

# Notes to the Condensed Consolidated Interim 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, the 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, car park management services, property agency and related services for buildings, cleaning & pest control and management of waste disposal services, recycling and environmental disposal services, insurance solutions services, technical support and maintenance services, trading of environmental products and provision of related engineering consultancy services, EV charging infrastructure services, trading of EV charging and building materials, provision of landscaping services, systems security, guarding & event services and mechanical and electrical engineering services in Hong Kong, Chinese Mainland and Macau. The ultimate holding company of the Company is FSE Holdings Limited (“FSE Holdings”) incorporated in the Cayman Islands. The directors consider Mrs. Doo Cheng Sau Ha, Amy to be the ultimate controlling shareholder (the “Ultimate Controlling Shareholder”).

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

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated.

This condensed consolidated interim financial information has been approved for issue by the board of directors of the Company (the “Board”) on 24 February 2026.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 31 December 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2025, which has been prepared in accordance with HKFRS Accounting Standards.

The accounting policies applied are consistent with those set out in the annual report for the year ended 30 June 2025, except for the adoption of new and amended standards as set out below.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

### (a) Adoption of amendments to existing standards by the Group

For the six months ended 31 December 2025, the Group adopted the following amendments to existing standards which are effective for the accounting periods of the Group beginning on 1 July 2025:

Amendments to HKAS 21 and HKFRS 1      Lack of Exchangeability

The Group's adoption of the above pronouncement has neither any significant effect on the results and financial position of the Group nor any substantial changes in the Group's accounting policies and presentation of its condensed consolidated interim financial statements.

### (b) 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 2025 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — dependent Electricity	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 HKAS 21	Translation to Hyperinflationary Presentation Currency	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 condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

## 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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2025.

There have been no changes in the risk management policies since the Group's financial year ended 30 June 2025.

### 3.2 Fair value estimation

At 31 December 2025 and 30 June 2025, the carrying amounts of Group's financial assets and liabilities approximate their fair values due to the short-term maturities of these assets and liabilities.

## 4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to its consolidated financial statements for the year ended 30 June 2025.

## 5 REVENUE AND SEGMENT INFORMATION

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, asset management services, car park management services and guarding services;

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

- (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, EV charging infrastructure services and landscaping services) and systems security, guarding & event services and trading of environmental, EV charging, building materials and systems security products; and
- (iii) E&M services — Provision of engineering and consultancy services on installation.

To align more closely with the market dynamics and the Group's strategic direction, the Group's CODM has reclassified the Group's Extra Low Voltage ("ELV") business from the city essential services segment to the E&M services segment starting from this financial year. As a result of such change occurred during the six months ended 31 December 2025, the Group's prior period corresponding segment information that is presented for comparative purpose has been restated accordingly.

	For the six months ended	
	31 December 2025	2024 (restated)
	HK\$'000	HK\$'000
<b>Revenue</b>		
Property & facility management services	353,615	350,412
City essential services		
— Cleaning & pest control services	1,273,248	1,262,906
— Insurance solutions	75,740	62,908
— Technical support & maintenance services		
— Renovations, system retrofit and repairing <sup>(i)</sup>	508,506	501,869
— Routine maintenance <sup>(ii)</sup>	59,581	58,553
— Environmental solutions		
— Rendering of services <sup>(iii)</sup>	65,360	75,704
— Sales of goods <sup>(iv)</sup>	15,764	18,741
— Systems security, guarding & event services		
— Rendering of services <sup>(v)</sup>	368,988	320,686
— Sales of goods <sup>(vi)</sup>	22,307	13,471
City essential services subtotal	2,389,494	2,314,838
E&M services	1,033,955	1,424,767
<b>Total<sup>(vii)</sup></b>	<b>3,777,064</b>	<b>4,090,017</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 installation and maintenance of water treatment systems, odour abatement systems, construction site wastewater treatment systems, EV charging 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 — Rendering of services: Provision of systems security, guarding, escort and surveillance security, cash and valuable transit, alarm monitoring, customer service ambassador and event services.
- (vi) 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.
- (vii) 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 six months ended	
	31 December	
	2025	2024
	HK\$'000	(restated) HK\$'000
<b>Contracting revenue recognised based on percentage of completion method</b>		
Technical support & maintenance services		
— Renovations, system retrofit and repairing	153,308	248,588
Environmental solutions		
— Rendering of services	1,289	5,114
E&M services	1,033,955	1,424,767
<b>Total</b>	<b>1,188,552</b>	<b>1,678,469</b>

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 allowances 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 purposes unless the segment is engaged in financing activities.

