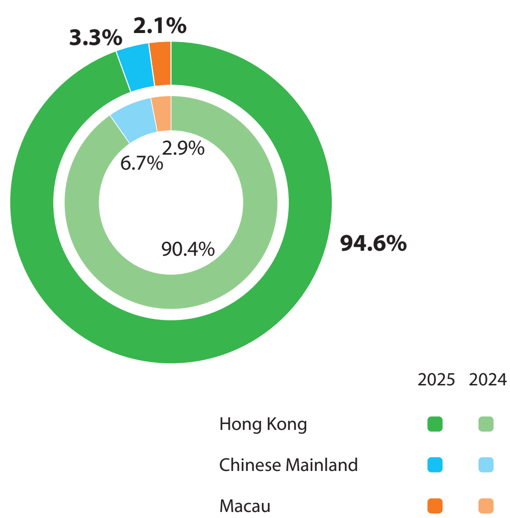
For the six months ended 31 December



Revenue by region

During the Period, the Group's revenue contribution from Hong Kong, Chinese Mainland and Macau was 94.6%, 3.3% and 2.1% (2024: 90.4%, 6.7% and 2.9%) respectively.

For the six months ended 31 December



- *Property & facility management services*: This segment contributed 9.4% (2024: 8.6%) of the Group's total revenue. The services were principally provided in Hong Kong.

  Segment revenue increased by 0.9% or HK$3.2 million to HK$353.6 million from HK$350.4 million. Such growth was mainly driven by new contracts for residential buildings.

  Under the respective contract terms, approximately 20% of the property & facility management services segment's revenue is accounted for based on the management fees received. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its lump sum contracts (i.e. with all direct operational costs for performing the related services borne by it) which are primarily facility management contracts, the property & facility management services segment's revenue for the Period would increase by HK$1,600.0 million from its reported amount of HK$353.6 million (2024: HK$350.4 million) to about HK$1,900.0 million (2024: HK$1,900.0 million).

- *City essential services*: This segment contributed 63.2% (2024: 56.6% (restated)) of the Group's total revenue. The revenue of individual divisions of this services segment is as below:

	For the six months ended 31 December		
	2025 HK$'M	2024 (restated) HK$'M	% Change
Cleaning & pest control services	**1,273.2**	1,262.9	0.8%
Insurance solutions	**75.7**	62.9	20.3%
Technical support & maintenance services	**568.1**	560.4	1.4%
Environmental solutions	**81.2**	94.4	(14.0%)
Systems security, guarding & event services	**391.3**	334.2	17.1%
Total	**2,389.5**	2,314.8	3.2%

  The growth in revenue reflected an increase in contributions from Hong Kong (HK$91.4 million) and Chinese Mainland (HK$20.4 million), partly offset by a decrease in Macau (HK$37.1 million).

  Segment revenue grew by 3.2% or HK$74.7 million to HK$2,389.5 million from HK$2,314.8 million (restated) reflected the higher revenue contributions from (i) more new contracts from regular guarding and ad-hoc services; (ii) Beijing Nova acquired in December 2024; (iii) new general cleaning service contracts encompassing a wide range of buildings and facilities; and (iv) its technical support & maintenance services business' energy-efficient chiller replacement and renovation works for commercial buildings.

- *E&M services*: This segment contributed 27.4% (2024: 34.8% (restated)) of the Group's total revenue and 90% and 10% of this segment's revenue were contributed from Hong Kong and Chinese Mainland (2024: 82%, 18% and 0.1% (restated) from Hong Kong, Chinese Mainland and Macau respectively). Lower revenue contribution was recorded in the Period from Hong Kong (HK$229.4 million), and Chinese Mainland (HK$160.0 million) and Macau (HK$1.4 million).

	For the six months ended 31 December		
	2025 HK$'M	2024 (restated) HK$'M	% Change
Hong Kong	**933.5**	1,162.9	(19.7%)
Chinese Mainland	**100.5**	260.5	(61.4%)
Macau	**–**	1.4	(100.0%)
Total	**1,034.0**	1,424.8	(27.4%)

Segment revenue decreased by 27.4% or HK$390.8 million to HK$1,034.0 million from HK$1,424.8 million (restated) and mainly reflected lower revenue contributions from a number of E&M engineering installation projects which were near completion in the same period last year including a residential estate in Tuen Mun, the expansion of a government building in Central and Hangzhou Westlake 66 in Chinese Mainland, and delays of certain design and construction projects in Hong Kong, mitigated by the substantial progress for a shopping mall in Kwun Tong.

