

INDUSTRY OVERVIEW

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor, the [REDACTED] and [REDACTED] and the [REDACTED] or any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED], except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the Hong Kong security service industry. The report prepared by Frost & Sullivan for us is referred to in this [REDACTED] document as Industry Report. We agreed to pay Frost & Sullivan a fee of HK\$700,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 45 offices with more than 1,200 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan’s services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence, and corporate strategy.

We have included certain information from the Industry Report in this [REDACTED] document because we believe this information facilitates an understanding of the Hong Kong security service industry for the prospective investors. The Industry Report includes information of the Hong Kong security service industry as well as other economic data, which have been quoted in the [REDACTED] document. Frost & Sullivan’s independent research consists of both primary and secondary research obtained from various sources in respect of the Hong Kong security service industry. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, F&S assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the security service industry in Hong Kong.

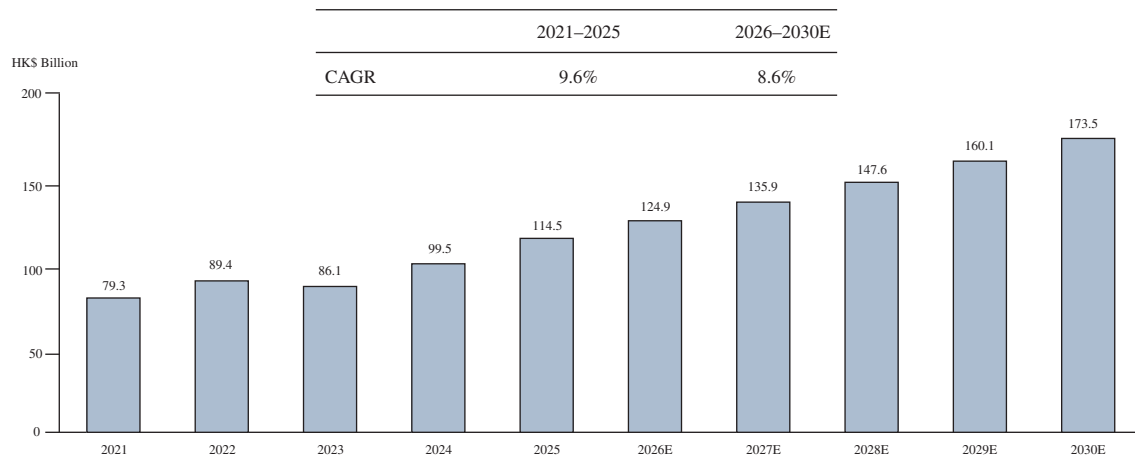
OVERVIEW OF MACRO ECONOMY IN HONG KONG

Government Expenditure on Infrastructure

According to the 2026–27 Hong Kong Government Budget, government expenditure on infrastructure in Hong Kong increased from HK\$79.3 billion in 2021 to HK\$114.5 billion in 2025, representing a CAGR of approximately 9.6%, notwithstanding certain year-on-year fluctuations. Such expenditure is forecast to increase to HK\$124.9 billion in 2026 and HK\$173.5 billion in 2030. Continued investment in infrastructure, public works and capital projects is expected to support demand for site security guarding, access control, CCTV and other electronic security solutions during the construction and operation of relevant facilities.

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Government Budget – Expenditure on Infrastructure (Hong Kong), 2021–2030E



Source: 2026–27 Hong Kong Government Budget, Frost & Sullivan

The Hong Kong Government continues to invest in major infrastructure and smart city initiatives, including the Northern Metropolis and San Tin Technopole, logistics developments at Hong Kong International Airport such as the Hong Kong International Airport Dongguan Logistics Park, the Kai Tak Development and Kai Tak Sports Park, and government-led technology projects such as the Hong Kong Customs’ “WiseShield” video analytics platform, the Correctional Services Department’s “Smart Prison” systems, the Immigration Department’s Immigration Control System (ICONS) powering automated biometric e-Channels, the Food and Environmental Hygiene Department’s Internet Protocol Camera Installation Scheme utilizing advanced video analytics for site surveillance, the Fire Services Department’s Internet of Things Fire Detection System (IoT FDS) for automated real-time monitoring, Electrical and Mechanical Services Department’s ongoing burglar alarm and security installations and maintenance term contracts covering central government offices and various municipal venues territory-wide, and the Government-led “SmartView” initiative implemented by the Hong Kong Police Force, which involves the planned deployment of 60,000 CCTV cameras at public places, including cameras installed on ordinary lampposts and smart lampposts. These developments are expected to support demand for site security services during construction and, following completion, electronic security solutions such as remote monitoring, smart surveillance, automated access control and logistics security to safeguard people, property and infrastructure.