As at 31 December 2025 and 30 June 2025, unallocated assets and unallocated liabilities represented the assets and liabilities not arising from the operations of the operating segments.

Additions to non-current assets comprises mainly additions to property, plant and equipment, right-of-use assets and other intangible assets (Note 11).

# Notes to the Condensed Consolidated Interim Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

### (a) For the six months ended and as at 31 December 2025

The segment results for the six months ended 31 December 2025 and other segment items included in the condensed 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	353,615	2,389,494	1,033,955	–	3,777,064
Revenue — Internal	670	48,079	–	(48,749)	–
<b>Total revenue</b>	<b>354,285</b>	<b>2,437,573</b>	<b>1,033,955</b>	<b>(48,749)</b>	<b>3,777,064</b>
<b>Timing of revenue recognition</b>					
Over time	354,285	2,368,725	1,033,955	(48,230)	3,708,735
At a point in time	–	68,848	–	(519)	68,329
<b>Total revenue</b>	<b>354,285</b>	<b>2,437,573</b>	<b>1,033,955</b>	<b>(48,749)</b>	<b>3,777,064</b>
<b>Operating profit before unallocated corporate expenses</b>	<b>54,278</b>	<b>139,626</b>	<b>70,100</b>	<b>–</b>	<b>264,004</b>
Unallocated corporate expenses					(3,884)
<b>Operating profit</b>					<b>260,120</b>
Finance income					2,485
Finance costs					(7,691)
Share of results of associates					503
Share of results of joint ventures					71
<b>Profit before income tax</b>					<b>255,488</b>
Income tax expenses (Note 8)					(39,480)
<b>Profit for the period</b>					<b>216,008</b>
<b>Other items</b>					
Depreciation and amortisation	6,348	19,992	12,854	–	39,194
Impairment losses on trade and other receivables, net (Note 7)	–	75	–	–	75
Provision for inventories (Note 7)	–	23	–	–	23
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,151	12,850	1,971	–	15,972

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

### (a) For the six months ended and as at 31 December 2025 *(Continued)*

The segment assets and liabilities as at 31 December 2025 are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Total HK\$'000
Segment assets	452,735	2,142,523	1,795,321	4,390,579
Unallocated assets				4,010
<b>Total assets</b>				<b>4,394,589</b>
Segment liabilities	160,363	1,119,310	1,254,606	2,534,279
Unallocated liabilities				467,232
<b>Total liabilities</b>				<b>3,001,511</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

### (b) For the six months ended 31 December 2024 and as at 30 June 2025

The segment results for the six months ended 31 December 2024 and other segment items included in the condensed 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, as restated	350,412	2,314,838	1,424,767	–	4,090,017
Revenue — Internal	556	57,396	–	(57,952)	–
<b>Total revenue, as restated</b>	<b>350,968</b>	<b>2,372,234</b>	<b>1,424,767</b>	<b>(57,952)</b>	<b>4,090,017</b>
<b>Timing of revenue recognition</b>					
Over time, as restated	350,968	2,310,878	1,424,767	(53,890)	4,032,723
At a point in time	–	61,356	–	(4,062)	57,294
<b>Total revenue, as restated</b>	<b>350,968</b>	<b>2,372,234</b>	<b>1,424,767</b>	<b>(57,952)</b>	<b>4,090,017</b>
<b>Operating profit before unallocated corporate expenses, as restated</b>	<b>52,283</b>	<b>133,941</b>	<b>97,113</b>	<b>–</b>	<b>283,337</b>
Unallocated corporate expenses					(3,638)
<b>Operating profit</b>					<b>279,699</b>
Finance income					18,085
Finance costs					(12,759)
Share of results of associates					576
Share of results of joint ventures					(73)
<b>Profit before income tax</b>					<b>285,528</b>
Income tax expenses (Note 8)					(43,857)
<b>Profit for the period</b>					<b>241,671</b>
<b>Other items</b>					
Depreciation and amortisation	6,226	19,952	12,688	–	38,866
Impairment losses on trade and other receivables, net (Note 7)	770	742	–	–	1,512
Provision for inventories (Note 7)	–	16	–	–	16
Additions to non-current assets (other than financial instruments and deferred income tax assets)	13,884	92,234	6,602	–	112,720