Under contract terms, only the management fees and reimbursable costs of the Kai Tak Sports Park project management project were accounted as revenue. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its E&M installation contracts (i.e. with all direct project costs for performing the related installation services borne by it), this segment's revenue in the Period would increase by HK$300.0 million from its reported amount of HK$1,034.0 million (2024: HK$1,424.8 million (restated)) to about HK$1,300.0 million (2024: HK$2,000.0 million (restated)).

Gross profit

The following tables present the breakdown of the Group's gross profit by business segment:

	For the six months ended 31 December			
	2025		2024 (restated)	
	Gross profit HK$'M	**Gross profit margin %**	Gross profit HK$'M	Gross profit margin %
Gross profit and gross profit margin including government grants				
Property & facility management services	**107.4**	**30.4%**	110.7	31.6%
City essential services	**274.2**	**11.5%**	250.0	10.8%
E&M services	**135.7**	**13.1%**	163.7	11.5%
Total	**517.3**	**13.7%**	524.4	12.8%

During the Period, the Group's property & facility management services segment, city essential services segment and E&M services segment contributed 20.8% (2024: 21.1%), 53.0% (2024: 47.7% (restated)) and 26.2% (2024: 31.2% (restated)) of its gross profit respectively. The Group's gross profit decreased by HK$7.1 million or 1.4% to HK$517.3 million from HK$524.4 million for the same period last year, with an overall gross profit margin increased to 13.7% from 12.8%, mainly reflecting a lower contribution from its E&M business and a decrease in government grants, mitigated by a higher contribution from the Group's city essential services segment.

- *Property & facility management services*: This segment recorded a decrease in its gross profit of HK$3.3 million to HK$107.4 million from HK$110.7 million, with a stable gross profit margin at 30.4%.

- *City essential services:* This segment recorded an increase in its gross profit of HK$24.2 million to HK$274.2 million from HK$250.0 million (restated), with its gross profit margin improved to 11.5% from 10.8% (restated). This was caused by higher contributions from (i) more new contracts from regular guarding and ad-hoc services; (ii) Beijing Nova acquired in December 2024; (iii) new general cleaning service contracts; and (iv) its technical support & maintenance services business' routine operational and maintenance contracts.

- *E&M services*: The gross profit of the E&M services segment decreased by HK$28.0 million to HK$135.7 million from HK$163.7 million (restated) with its gross profit margin improved to 13.1% from 11.5% (restated), principally reflected lower revenue from its projects in Hong Kong and Chinese Mainland. The increased gross profit margin was mainly driven by additional income from projects' variation orders and cost saving measures.

General and administrative expenses

General and administrative expenses of the Group for the Period increased by HK$14.9 million or 6.0% to HK$263.7 million from HK$248.8 million for same period last year, reflecting the Group's acquisition of Beijing Nova in December 2024.

Other income, net

Other net income of HK$6.6 million was recorded by the Group during the Period compared to HK$4.1 million recorded in same period last year.

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

Finance income

The Group recorded finance income of HK$2.5 million (2024: HK$18.1 million). The decrease mainly reflected lower interest income from bank deposits and receivables.

Finance costs

The Group's finance costs of HK$7.7 million (2024: HK$12.8 million) for the Period included interest expenses of (i) HK$5.8 million (2024: HK$11.5 million) for the Group's bank borrowings and other liabilities and (ii) HK$1.9 million (2024: HK$1.3 million) for lease liabilities.

Income tax expenses

The effective tax rate of the Group remained stable at 15.5% (2024: 15.4%).