OVERVIEW OF SECURITY SERVICES IN HONG KONG

Definition and Classification

In Hong Kong, security services refer to a range of activities related to safeguarding people, property, and information. These services are regulated under the Security and Guarding Services Ordinance (Cap. 460), which defines the licensing requirements for individuals and companies providing security services. Security services in Hong Kong include activities such as guarding premises, protecting property, and ensuring the safety of individuals. These services can be provided by licensed security personnel or through security companies, and they encompass tasks like patrolling, monitoring, and responding to security threats. From a business perspective, security services in Hong Kong are commonly provided on a project or contract basis. The revenue mix of a security services provider may therefore be affected by the size, duration and timing of sizeable projects undertaken by it from time to time.

According to the Security and Guarding Services Industry Authority, there are three types of licensed security companies engaged in different types of security work, namely Type I (Provision of security guarding services), which encompasses the scope of access control and vetting, surveillance and static guarding, perimeter patrol, crowd management and order; Type II (Provision of armoured transportation services); and Type III licences (Installation, maintenance and/or repairing of a security device and/or designing (for any premises or place) a security

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system incorporating a security device), which encompasses the scope of surveillance infrastructure (CCTV), security robotics, intrusion detection, access control systems, intercom and communication systems.

Security services can also be classified by asset types, namely public infrastructure, public facility, residential building, commercial building.

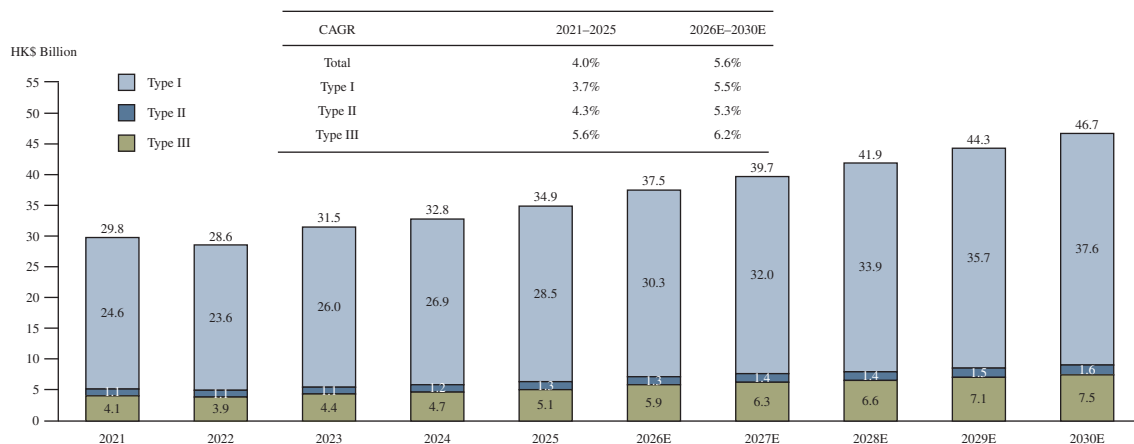
- **Public Infrastructure:** Public infrastructure focuses on protecting large-scale systems and assets critical to societal and economic functioning. These assets include transportation networks, utilities, and other essential infrastructure that ensures the smooth operation of public services. Major downstream clients in this segment include airports, railway stations, ports, utility infrastructure.
- **Public facility security** focuses on safeguarding places that provide direct public services and are accessible to individuals for activities such as healthcare, recreation, or government functions. Major downstream clients in this segment include government departmental offices, hospitals, libraries, sports complexes, and cultural centers.
- **Residential building security** focuses on providing safety and peace of mind for residents in housing estates, gated communities, and individual properties.
- **Commercial building security** addresses the needs of businesses and commercial properties, ensuring the safety of employees, customers, and assets. These properties can range from small offices to large shopping malls, warehouses, and industrial facilities.

Furthermore, security services are typically procured through formal tendering and invited quotations. The procurement method influences profit margins for security services providers, where open tenders generally involve higher price competition resulting in lower margins, whereas selective quotation processes tend to yield relatively higher margins.

Market Size of Security Services by Type of Licence

Type I security guarding services remained the largest segment of the Hong Kong security services market, accounting for approximately 81.9% of the market in 2025. Type I and Type III services are forecast to grow at CAGRs of approximately 5.5% and 6.2%, respectively, from 2026 to 2030. Electronic security systems are generally used to supplement physical guarding by enhancing monitoring and detection capabilities, while on-site personnel continue to be required for access control, incident handling and immediate response.