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

### (b) For the six months ended 31 December 2024 and as at 30 June 2025 *(Continued)*

The segment assets and liabilities as at 30 June 2025 are as follows:

	Property & facility management services HK\$'000	City essential services HK\$'000	E&M services HK\$'000	Total HK\$'000
Segment assets, as restated	449,258	2,170,587	1,750,405	4,370,250
Unallocated assets				2,394
<b>Total assets</b>				<b>4,372,644</b>
Segment liabilities, as restated	166,625	1,150,842	1,376,038	2,693,505
Unallocated liabilities				417,396
<b>Total liabilities</b>				<b>3,110,901</b>

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 six months ended	
	31 December 2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>		
Hong Kong	3,574,252	3,698,418
Chinese Mainland	123,826	274,100
Macau	78,986	117,499
<b>Total</b>	<b>3,777,064</b>	<b>4,090,017</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The non-current assets excluding deferred income tax assets and pension assets are allocated based on the regions in which the non-current assets are located as follows:

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
<b>Non-current assets, other than deferred income tax assets and pension assets</b>		
Hong Kong	363,836	373,125
Chinese Mainland	13,307	17,737
Macau	6,887	8,176
<b>Total</b>	<b>384,030</b>	<b>399,038</b>

## 6 OTHER INCOME, NET

	For the six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Gains on disposal of right-of-use assets, net	4,666	2,637
Sundries	1,375	670
Gains on disposal of property, plant and equipment, net	344	805
Exchange gains/(losses), net	174	(232)
Ex-gratia payment from the government for retirement of motor vehicles	–	221
<b>Total</b>	<b>6,559</b>	<b>4,101</b>

## 7 OPERATING PROFIT

	Notes	For the six months ended	
		31 December	
		2025	2024
		HK\$'000	HK\$'000
<b>Operating profit is stated after charging:</b>			
Staff costs (including Directors' emoluments) <sup>(i)</sup>		1,987,184	1,929,957
Subcontracting fees		987,857	1,070,507
Raw materials and consumables used		346,335	609,763
Depreciation of right-of-use assets	11	21,763	24,326
Depreciation of property, plant and equipment	11	13,537	12,614
Cost of inventories sold		5,165	12,748
Amortisation of other intangible assets <sup>(ii)</sup>	11	3,894	1,926
Expenses relating to short-term leases		1,187	710
Impairment losses on trade and other receivables, net		75	1,512
Provision for inventories		23	16

Notes:

- (i) During the six months ended 31 December 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\$1.6 million in total. All of which was offset in its staff costs.
- (ii) Included in general and administrative expenses.

Save as disclosed in this note and elsewhere in the condensed consolidated interim 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.

# Notes to the Condensed Consolidated Interim Financial Statements

## 8 INCOME TAX EXPENSES

	For the six months ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	40,447	43,586
Macau taxation	(521)	57
Chinese Mainland income tax	634	676
Deferred income tax credit	(1,080)	(462)
<b>Total</b>	<b>39,480</b>	<b>43,857</b>

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 December 2024: 16.5%) on the estimated assessable profit. Taxation on Chinese Mainland and Macau profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates. These rates range from 12% to 25% for the six months ended 31 December 2025 (Six months ended 31 December 2024: 12% to 25%).

## 9 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

### (a) Basic

The calculation of basic earnings per share for the period is based on the following:

	For the six months ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	215,938	241,620
Less: Preferred distribution to the holder of convertible preference shares	(4,262)	(4,262)
Earnings used in the basic earnings per share calculation	211,676	237,358
Weighted average number of ordinary shares in issue (shares in thousands)	450,000	450,000
Basic earnings per share (HK\$)	0.47	0.53

## **9 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY** *(Continued)*

### **(b) Diluted**

On 16 December 2019, the Company issued convertible preference shares, with details set out in Note 14, 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 31 December 2025 and 2024, therefore, the effect of their conversion is not included in the calculation of the diluted earnings per share for the six months ended 31 December 2025 and 2024. As a result, the diluted earnings per share equals to the basic earnings per share for the six months ended 31 December 2025 and 2024.

## **10 DIVIDEND AND DISTRIBUTION**

At a meeting held on 24 February 2026, the Board has resolved to declare the payment of an interim dividend of HK18.9 cents (Six months ended 31 December 2024: HK21.1 cents) per ordinary share to the ordinary shareholders of the Company for the six months ended 31 December 2025, equivalent to a total amount of HK\$85.05 million (Six months ended 31 December 2024: HK\$94.95 million). The interim dividend will be paid in cash.