Profit for the period attributable to shareholders of the Company

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

	For the six months ended 31 December			
	2025 HK$'M	2024 (restated) HK$'M	Change HK$'M	% Change
Profit attributable to shareholders including government grants				
Property & facility management services	**45.9**	45.1	0.8	1.8%
City essential services	**118.9**	117.8	1.1	0.9%
E&M services	**60.1**	89.2	(29.1)	(32.6%)
Unallocated corporate expenses and finance costs*	**(9.0)**	(10.5)	1.5	(14.3%)
Total	**215.9**	241.6	(25.7)	(10.6%)

* Unallocated corporate expenses and finance costs comprise the Company's corporate expenses of HK$3.9 million (2024: HK$3.7 million) and interest expenses of HK$5.1 million (2024: HK$6.8 million).

The Group's profit for the Period decreased by 10.6% or HK$25.7 million to HK$215.9 million compared to HK$241.6 million for the same period last year. The decrease mainly resulted from a lower contribution from the E&M services segment and a decrease in government grants, partly offset by the effect of the growth at the city essential services segment (principally the systems security, guarding & event services and the technical support & maintenance services businesses) and the property & facility management services segment. Details of the government grants recognised by the Group are set out in Note 7 to the condensed consolidated interim financial statements. The net profit margin of the Group decreased to 5.7% for the Period from 5.9% for the same period last year.

	For the six months ended 31 December			
	2025 HK$'M	2024 HK$'M	Change HK$'M	% Change
Profit attributable to shareholders excluding government grants				
Profit attributable to shareholders as reported	**215.9**	241.6	(25.7)	(10.6%)
Excluding government grants	**–**	(1.6)	1.6	(100.0%)
Profit attributable to shareholders excluding government grants	**215.9**	240.0	(24.1)	(10.0%)

To better illustrate the Group's financial results for both periods, if excluding the effects of government grants (2025: Nil; 2024: HK$1.6 million) in the Group's profit attributable to shareholders (2025: HK$215.9 million; 2024: HK$241.6 million), the Group would record a decrease in adjusted net profit of 10.0% to HK$215.9 million for the six months ended 31 December 2025 as compared to its adjusted net profit of HK$240.0 million for the six months ended 31 December 2024.

Other comprehensive income

The Group recorded other comprehensive income for the Period of HK$7.0 million (2024: HK$7.0 million), reflected a favourable exchange reserve movement of HK$3.8 million (2024: unfavourable exchange reserve movement of HK$1.4 million) recorded during the Period following an appreciation of the Renminbi ("RMB") for conversion of the Group's net investments in Chinese Mainland, and remeasurement gains on long service payment liabilities of HK$2.0 million (2024: HK$8.0 million) and defined benefit retirement scheme of HK$1.2 million (2024: HK$0.4 million).

Capital structure

As at	**31 December 2025 HK$'M**	**% to total equity**	30 June 2025 HK$'M	% to total equity	Increase/ (decrease) HK$'M
Non-current assets	**396.1**	**28.4%**	410.9	32.6%	(14.8)
Cash and bank balances	**763.3**	**54.8%**	743.9	59.0%	19.4
Borrowings[(i)]	**378.9**	**27.2%**	318.9	25.3%	60.0
Net cash[(ii)]	**384.4**	**27.6%**	425.0	33.7%	(40.6)
Working capital[(iii)]	**1,110.1**	**79.7%**	1,296.4	102.8%	(186.3)
Total equity	**1,393.1**	**100.0%**	1,261.7	100.0%	131.4

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 31 December 2025, the Group had total cash and bank balances of HK$763.3 million (30 June 2025: HK$743.9 million), of which 87%, 11% and 2% (30 June 2025: 84%, 14% and 2%) were denominated in Hong Kong dollars, RMB and other currencies respectively, and total borrowings of HK$378.9 million (30 June 2025: HK$318.9 million), which were denominated in Hong Kong dollars. The Group's net cash balance decreased by HK$40.6 million to HK$384.4 million as at 31 December 2025 as compared to HK$425.0 million as at 30 June 2025 mainly reflecting the distribution of the Company's final dividend for its financial year ended 30 June 2025 of HK$83.3 million and preferred distribution on the convertible preference shares of HK$8.5 million, and the Group's payments for principal portions of lease liabilities of HK$21.3 million and additional investment in an 27%-owned associate, Townlife Holding Company Limited, of HK$11.9 million, partly mitigated by net cash inflow from operating activities. The Group's net gearing ratio was maintained at zero as at 31 December 2025 (30 June 2025: zero). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less cash and cash equivalents.