Market Size of Security Services by Type of License (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

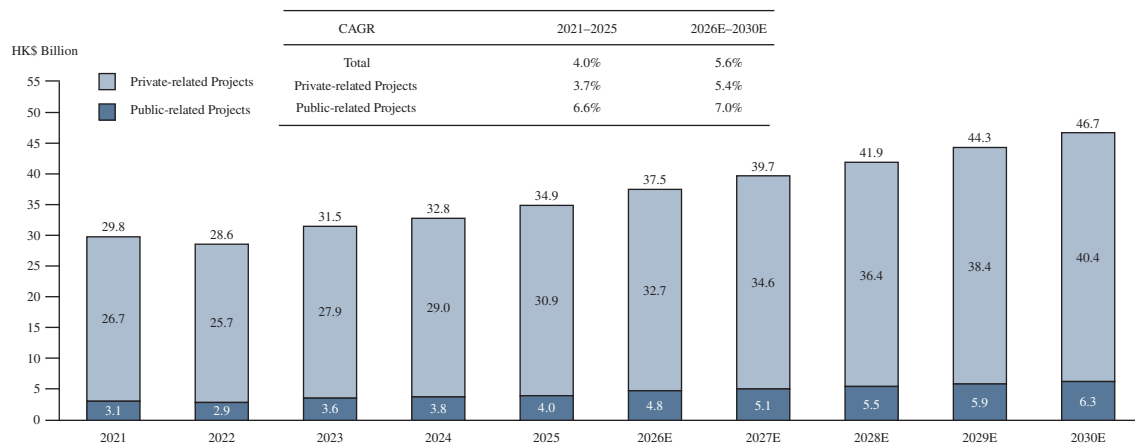
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Market Size of Security Services by Private-related and Public-related Projects

The public-related projects security services market mainly comprises security services for public infrastructure and public facilities. Demand for public infrastructure projects is primarily generated by operators of major transport and infrastructure systems, such as MTR Corporation and the Airport Authority, while demand for public facilities is generated by government departments, statutory bodies and other public organisations, including the Hospital Authority, the Housing Authority and the Housing Society. The market size increased from approximately HK\$3.1 billion in 2021 to HK\$4.0 billion in 2025, representing a CAGR of approximately 6.6%, and is forecast to reach approximately HK\$6.3 billion in 2030, representing a CAGR of approximately 7.0% from 2026 to 2030. The forecast growth is expected to be supported by recurring security requirements at existing public infrastructure and facilities, together with the construction and operation of major developments such as the Kai Tak Development and the Northern Metropolis.

The private-related projects security services market increased from approximately HK\$26.7 billion in 2021 to HK\$30.9 billion in 2025, representing a CAGR of approximately 3.7%, and is forecast to reach approximately HK\$40.4 billion in 2030, representing a CAGR of approximately 5.4% from 2026 to 2030. The forecast growth is expected to be supported by ongoing demand for security services at existing commercial and residential properties, together with new commercial, residential and mixed-use developments.

Market Size of Security Services by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

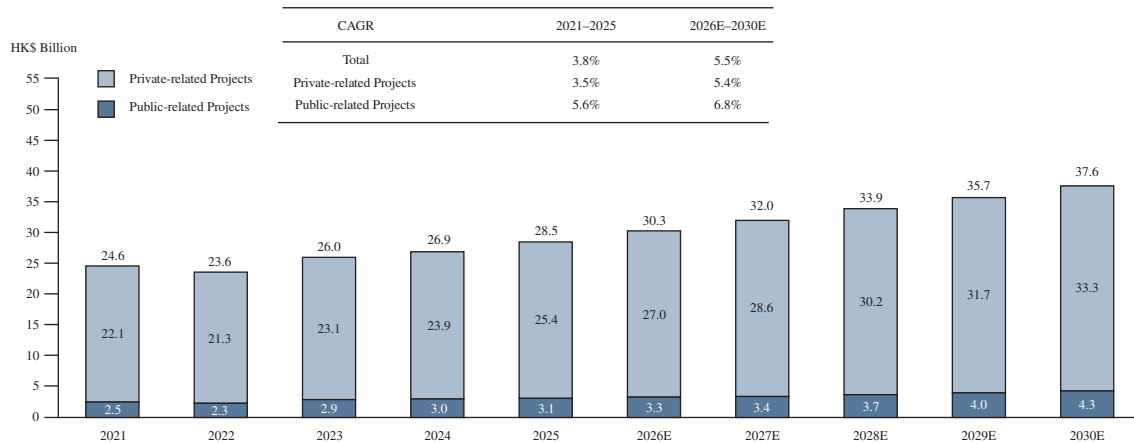
Market Size of Security Guarding Services (Type I License) Breakdown

The market size of public-related projects Type I security guarding services grew from HK\$2.5 billion in 2021 to HK\$3.1 billion in 2025, achieving a strong CAGR of 5.6% during this period. Such performance reflects a robust recovery from earlier disruptions, heavily benefiting from consistent demand for guarding manpower at existing government buildings and other state-owned enterprises. Looking ahead, the growth is expected to accelerate, with the market forecasted to reach HK\$4.3 billion by 2030, representing a CAGR of 6.8% from 2026 to 2030. The surging demand for public-related security guarding aligns directly with the rapid expansion of public infrastructure. Sustained government expenditure, driven by major government-led initiatives such as the Northern Metropolis, the continuous rollout of New Development Areas such as Hung Shui Kiu/Ha Tsuen, Kwu Tung North/Fanling North and Tung Chung New Town Extension, alongside the Ten-Year Hospital Development Plan, extensive public housing rollouts, and major railway network extensions, highlights the substantial public investment that will continuously fuel demand for on-site guarding personnel in the long term.