At a meeting held on 26 September 2025, the Board has resolved to pay a preferred distribution calculated at 6.0% per annum on the issue amount of the Company's convertible preference shares of HK\$140.9 million, equivalent to a total amount of HK\$8.5 million (Six months ended 31 December 2024: HK\$8.5 million). The preferred distribution was paid in December 2025.

# Notes to the Condensed Consolidated Interim Financial Statements

## 11 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment HK\$'000	Right-of- use assets HK\$'000	Other intangible assets HK\$'000
<b>Six months ended 31 December 2024</b>			
Opening net book value as at 1 July 2024	65,425	51,962	173,021
Exchange differences	(25)	(40)	–
Additions	6,522	30,095	–
Acquisition of a subsidiary (Note 16(c))	682	2,229	73,192*
Disposals	(628)	(1,367)	–
Depreciation and amortisation charges	(12,614)	(24,326)	(1,926)
<b>Closing net book value as at 31 December 2024</b>	<b>59,362</b>	<b>58,553</b>	<b>244,287</b>
<b>Six months ended 31 December 2025</b>			
Opening net book value as at 1 July 2025	<b>56,537</b>	<b>98,386</b>	<b>241,253</b>
Exchange differences	<b>48</b>	<b>109</b>	<b>435</b>
Additions	<b>5,714</b>	<b>10,258</b>	–
Disposals	<b>(359)</b>	<b>(3,763)</b>	–
Depreciation and amortisation charges	<b>(13,537)</b>	<b>(21,763)</b>	<b>(3,894)</b>
<b>Closing net book value as at 31 December 2025</b>	<b>48,403</b>	<b>83,227</b>	<b>237,794</b>

\* Comprising customer relationships of HK\$25.0 million, customer contracts of HK\$1.3 million, license of HK\$3.0 million and goodwill of HK\$43.9 million as shown in Note 16(c).

## 12 TRADE AND OTHER RECEIVABLES

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
Trade receivables		
Third parties	1,029,267	1,054,907
Related companies (Note 17(c))	231,222	224,876
	<b>1,260,489</b>	<b>1,279,783</b>
Less: Provision for impairment		
Third parties	(13,281)	(13,496)
Related companies (Note 17(c))	(45)	(45)
	<b>1,247,163</b>	<b>1,266,242</b>
Retention receivables		
Third parties	317,111	325,543
Related companies (Note 17(c))	109,308	109,486
	<b>426,419</b>	<b>435,029</b>
Accrued contract revenue	482,196	469,654
Less: Provision for impairment	(149)	(149)
	<b>482,047</b>	<b>469,505</b>
Other receivables and prepayments		
Third parties	275,865	275,256
Related companies (Note 17(c))	44,284	63,017
	<b>320,149</b>	<b>338,273</b>
Less: Provision for impairment		
Third parties	(1,819)	(1,894)
	<b>318,330</b>	<b>336,379</b>
<b>Total</b>	<b>2,473,959</b>	<b>2,507,155</b>

Generally, no credit period is granted by the Group to customers for provision of property and facility management services, insurance solutions services, EV charging infrastructure services, landscaping services and systems security, guarding & event services and its retail customers for trading of EV charging products, building materials and planting and materials. The credit period generally granted by the Group to its other customers is 30 to 60 days.

# Notes to the Condensed Consolidated Interim Financial Statements

## 12 TRADE AND OTHER RECEIVABLES *(Continued)*

### Expected credit losses

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, retention receivables, accrued contract revenue 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 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 expected credit loss is minimal as the majority of the trade and other receivables are due from a number of independent customers for whom there is no recent history of default, except for certain trade receivables, retention receivables, accrued contract revenue and contract assets with full impairment provision being provided because they have been undergoing financial difficulties.

The ageing analysis of the Group’s trade receivables (including amounts due from related parties of trading in nature) based on invoice due date, net of provision for impairment, is as follows:

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
Current to 90 days	1,160,178	1,181,082
91 to 180 days	52,550	44,882
Over 180 days	34,435	40,278
<b>Total</b>	<b>1,247,163</b>	<b>1,266,242</b>

## 13 CASH AND BANK BALANCES

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
Time deposits with original maturities within three months	143,729	37,944
Time deposits with original maturities over three months	11,119	10,940
Trust cash <sup>(i)</sup>	55,793	80,781
Other cash at banks and on hand	552,649	614,199
<b>Total</b>	<b>763,290</b>	<b>743,864</b>

### 13 CASH AND BANK BALANCES *(Continued)*

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.