Adopting a prudent financial management approach in implementing its treasury policies, the Group maintained a healthy liquidity position throughout the reporting period. As at 31 December 2025, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK$3,060.3 million (30 June 2025: HK$3,119.9 million). As at 31 December 2025, HK$378.9 million (30 June 2025: HK$318.9 million) of the Group's banking facilities had been utilised for bank borrowings and HK$925.6 million (30 June 2025: HK$862.8 million) of the Group's banking facilities had been utilised for bank guarantees and trade finance. The Group believes it has sufficient committed and unutilised banking facilities to meet current business operation and capital expenditure requirements.

The Group's net gearing ratio was maintained at zero as at 31 December 2025.

Debt profile and maturity

As at 31 December 2025, the Group's total debts amounted to HK$378.9 million (30 June 2025: HK$318.9 million), of which HK$40.0 million is renewed on a weekly basis, HK$20.0 million on a monthly basis and HK$318.9 million matures in October 2026. The Group has managed its debt maturity profile to minimise its refinancing risks. All of these debts are denominated in Hong Kong Dollar and bear interest at floating rates.

Foreign currency exposure

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

As part of the Group's business is carried out in Chinese Mainland, some of its assets and liabilities are denominated in RMB. The majority of these assets and liabilities had arisen from the net investments in Chinese Mainland operations with net assets of HK$232.0 million as at 31 December 2025 (30 June 2025: HK$230.8 million). The foreign currency translation arising from translation of these Chinese Mainland operations' financial statements from RMB (functional currency of these Chinese Mainland operations) into Hong Kong dollars (the Group's presentation currency) does not affect the Group's profit before and after tax and will be recognised in its other comprehensive income.

During the Period, the fluctuation of RMB against Hong Kong dollars was 3% (comparing the highest exchange rate with the lowest exchange rate of the RMB against the Hong Kong dollars during the Period).

As at 31 December 2025, if the Hong Kong dollars had strengthened/weakened by another 3% against the RMB with all other variables unchanged, the Group's other comprehensive income would have been HK$7.0 million lower/higher.

Capital commitments

As at 31 December 2025, the Group had capital commitments of HK$0.7 million (30 June 2025: HK$15.9 million) in relation to purchase of 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 31 December 2025.

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 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

Adopting a prudent financial management approach in implementing its treasury policies, the Group maintained a healthy liquidity position throughout the reporting period.

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 31 December 2025, the effect of their conversion is not included in the calculation of the diluted earnings per share for six months ended 31 December 2025 and 2024 pursuant to HKAS 33's requirements as described in Note 9 to the condensed consolidated interim financial statements. Assuming that all of the outstanding convertible preference shares were converted as at the end of the Period of 31 December 2025 and assuming their conditions for conversion were met, the Company's earnings per share after taking into account of the dilutive impact of such conversion for the six months ended 31 December 2025 would be HK$0.44 per share, calculated as the Group's profit attributable to shareholders of the Company of HK$215.9 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.

The Group offers attractive remuneration packages and tailored training to its employees with an aim of promoting upward mobility and fostering employee loyalty.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 25,804 employees (31 December 2024: 25,753) including 9,709 (31 December 2024: 9,638) 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 Period, including salaries and benefits, were HK$1,987.2 million (2024: HK$1,930.0 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 an 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 conditions and individual employees' performance, qualification and experience.

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

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

OUTLOOK

Property & Facility Management Services Segment

Our Property & Facility Management Group possesses over 50 years of experience in providing management services, improving asset quality, reputation and value. Increasing demand for upgraded one-stop professional property and facility management solutions presents growth opportunities for the Group. The business outlook is robust:

- Demand for professional property management services in Hong Kong is increasing, and this trend is set to continue as government policies boost the supply of residential units over the next decade. Currently, our Property & Facility Management Group only occupies a small share of the market and looks forward to the ample business opportunities in the market for it to further expand.

- With heightened awareness of property owners' rights, demand for services from independent (non-property own developer related) property and facility management companies is growing.

- Increased supply of residential properties in Hong Kong presents opportunities for the Group in the first-hand property sales market. Furthermore, the government's new immigration initiatives – particularly the Top Talent Pass Scheme ("TTPS") – will promote property sales and leasing, thereby stimulating housing demand and driving the growth of the Group's sales and leasing services.