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Concurrently, the private-related projects security guarding services market expanded from HK\$22.1 billion in 2021 to HK\$25.4 billion in 2025, registering a steady CAGR of 3.5%. Moving forward, this segment is forecasted to experience stronger, accelerated growth at a CAGR of 5.4% from 2026 to 2030, ultimately reaching HK\$33.3 billion. The positive outlook is supported by renewed and continued investments in private commercial and residential property developments, which require a massive and continuous deployment of security guards, serving to complement the rapid infrastructure expansion seen in the public sector.

Market Size of Security Guarding Services (Type I License), by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

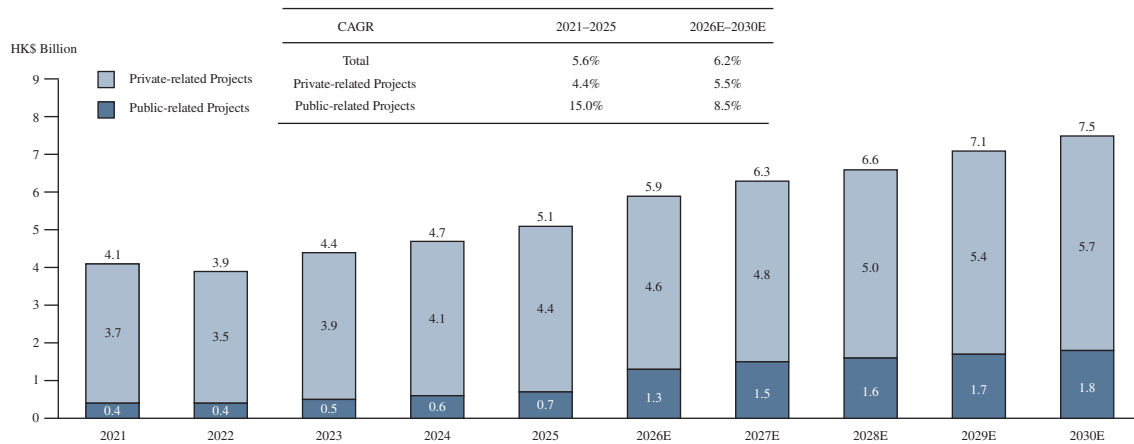
Market Size of Electronic Security Solutions (Type III License) Breakdown

The public-related projects segment of the electronic security solutions market demonstrates exceptionally rapid expansion, growing from HK\$0.4 billion in 2021 to HK\$0.7 billion in 2025 at a CAGR of 15.0%. The double-digit growth is forecasted to persist, with the market expected to reach HK\$1.8 billion by 2030, maintaining a CAGR of 8.5% from 2026 to 2030. The growth highlights a distinct structural shift in government expenditure toward highly complex, capital-intensive security technologies. Driven by ongoing Smart City blueprints, the modernization of border control checkpoints, and the integration of advanced surveillance networks across major public transport hubs, the public sector is disproportionately investing in high-end electronic systems to enhance centralized monitoring and operational efficiency.

Conversely, the private-related projects segment remains the dominant driving force in absolute market value, expanding from HK\$3.7 billion in 2021 to HK\$4.4 billion in 2025 with a steady CAGR of 4.4%. Looking ahead, this segment is projected to accelerate slightly, growing at a CAGR of 5.5% to reach a substantial HK\$5.7 billion by 2030. While its growth rate is more moderate compared to the public sector, the sheer volume of private commercial, residential, and industrial properties ensures its massive market share. The sustained growth is deeply rooted in the widespread adoption of smart building technologies and the Internet of Things across the private sector. Property developers and facility managers are increasingly retrofitting older buildings with modern biometric access controls, automated visitor management systems, and AI-driven surveillance to reduce long-term reliance on human manpower and elevate overall property values.

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Market Size of Electronic Security Solutions (Type III License) by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