### 14 SHARE CAPITAL

The numbers of the Company's shares authorised and issued are as follows:

	For the six months ended 31 December			
	2025		2024	
	Number of shares	HK\$'000	Number of shares	HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each				
As at 1 July and 31 December	<b>900,000,000</b>	<b>90,000</b>	900,000,000	90,000
Convertible preference shares of HK\$0.1 each (Note a)				
As at 1 July and 31 December	<b>100,000,000</b>	<b>10,000</b>	100,000,000	10,000
<b>Total</b>	<b>1,000,000,000</b>	<b>100,000</b>	1,000,000,000	100,000
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.1 each				
As at 1 July and 31 December	<b>450,000,000</b>	<b>45,000</b>	450,000,000	45,000
Convertible preference shares of HK\$0.1 issued at HK\$3.2260 each (Note a)				
As at 1 July and 31 December	<b>43,676,379</b>	<b>140,900</b>	43,676,379	140,900
<b>Total</b>	<b>493,676,379</b>	<b>185,900</b>	493,676,379	185,900

As at 31 December 2025 and 30 June 2025, the total nominal amount of the Company's 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 Condensed Consolidated Interim Financial Statements

## 14 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 FSE Management Company Limited ("FMC", a fellow subsidiary of the Company) 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.

## 15 TRADE AND OTHER PAYABLES

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
Trade payables		
Third parties	706,282	584,867
Related companies (Note 17(c))	1,163	711
	<b>707,445</b>	585,578
Other payables		
Third parties	236,621	310,821
Related companies (Note 17(c))	12,562	16,732
	<b>249,183</b>	327,553
Retention payables		
Third parties	287,082	277,820
Accrued expenses	533,259	572,495
Provision for contracting costs	432,243	532,104
<b>Total</b>	<b>2,209,212</b>	2,295,550

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 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
1 to 90 days	502,947	461,015
91 to 180 days	43,552	28,650
Over 180 days	160,946	95,913
<b>Total</b>	<b>707,445</b>	585,578

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.

# Notes to the Condensed Consolidated Interim Financial Statements

## 16 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Reconciliation of profit before income tax to cash generated from operations:

	Notes	For the six months ended	
		2025	2024
		HK\$'000	HK\$'000
<b>Profit before income tax</b>		<b>255,488</b>	285,528
Depreciation of right-of-use assets	11	21,763	24,326
Depreciation of property, plant and equipment	11	13,537	12,614
Finance costs		7,691	12,759
Long service payment liabilities			
Expenses recognised in the condensed consolidated income statement		4,589	4,448
Benefit paid		(1,953)	(2,121)
Amortisation of other intangible assets	11	3,894	1,926
Impairment losses on trade and other receivables, net	7	75	1,512
Pension costs on defined benefits plan		66	184
Provision for inventories	7	23	16
Gains on disposal of right-of-use assets, net	6	(4,666)	(2,637)
Finance income		(2,485)	(18,085)
Share of results of associates		(503)	(576)
Gains on disposal of property, plant and equipment, net	6	(344)	(805)
Unrealised exchange differences		(174)	232
Share of results of joint ventures		(71)	73
<b>Operating cash flows before changes in working capital</b>		<b>296,930</b>	319,394
Change in working capital:			
Trade and other payables		(93,472)	(95,801)
Net contract assets and liabilities		(72,073)	(76,268)
Inventories		(1,365)	1,723
Pension assets		(18)	(17)
Trade and other receivables		38,918	(29,795)
<b>Cash generated from operations</b>		<b>168,920</b>	119,236

### (b) Additional investment in an associate

On 8 August 2025, the Group invested additional HK\$11,880,000 into its 27%-owned associate, Townlife Holding Company Limited.

## 16 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

### (c) Acquisition of a subsidiary

On 27 December 2024, the Group acquired the entire registered and paid up capital of Beijing Nova Insurance Services Limited (“Beijing Nova”) at a total consideration of RMB123.1 million (equivalent to HK\$133.0 million), which includes RMB115.4 million (equivalent to HK\$124.8 million) of initial sum of consideration paid in October 2024 and RMB7.7 million (equivalent to HK\$8.2 million) of final cash payment of consideration paid in February 2025. The total consideration for this acquisition is financed by the Group’s internal resources. Beijing Nova is a national insurance brokerage company for the insured established in Chinese Mainland.