- Our Property & Facility Management Group employs over 5,000 staff and excels in adopting new operating models, integrating skills with innovative technologies and IoT applications to deliver efficient services for clients seeking effective technological solutions. The Group has implemented technological applications at over 120 sites, including Sm@rtUrban, ComEasy and drone systems.

- Urban, International Property Management and Kiu Lok are licensed property management companies operating under the Property Management Services Ordinance ("PMSO") (Cap. 626 of the Laws of Hong Kong). With over 400 Tier 1 and Tier 2 property management practitioners, they have one of the largest licensed service teams in the industry. Thus, the Group is well prepared to meet PMSO-associated market demand and maintain its competitive advantage in future tenders and business development.

Demand for professional property management services in Hong Kong is increasing, and this trend is set to continue as government policies boost the supply of residential units over the next decade.

- Our Property & Facility Management Group has a technical and engineering team of over 500 highly trained technicians specialising in the repair, maintenance, renovation and refurbishment of large private housing estates, commercial premises and modern intelligent buildings, thereby providing prompt technical support for enhancing property value. Urban renewal and urgent Mandatory Building Inspection Scheme repair works will serve as another growth driver.

- Leveraging synergies with other business units, the segment has partners with a wide range of professional service providers and contractors. Its economies of scale and strong bargaining power enable the delivery of cost-effective, competitively priced services with high operational efficiency.

- Beyond statutory compliance, the segment upholds rigorous governance standards in environmental protection, corporate social responsibility, and risk and crisis management. For example, Urban is known as "Hong Kong's Premier Community Manager", organising over 50 corporate social responsibility activities a year. The segment also maintains a meticulous risk and crisis management system to address issues ranging from building service disruptions to pandemic control.

- The Group's strong reputation has fostered client trust and built a robust customer network to support its property sales and leasing services. Digital platforms such as websites, social media and instant messaging are used to engage clients, provide convenient access to property information, and promote property sales and leasing services.

City Essential Services Segment

1. Cleaning & Pest Control Services

Building on the healthy and stable growth of its business in the current fragmented market over the past year, particularly with regard to the expansion of its Kai Tak Development Area portfolio, Waihong anticipates promising prospects in the years ahead:

- Numerous private and public sector tenders, with contract value totalling billions of Hong Kong dollars, are expected in the coming years. Leveraging its market leadership, highly experienced professionals, strong integrity and governance practices and existing service contracts, Waihong is well placed to seize new business opportunities.

- Waihong is exploring new market opportunities by introducing smart, innovative equipment to attract more clients. It has also integrated IoT systems, smart toilet systems, drones, Check-in Easy attendance systems, ComEasy inspection systems, and robots to improve process efficiency, scheduling, inventory management and customer satisfaction. Waihong will continue to invest in technology, including robotic transport platforms and curtain wall cleaning robots to reinforce its competitiveness, improve working processes and safety, and support long-term profitability.

Numerous private and public sector tenders, with contract value totalling billions of Hong Kong dollars, are expected in the coming years. Waihong is well placed to seize new business opportunities.

- Committed to sustainability, Waihong is introducing more innovative services and green initiatives to differentiate itself in the cleaning industry and lay a foundation for high-quality growth in the future. With sustainability becoming a global priority, Waihong will seize related business opportunities by implementing green practices, including providing disposal services for municipal solid waste, medical waste, liquid waste and construction waste, as well as the collection of wastepaper, food waste and used batteries. In September 2025, Waihong achieved ISO 14064-1 certification under the Greenhouse Gas Requirements System, underscoring its commitment to social responsibility and carbon emission reduction.

2. Insurance Solutions

As Hong Kong's largest local insurance broker, Nova has a 37-year history and a strong, professional team and a number of competitive advantages positioning it for future growth:

- Corporate insurance buyers with complex and price-sensitive requirements need professional brokers to secure better deals. Nova's quality services have enabled it to win new accounts from competitors.

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

- Looking ahead, Nova will continue to pursue growth in its core areas, including construction, property management, hospitality, educational institutions, and non- government organisations. It will also expand its employee benefits portfolio and prioritise higher-yield specialty products such as cyber insurance, professional indemnity insurance, directors and officers liability insurance, and trade credit insurance.