Surveillance Infrastructure, which includes installation and management of CCTV cameras and backend monitoring systems, remains the cornerstone of the electronic security market, exhibiting robust and slightly accelerating growth. The segment expanded from HK\$2,085.3 million in 2021 to HK\$2,568.9 million in 2025 at a steady CAGR of 5.4%. Looking forward, growth is projected to reach a CAGR of 5.9%, driving the segment to HK\$3,475.2 million by 2030. The acceleration is largely fueled by a market-wide paradigm shift from passive recording to automated and algorithmic video analysis, driven by Hong Kong’s progressive smart city transformation, and reinforced by the 2025 Policy Address and 2026–27 Budget which emphasise the integration of technologies such as Internet of Things (IoT), Artificial Intelligence (AI), and 5G. Property developers and government entities are aggressively upgrading legacy systems to smart cameras equipped with edge computing, facial recognition, and crowd-density algorithms. The demand is further amplified by a wide array of government-led rollouts and sector-specific mandates on CCTV projects. Notable examples include the city-wide Project Smartview which feature a HK\$4 billion deployment of 60,000 new CCTVs and multi-functional smart lampposts, the Development Bureau’s Smart Site Safety Systems (4S) mandate for construction sites, monitoring for autonomous transport such as the Airportcity Link, Hong Kong Customs’ WiseShield video analytics platform, the Correctional Services Department’s Smart Prison automated and algorithmic powered surveillance systems, Electrical and Mechanical Services Department’s ongoing burglar alarm and security installations and maintenance term contracts covering central government offices and, the Immigration Department’s Immigration Control System (ICONS) powering automated biometric e-Channels, the Food and Environmental Hygiene Department’s Internet Protocol Camera Installation Scheme utilizing advanced video analytics for site surveillance, the Fire Services Department’s Internet of Things Fire Detection System (IoT FDS) for automated real-time monitoring, Judiciary Administration’s court security enhancement schemes, various municipal venues territory-wide, the Housing Authority’s Smart Estate Management programs deploying advanced video monitoring across public housing, and the Hospital Authority’s smart hospital initiatives requiring advanced ward monitoring.

The security robotics market in Hong Kong remains at an early stage, with applications historically concentrated on pilot projects, proof-of-concept testing and small-scale deployments, and as of the Latest Practicable Date, there are approximately 15 licensed security companies in Hong Kong engaged in security robotics, spanning from strategic technology sourcing and pilot planning to active commercial sales and implementation. The security robotics market grew from approximately HK\$17.5 million in 2021 to HK\$79.7 million in 2025, representing a CAGR of 46.1%. The relatively strong growth projected during 2025 to 2027 reflects the expected transition from pilot deployment to initial commercial adoption, as public and private sector

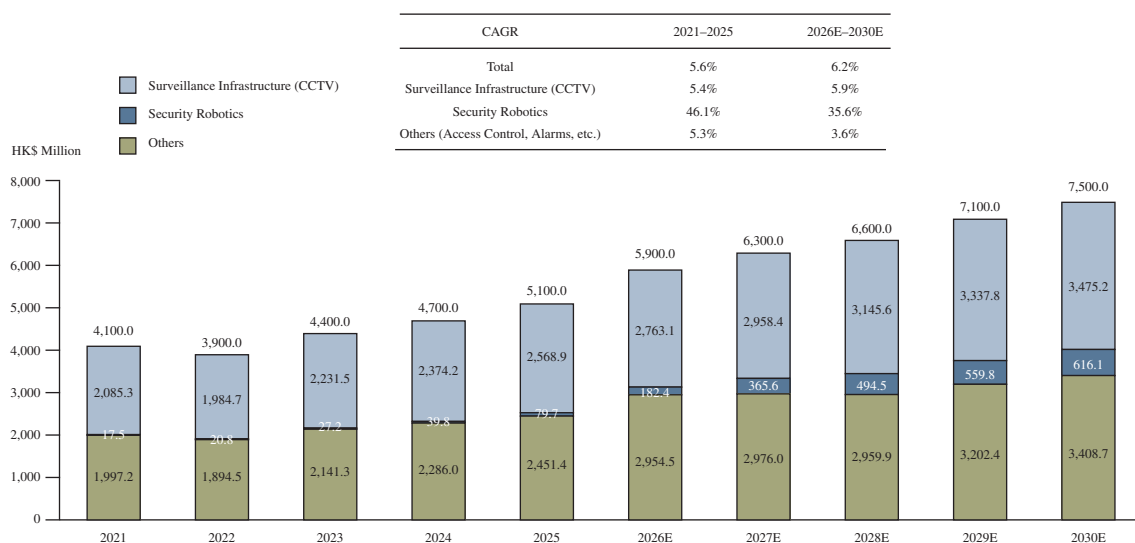
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users begin to evaluate and deploy security robots for patrol, surveillance, monitoring and other operational applications. As the market base expands and the initial demand is gradually absorbed, the growth rate is expected to normalise thereafter. Accordingly, while the market is forecast to grow at a CAGR of 35.6% from 2026 to 2030, such growth is principally driven by the initial commercialisation phase in 2026 and 2027. From 2027 to 2030, the market is forecast to grow from approximately HK\$365.6 million to HK\$616.1 million, representing a more moderate CAGR of approximately 19.0%.