The following table summarises the amounts of fair values of assets acquired, liabilities assumed and goodwill recognised by the Group and the Group’s net cash outflow arising from the acquisition as at 27 December 2024:

	HK\$’000
Property, plant and equipment (Note 11)	682
Right-of-use assets (Note 11)	2,229
Other intangible assets (Note 11)	29,323*
Trade and other receivables	17,105
Cash and cash equivalents	55,026
Trust cash	16,139
Trade and other payables	(21,679)
Taxation payable	(86)
Deferred income tax liabilities	(7,330)
Current portion of lease liabilities	(2,229)
<b>Fair values of net identifiable assets acquired</b>	<b>89,180</b>
Goodwill (Note 11)	43,869
<b>Cash consideration</b>	<b>133,049</b>
Less: Consideration payable	(8,201)
Less: Cash and bank equivalents acquired	(55,026)
<b>Net cash outflow</b>	<b>69,822</b>

\* Comprising customer relationships of HK\$25.0 million, customer contracts of HK\$1.3 million and license of HK\$3.0 million.

### (d) Exchange differences

The exchange differences of cash and cash equivalents during the period mainly arises from the remeasurement of the Group’s foreign currency denominated cash and bank balances at the period end exchange rates.

# Notes to the Condensed Consolidated Interim Financial Statements

## 16 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

### (e) Major non-cash transactions

During the six months ended 31 December 2025, the Group acquired right-of-use assets and recognised lease liabilities, including lease modifications, totaling HK\$10.3 million (Six months ended 31 December 2024: HK\$30.1 million).

## 17 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial information, 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 six months ended 31 December 2025 and 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
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
Ocean Front Investments Limited	Note i
Perfect Modern Limited	Note i
Power Estate Investments 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
Anway Limited	Note ii
AOS Management (HK) Limited	Note ii
AOS Management Limited	Note ii
Beamland Limited	Note ii
Bright Link Engineering Limited	Note ii
Broadway-Nassau Investments Limited	Note ii
Carlyle & Co.	Note ii
Chow Tai Fook Art Foundation Limited	Note ii
Chow Tai Fook Enterprises Limited	Note ii
Chow Tai Fook Jewellery Company Limited	Note ii
Chow Tai Fook Life Insurance Company Limited	Note ii
Cititop Limited	Note ii
CTF Services Limited (formerly known as NWS Holdings Limited)	Note ii

## 17 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
Daily Land Limited	Note ii
Eastrade Holdings 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
Hip Hing Builders Company Limited	Note ii
Hip Hing Construction Company Limited	Note ii
Hip Hing Engineering Company Limited	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
Humansa Imaging Limited	Note ii
Hyatt Regency Hong Kong	Note ii
K11 AFLM 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 Select Limited	Note ii
K11 Theme Parks Limited	Note ii
Kai Tak Sports Park Limited	Note ii
Kid World Services Limited	Note ii
Kiu Lok Properties Services (China) Limited	Note ii
Luxba Limited	Note ii
Maronne Limited	Note ii
Nature Discovery Park 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 Development Company Limited	Note ii
New World Facilities Management Company Limited	Note ii

# Notes to the Condensed Consolidated Interim Financial Statements

## 17 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
New World Hotel Management Limited	Note ii
New World Property Management Company Limited	Note ii
New World Tower Company Limited	Note ii
NW Project Management Limited	Note ii
Park New Astor Hotel 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
Super Record Limited	Note ii
The Artizen Management Company Limited	Note ii
The Town Club (HK) Limited	Note ii
Treasure High Limited	Note ii
Urban Parking Limited	Note ii
Vibro (H.K.) Limited	Note ii
Vibro Construction Company Limited	Note ii
Victoria Educational Organisation Limited	Note ii
Wise City Investment Limited	Note ii
商吉置業(深圳)有限公司	Note ii
商順置業(深圳)有限公司	Note ii
深圳市太子灣樂居置業有限公司	Note ii
新世界百貨(中國)有限公司	Note ii
新世界協中建築有限公司	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
廣州耀勝房地產開發有限公司	Note ii

Notes:

- (i) These companies are commonly controlled by the Ultimate Controlling Shareholder and/or the family member 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.