Corporate insurance buyers with complex and price-sensitive requirements need professional brokers to secure better deals. Nova's quality services have enabled it to win new accounts from competitors.

- Nova remains confident in achieving sustainable growth and retaining its market leadership. The adoption of AI to automate routine processes will enhance its operational excellence, enabling it to streamline repetitive tasks, reduce human error and accelerate decision making, allowing greater focus on higher-value activities, scalable growth, and cost optimisation.

- Having acquired Beijing Nova Insurance Services Limited ("Beijing Nova") on 27 December 2024, Nova has entered the lucrative Chinese insurance brokerage market, and broadened its geographical footprint, thereby diversifying its revenue stream and reducing its reliance on a single market. The collaboration between Beijing Nova and Nova Hong Kong will also allow both parties to tap new opportunities in the Greater Bay Area and across the country. In 2025, Beijing Nova expanded its Chinese Mainland operation through its new branch in Suzhou, in addition to its headquarters in Beijing and existing branches in Shanghai and Guangzhou.

- In the coming years, Beijing Nova will focus on growth in several areas. It will apply its expertise in real estate development and property management to find new clients and assist more overseas and Hong Kong partners in serving clients in China. It will also explore opportunities for new partnerships.

- In 2025, FSE Nova (China) Company Limited formed an associate, Townlife Holding Company Limited, with Towngas Lifestyle (China) Co. Ltd, in which it holds a 27% equity interest. The venture aims to provide comprehensive insurance brokerage services to over 40 million Towngas household customers in Hong Kong and the Chinese Mainland.

3. Technical Support & Maintenance Services

The division has continued to push for longer-term contracts for government fire services systems and secure more electrical system contracts. Although a complementary business, it has strong growth prospects and the potential to bolster the Group's revenue and profit:

- In the private sector, maintenance and system retrofit works provide stable income that supports the Group's main businesses. In Macau, casino groups are expected to increase investment in gaming halls, guest accommodations, and dining and retail facilities in the first half of 2025. The division will strive to secure system upgrade contracts and large-scale alteration and addition projects from casino groups.

- With Hong Kong targeting carbon neutrality before 2050 and rising expectations for better building energy performance, large developers are investing in efficiency upgrades across new and existing buildings. This ongoing demand for retrofit works offers the division significant and sustainable growth opportunities. In 2023, the division secured a chiller replacement contract with CLP Holdings subsidiary CLPe Solutions. It delivered Hong Kong's first zero-carbon chiller system, converting an air-cooled system into a 9,300-refrigerant-ton water-cooled chiller system, demonstrating its expertise in collaborating with power companies and other commercial parties on similar projects. Indeed, the division was awarded a new contract this year by CLPe Solutions for the replacement of a 6,000-refrigerant-ton chiller in a prestigious commercial building in Kwun Tong. The division has plans to collaborate with hospitals and major shopping complexes in the near future.

- By combining Building Information Modelling ("BIM") with the Group's mobile maintenance app, the division uses innovative technology to improve efficiency, enhance safety, and reduce work-related accidents. For the newly awarded large-scale HVAC maintenance contracts, the division will offer a range of value-added services to help clients improve energy savings and asset management.

4. Environmental Solutions

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

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

- The division's environmental engineering operation has grown steadily, driven by its seawater and freshwater treatment products such as electrochlorination systems, and odour removal products such as biotech deodorisation systems. Despite intense competition in HVAC water treatment services, the division's patented nanobubble ozonation system and real-time monitoring capabilities position it well to expand market share.
- For the division's building materials trading business, technological advancement and the focus on healthy, green living will create opportunities to promote new products with innovative features. The business has identified new building materials and products that align with current market trends.