The future development of the market will depend mainly on technological advancement, commercial applications, deployment costs and market and policy support. Recent public sector initiatives indicate growing interest in the use of robotics in Hong Kong. The Hong Kong Housing Authority has piloted security and cleaning robots in five public housing estates and is evaluating the incorporation of suitable innovative technologies into future service contracts. The Correctional Services Department has trialled a robotic dog patrol system at Shek Pik Prison and has collaborated with the Hong Kong Science and Technology Parks Corporation to explore innovative solutions for smart prisons. The Hong Kong Smart City Blueprint 2.0 also refers to the use of robots at the Hong Kong International Airport for terminal patrol, baggage handling, cleansing, disinfection and environmental monitoring. In addition, Hong Kong’s projected manpower shortage of approximately 180,000 workers by 2028, together with rising labour costs and recruitment challenges, is expected to encourage businesses and public bodies to explore technology-enabled operational solutions.

Conversely, the Others segment, comprising access control, intrusion & alarm systems, and intercoms etc., demonstrates the trend of a mature market. The foundational segment grew from HK\$1,997.2 million in 2021 to HK\$2,451.4 million in 2025 at a moderate CAGR of 5.3%. Over the forecast period to 2030, growth is expected to decelerate to a CAGR of 3.6%, reaching HK\$3,408.7 million. As basic alarms and access controls are already ubiquitous across almost all modern buildings, greenfield expansion is limited. Instead, future capital expenditure in this segment will be predominantly driven by retrofitting cycles, as building managers gradually replace outdated keycard systems with frictionless, biometric, and mobile-credential access solutions.

**Market Size of Electronic Security Solutions (Type III License)
by Component Type (Hong Kong), 2021–2030E**



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

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Key Growth Drivers and Market Trends

Sustained Growth in General and Specialized Building Stock – The continuous expansion of Hong Kong’s building environment serves as a fundamental structural driver for the security industry. Demand is robust across both traditional residential blocks and newer, high-density mixed-use developments that integrate commercial, residential, and transportation hubs. The government has committed to a substantial land supply, with plans to produce approximately 98,000 private housing units and nearly 196,000 public units over the next five years. Beyond the residential sector, stock of Hong Kong’s private office, commercial and flatted factory and industrial stood at over 13.3 million m², 11.8 million m² and 16.2 million m² respectively in 2024. The vast expansion across all building typologies, and the continuous demand from existing buildings ensures a non-discretionary, baseline demand for 24/7 onsite guarding and the deployment of multi-point electronic systems to manage high occupant volumes. As these new urban cores are completed, the sheer scale of the populated area necessitates a permanent and comprehensive security presence to ensure public safety and operational integrity.

Heightened Regulatory and Security Requirements – The Hong Kong security services market is subject to licensing and compliance requirements under the Security and Guarding Services Ordinance. In assessing applications for security company licences, the Security and Guarding Services Industry Authority (“SGSIA”) considers factors including an applicant’s financial position, qualifications, operational procedures and equipment. Government departments, statutory bodies and operators of public and critical infrastructure may also impose project-specific requirements relating to risk assessment, personnel qualifications, service standards, monitoring capabilities and regulatory compliance in their tender and procurement processes.

Increased emphasis on public safety and critical infrastructure protection is also supporting the adoption of advanced electronic security systems by operators of transport networks, telecommunications facilities, energy facilities and other public and private premises. Such systems may include high-definition CCTV, biometric access control, intrusion detection and remote monitoring systems, and are often used together with Type I physical guarding services for on-site monitoring, access control, incident handling and immediate response. Security service providers with relevant licences, established track records, qualified personnel, technical capabilities and sufficient financial resources are generally better positioned to meet these requirements, thereby raising the professional and entry requirements of the industry.

Continuous Large-scale Infrastructure and Urban Development – The Hong Kong government’s sustained investment in large-scale infrastructure serves as a fundamental structural driver for the security services market. According to the 2026–27 Budget, the government’s capital works expenditure is estimated to be approximately HK\$128 billion for the 2026–27 financial year, with annual investments projected to remain at a similar level over the medium-term forecast period. Key strategic projects currently in progress include the Northern Metropolis, the San Tin Technopole, and the Hung Shui Kiu/Ha Tsuen New Development Area, which collectively require a permanent and comprehensive security presence to ensure site integrity and public safety. Additionally, major specialized commercial developments, such as the New Central Harbourfront (scheduled for 2032) and the Caroline Hill Road project (Lee Garden Eight, scheduled for 2026), alongside logistics infrastructure like the HKIA Dongguan Logistics Park, further underpin a non-discretionary, baseline demand for 24/7 onsite guarding and integrated electronic surveillance systems.

Transition Toward Integrated Manpower and Technology Solutions – The Hong Kong government’s proactive “AI+” initiatives and the establishment of the AI Efficacy Enhancement Team present a clear path for the industry to transition toward integrated, tech-enabled service models. Rather than providing traditional labor-only guarding, service providers can bundle physical guarding with smart electronic surveillance. The integrated approach allows firms to address the persistent local labor shortage by using automated systems to handle routine monitoring, while deploying specialized personnel for high-value tasks. By adopting these

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modern operational workflows, security companies can improve service efficacy for clients in both the public and private sectors while creating more sustainable, higher-margin revenue streams.