## 17 RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Transactions with related parties

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with related companies during the six months ended 31 December 2025 and 2024.

	For the six months ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Contract revenue (Note i)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	433	921
Other related companies (Note ii)	489,438	588,078
<b>Total</b>	<b>489,871</b>	<b>588,999</b>
Cleaning service income (Note i)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	816	813
Other related companies (Note ii)	106,708	87,692
<b>Total</b>	<b>107,524</b>	<b>88,505</b>
Premises management service fee and building manager remuneration (Note iii)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	659	722
Other related companies (Note ii)	8,656	10,252
<b>Total</b>	<b>9,315</b>	<b>10,974</b>
Security service income (Note iv)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	2,003	2,146
Other related companies (Note ii)	175,463	133,869
<b>Total</b>	<b>177,466</b>	<b>136,015</b>
Insurance solutions consultancy fee income from other related companies (Note ii, v)	14	12
Landscaping service income (Note vi)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	13	14
Other related companies (Note ii)	5,542	3,875
<b>Total</b>	<b>5,555</b>	<b>3,889</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 17 RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Transactions with related parties *(Continued)*

	For the six months ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Additions of right-of-use assets and rental expenses (Note vii)		
Related companies commonly controlled by the Ultimate Controlling Shareholder	7,647	17,330
Other related companies (Note ii)	26	25
<b>Total</b>	<b>7,673</b>	<b>17,355</b>
Appointment fees to other related companies (Note ii, viii)	1,474	1,452
Contracting service expenses to other related company (Note ii, ix)	172	425
Miscellaneous service fees expenses to other related companies (Note ii, x)	272	65

Notes:

- (i) Revenue from provision of contracting work and cleaning service income is principally charged in accordance with the terms of the 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 were charged based on certain percentages of total expenditures of the properties in accordance with the management contracts.
- (iv) Security service income was charged at prices and terms as agreed by both parties.
- (v) Insurance solutions consultancy fee income was charged at terms mutually agreed between the parties.
- (vi) Landscaping service income was charged at prices and terms as agreed by both parties.
- (vii) Additions of rights-of-use assets and rental expenses 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 expenses 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.

## 17 RELATED PARTY TRANSACTIONS (Continued)

### (c) Balances with related parties

	As at 31 December 2025 HK\$'000	As at 30 June 2025 HK\$'000
Trade receivables		
Related companies commonly controlled by the Ultimate Controlling Shareholder	1,350	744
Other related companies (Note i)	229,827	224,087
<b>Total</b>	<b>231,177</b>	<b>224,831</b>
Retention receivables		
Other related companies (Note i)	109,308	109,486
Other receivables		
Other related companies (Note i)	44,284	63,017
Contract assets		
Other related companies (Note i)	187,583	144,858
Trade payables		
Related companies commonly controlled by the Ultimate Controlling Shareholder	1,163	600
Other related companies (Note i)	–	111
<b>Total</b>	<b>1,163</b>	<b>711</b>
Other payables		
Related companies commonly controlled by the Ultimate Controlling Shareholder	1,912	536
Other related companies (Note i)	10,650	16,196
<b>Total</b>	<b>12,562</b>	<b>16,732</b>
Contract liabilities		
Related companies commonly controlled by the Ultimate Controlling Shareholder	14,057	12,483
Other related companies (Note i)	37,980	47,930
	<b>52,037</b>	<b>60,413</b>
Lease liabilities		
Related companies commonly controlled by the Ultimate Controlling Shareholder	58,467	64,888

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 Condensed Consolidated Interim Financial Statements

## 17 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 six months ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Fees	2,611	2,284
Salaries and other emoluments	50,855	53,786
Contributions to defined contribution schemes	2,562	2,770
<b>Total</b>	<b>56,028</b>	<b>58,840</b>

## 18 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at	As at
	31 December	30 June
	2025	2025
	HK\$'000	HK\$'000
Property, plant and equipment	678	4,040
Investment in an associate	–	11,880
<b>Total</b>	<b>678</b>	<b>15,920</b>

## 19 COMPARATIVE AMOUNTS

As explained in Note 5 to the condensed consolidated financial statements, due to the Group's change in operating segments determined by the Group's CODM during the six months ended 31 December 2025, certain comparative amounts have been restated to conform with the current period's accounting treatments and presentation.