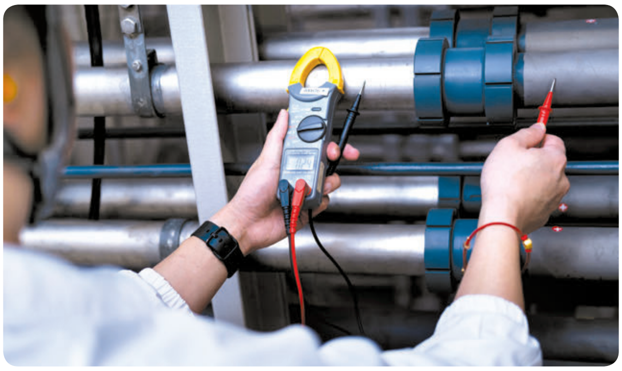
Smart Solutions (EV charging, IoT platform and smart facilities)

- The Hong Kong Roadmap on Popularisation of Electric Vehicles ("EV"), announced by the government in 2021 and targeting zero vehicular emissions by 2050, has fuelled demand for relevant installations in car parks, presenting the Group with ample business opportunities.
- To address the evolving market, the division is 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 enhance building management and environmental monitoring and support sustainability, environmental quality, and customer satisfaction.

The Hong Kong Roadmap on Popularisation of Electric Vehicles and targeting zero vehicular emissions by 2050, has fuelled demand for relevant installations in car parks, presenting the Group with ample business opportunities.

Green Solutions (landscape)

- Growing market demand for green elements in indoor and outdoor spaces has created more opportunities for the Group's landscape services business. Government greening policies, urban planning initiatives and support are driving business development.



5. Systems Security, Guarding & Event Services

Demand for security services is expected to grow significantly in the coming years, driven mainly by the event service industry, giving the Group's Systems Security, Guarding & Event Services division an optimistic outlook:

- Recent Hong Kong Government's initiatives to improve building management, including the "Joint Property Management" pilot scheme for older single-block buildings, are drawing increasing attention. Under this approach, multiple neighbouring buildings jointly appoint a property management company to provide basic services in a more cost-effective and coordinated manner. This model increases the need for consistent security support, including on-site guarding, routine patrols, alarm systems, and monitored surveillance. General Security is well positioned to support such projects with integrated services combining manpower-based guarding, system design, installation, and ongoing maintenance. As building management in older districts evolves, demand for reliable, scalable security solutions for shared management models is expected to remain steady.

Government efforts to promote mega-event tourism will also significantly boost demand for security services.

- Government efforts to promote mega-event tourism will also significantly boost demand for security services. By strategically positioning itself in the event services industry, Perfect Event has delivered strong client satisfaction and notable profit growth.

- Rising expectations for skilled supervisory personnel have led General Security and Perfect Event to adopt a multi-faceted talent strategy encompassing wider recruitment, referral programmes, targeted searches for high-potential candidates, and enhanced training and development initiatives. With strong expertise in event security, customer services, and established strategic partnerships with major event operators and managers, this division is well positioned to capture growth opportunities. Resources will be focused on the event and ad hoc businesses, which offer stronger margins. These initiatives will enable General Security to strengthen its operational capabilities, enhance service quality and capitalise on higher-margin growth opportunities.

E&M Services Segment

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

- Capital and Construction Expenditure – The Construction Industry Council forecasts public and private E&M construction spending above HK$30 billion and HK$25 billion, respectively, over the next five years, pointing to an increasing demand for professional construction services. The Group will focus on rendering these services to public and private housing and infrastructure projects in the coming years.

  Government efforts to improve land production efficiency, lower construction costs by streamlining approval processes, optimise administrative procedures, strengthen internal collaboration, apply technology, and review relevant standards aimed to safeguard public interests and meet development needs.

The Construction Industry Council forecasts public and private E&M construction spending above HK$30 billion and HK$25 billion, respectively, over the next five years, pointing to an increasing demand for professional construction services.

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

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

  Key ongoing and upcoming projects include URA- and Housing Society-led residential and commercial redevelopments, developments in the Kai Tak Development Area, Yau Tong and Ap Lei Chau, associated railway property projects, and the development of Tseung Kwan O Area 137. Over the next five years, the URA will begin redeveloping the "Nullah Road Urban Waterway" in Mong Kok East and the "Street Consolidation Areas" in Yau Ma Tei South, with renewal master plans for Tsuen Wan and Sham Shui Po submitted in late 2025.

- Railway Development – With the Hong Kong Government embarking on a railway extension project, the MTR has started construction on two-line extensions (Tuen Mun South Extension and Tung Chung Line Extension) and the Kwu Tung and Oyster Bay stations. The government has completed the public consultation on the enhancement of three railways, namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai), the Central Rail Link and the Tseung Kwan O Line Southern Extension. To support new town development in the proposed Northern Metropolis, the MTR will progressively tender for two new railways – the Northern Link (NOL) Eastern Extension and the Northeast New Territories Line.