Accelerated Adoption of 4S in Construction – The future of the security industry is increasingly defined by the integration of technology-enabled solutions to deliver more comprehensive and efficient protection. A prominent catalyst for this technology-driven expansion is the Hong Kong Government’s active promotion of the 4S, which accelerates the deployment of advanced electronic systems alongside the emerging adoption of robotics. Mandated for public works contracts exceeding HK\$30 million and supported by up to HK\$6 million in Construction Innovation and Technology Fund (“CITF”) subsidies for private projects, the 4S initiative requires the deployment of advanced technologies such as automated and algorithmic powered CCTV, robotic monitoring, and electronic access controls across infrastructure sites. With approximately 550 projects already certified under the 4S Labelling Scheme as of May 2025, this regulatory shift is reshaping the industry. It drives robust demand for turnkey integrated security solutions, allowing providers to capitalize on the trend by bundling traditional Type I manned guarding with Type III digital hardware and real-time monitoring platforms. By doing so, security firms help contractors meet stringent safety compliance while securing high-value, technology-driven revenue streams.

Market Challenges and Threats

Sustained Manpower Shortages and Rising Costs – A primary challenge for the Hong Kong security services industry is the persistent structural shortage of licensed personnel. The shortage has been exacerbated by the industry’s pivot toward 12-hour shifts to manage costs and the implementation of more stringent vetting requirements under new regulatory frameworks. Furthermore, the abolition of the Mandatory Provident Fund (MPF) offsetting mechanism in May 2025, alongside periodic adjustments to the Statutory Minimum Wage, has significantly increased non-discretionary labor expenses. These rising operational and compliance costs put substantial pressure on the profit margins of service providers, particularly those tied to long-term fixed-price contracts.

Barriers to Digital Literacy and High Modernization Capex – While the market is shifting toward technology-personnel integration, significant barriers exist in terms of technical adoption. Many frontline security personnel possess limited digital literacy, creating a training gap as traditional guarding roles are increasingly supplemented by smart surveillance systems. Simultaneously, the high capital expenditure (CAPEX) required for sophisticated infrastructure upgrades poses a financial hurdle for smaller providers. Clients, particularly in older residential and industrial buildings, often remain hesitant to fund these technological transitions due to initial cost concerns and a preference for traditional human-centered approaches, slowing the overall rate of market modernization.

Severe Structural Manpower Shortages and High Recruitment Hurdles – The Type I guarding sub-market faces a persistent and critical structural manpower shortage, with the industry experiencing high vacancy rates. It is compounded by the fact that candidates increasingly prioritize job stability over the physically demanding nature of security work. The aging workforce in Hong Kong, with security personnel aged 60 or above reached 37.2% in 2025 further restricts the pool of younger entrants, forcing providers to rely heavily on mature workers. These hurdles result in firms often forced to offer higher risk premiums and enhanced benefits just to maintain minimum contractual manning requirements, thereby straining recruitment budgets and lengthening hiring cycles.

Regulatory Compliance and Licensing – Security service practitioners in Hong Kong face a stringent regulatory environment, including mandatory licensing and compliance with various industry standards. Companies must allocate significant time and financial resources towards training, equipment enhancement, and document preparation, resulting in considerable administrative burdens, operating expenses, and legal risks for small enterprises with limited cash flow and typically lacking of a skilled legal team. In addition, the lack of economies of scale hinders small business’s capacity to cover the expenses associated with various

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certifications (such as consultant fees, auditing costs, and recurring charges), thereby constraining their growth potential, accelerating market concentration, and diminishing industry competitiveness in terms of diversity.

Cost Structure Analysis

Labour and equipment costs are key cost components of the security services industry. The following table summarises the historical and forecast trends in the average monthly salaries of security guards and electronic security technicians and the procurement cost index for Type III electronic security equipment in Hong Kong:

Cost indicator	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026-2030
Average monthly salary of security guards (HK\$)	14,396.0	14,857.0	14,422.0	15,985.0	16,418.0	16,910.5	17,417.8	17,922.9	18,442.7	18,959.1	3.3%	2.9%
Average monthly salary of electronic security technicians (HK\$)	19,166.0	19,408.0	19,542.0	19,928.0	20,733.0	21,500.1	22,252.6	23,009.2	23,745.5	24,434.1	2.0%	3.2%
Procurement cost index for Type III electronic security equipment (2021=100)	100.0	108.5	112.4	116.0	119.5	123.0	126.5	130.2	134.8	138.9	4.6%	3.1%

Source: Census and Statistics Department, Trade Map, Frost & Sullivan

The average monthly salary of security guards in Hong Kong increased from HK\$14,396 in 2021 to HK\$16,418 in 2025, representing a CAGR of approximately 3.3%, and is expected to reach HK\$18,959.1 in 2030, representing a CAGR of approximately 2.9% from 2025 to 2030. The increase is mainly attributable to the growing demand for professional security services and the rising cost of living, which have prompted service providers to offer higher salaries to attract and retain personnel.