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

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

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

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

- Sports and Recreational Facilities – The Culture, Sports and Tourism Bureau will create a 10-year development blueprint for 30 sports and recreational facilities, including Hong Kong's second sports park in Whitehead, Ma On Shan, and large-scale sports and recreation facilities in the proposed Northern Metropolis. The government will also review the Hong Kong Stadium redevelopment plan to maximise synergies with the Kai Tak Sports Park.

- Technology Park and Manufacturing Centre – To encourage and enhance Innovation and Technology ("I&T"), the Hong Kong Government is working with Shenzhen to develop the Shenzhen-Hong Kong I&T Co-Operation Zone under a "one zone, two parks" model. The project, developed in two phases from west to east, saw the first two buildings completed in mid-2025, with the remaining five to be completed over the next five years. The government will expedite the development of the San Tin Technopole in the Northern Metropolis and expand the Science Park and Cyberport, with the first phase kicked off in 2025.

- Northern Metropolis – The government has identified three land parcels in the Hung Shui Kiu/Ha Tsuen New Development Areas ("NDA"), the Fanling North NDA and the San Tin Technopole as pilot sites to be granted to successful bidders for the collective development of commercial and community facilities. In the Northern Metropolis, the following will be developed: (i) modern logistics clusters in the Hung Shui Kiu/Ha Tsuen NDA; (ii) over 80 hectares of land in Ngau Tam Mei for the Northern Metropolis University Town and an integrated medical teaching and research hospital, and (iii) Second Hospital Development such as Ngau Tam Mei Hospital and Hung Shui Kiu Hospital.

- Technology and Operational Efficiency – Rising construction volumes and costs, an ageing workforce, skilled labour shortages, and numerous serious safety incidents in large-scale projects in recent years have created significant challenges for the local construction industry, including the Group. In 2019, the Development Bureau launched the "Construction 2.0" initiative (i.e. 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. The initial import ceiling was set at 12,000 workers. To date, 7,332 workers have been approved under the Scheme.

- Macau – Macau's hotels and casinos continue to demand renovation and improvement works, with new projects by The Venetian and Wynn Macau Group set to begin in 2026. Since the licences of the six major casino operators were renewed for 10 years in January 2023, work has been underway on the Galaxy Macau Phase 4 development, and renovation works are in progress or will soon begin in existing casinos and hotel areas. These developments, coupled with the city's move toward a broader tourism economy, are generating additional opportunities for the Group.

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

Casino groups in Macau are expected to increase investment in gaming halls, guest accommodations, and dining and retail facilities. We will strive to secure system upgrade contracts and large-scale alteration from casino groups.

- With a long-standing brand and extensive experience, the Group is a leading E&M service company in Hong Kong and a capable and trustworthy E&M service partner in the Chinese Mainland.

- In addition to having a full range of licences and qualifications and being able to effectively manage tendering risks, the Chinese Mainland operation has integrated operating and control procedures, a robust network of well-established customers and suppliers, and an experienced and well-trained workforce to support its business. These attributes have enabled it to continuously improve operational efficiency and provide the most cost- effective services to clients.

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

In response to the growing emphasis on ESG among stakeholders, our E&M services segment has optimised designs and explored innovative methods to reduce energy usage, carbon emissions and construction waste.

- To boost operational efficiency and project management capabilities, the Group has invested in innovative construction technologies such as BIM, Common Data Environment ("CDE"), the Digital Works Supervision System ("DWSS"), modularisation and prefabrication, AI technology, robotic total solutions and the Sky Drilling Machine, 3D laser scanning and mobile apps.

- In addition, senior executives in this segment hold key roles in leading industry organisations, including the Construction Industry Council, as well as in professional institutions such as The Hong Kong Institution of Engineers and trade/industry associations such as The Hong Kong Federation of Electrical and Mechanical Contractors Limited. These engagements demonstrate the Group's commitment to professionalism and keeping pace with the development of the modern construction industry, while also raising its profile.

Conclusion

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