The average monthly salary of electronic security technicians in Hong Kong increased from HK\$19,166 in 2021 to HK\$20,733 in 2025, representing a CAGR of approximately 2.0%, and is expected to reach HK\$24,434.1 in 2030, representing a CAGR of approximately 3.2% from 2026 to 2030. The increase is mainly attributable to the growing complexity of modern electronic security systems and the increasing adoption of automated and algorithm-powered surveillance, fibre-optic networks and IoT-based access control systems. Although subcontracting remains common in the industry, service providers generally prefer to maintain a direct, in-house workforce where practicable, as direct employment avoids third-party mark-ups and premium rates and provides greater protection against fluctuations in market wages.

The procurement cost index for Type III electronic security equipment in Hong Kong, comprising mainly surveillance and access control hardware, increased from 100.0 in 2021 to 119.5 in 2025, representing a CAGR of approximately 4.6%, and is expected to reach 138.9 in 2030, representing a CAGR of approximately 3.1% from 2026 to 2030. The increase is mainly attributable to continuous hardware upgrades and the shift towards higher-specification, multi-functional equipment. As customer requirements evolve, basic legacy cameras are increasingly being replaced by higher-cost equipment incorporating automated and algorithm-powered analytics, biometric access control and enhanced cybersecurity features, resulting in higher equipment procurement costs for system integrators.

COMPETITIVE LANDSCAPE OF SECURITY SERVICES MARKET IN HONG KONG

The security services market in Hong Kong is competitive and fragmented. There are approximately over 1,450 industry participants in the security services industry in Hong Kong in 2025, with approximately over 780, 15 and 800 industry participants respectively registered under Type I, Type II and Type III security work type license as of 2025. Notably, there are only around 130 companies that hold both Type I and Type III licenses. Currently in the industry, when considering suppliers with a large-scale operational capacity with a total workforce of over

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2,000 security personnel, there are currently only about 5 players in Hong Kong that operate at this specific magnitude. While the leading players are mainly foreign-based players with established reputation and advantage from economies of scale, Hong Kong-based players also contribute to a substantial amount of revenue for the market, given their strong regional partnership and local networks together with the localised knowledge and regional expertise.

In 2025, the top five players in the security services market (including all type I, II and III licensed companies) in Hong Kong contributing to approximately 9.3% market shares in terms of revenue. The Group records a total revenue of HK\$187.7 million in 2025, representing a market share of approximately 0.5% in the security services market in Hong Kong in 2025.

Besides, the Group contributed to approximately 0.6% and 0.4% market shares in terms of revenue in Type I and Type III security services market respectively.

Ranking of the Security Services Market in Hong Kong by Yearly Revenue in 2025

Rank	Company	Estimated Revenue in 2025 (HK\$ Million)	Approximate Market Share (%)
1	Company A	872.0	2.5%
2	Company B	704.7	2.0%
3	Company C	652.7	1.9%
4	Company D	558.9	1.6%
5	Company E	461.4	1.3%
	<i>Sub-total</i>	<u>3,249.7</u>	<u>9.3%</u>
	<i>Others</i>	<u>31,650.3</u>	<u>90.7%</u>
	<i>Total Market Revenue</i>	<u><u>34,900.0</u></u>	<u><u>100.0%</u></u>

Note: Company A is a subsidiary of a global group headquartered in the UK, providing Type I, III security services including manned security.

Company B is a subsidiary of a listed company in Hong Kong, providing Type I, II, III security services, such as guarding and customer service ambassador, escort and surveillance security, security system and technology, and security technologies.

Company C is a subsidiary of a global group headquartered in Denmark providing Type I, III security services such as guard and patrol services, event security, personal protection, workplace emergency management, security management, security control room, technical installations, etc.

Company D is a private company headquartered in Singapore, providing Type I, III security services ranging from manpower to security consultation and technology.

Company E is a listed company in Hong Kong, providing Type I, III security services such as general manned guarding services, manpower support services, event and crisis security services and is a competitor of the Group.

Source: Annual Reports of Listed Companies, Frost & Sullivan

Entry Barriers

High Capital Investment and Operational Costs – New market entrants have to face higher capital investment and operating costs, including the costs of acquiring security equipment, technology (e.g. surveillance systems, alarms) and setting up operational infrastructure. In addition, given the labor-intensive nature of the manned security services, a significant wage bill is required for the recruitment and training of staff, plus additional costs

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for ad hoc customer services. In Hong Kong, the statutory minimum wage has been raised to HK\$43.1 per hour with effect from 1 May 2026, which is expected to pose operational costs pressure. Furthermore, suppliers of security services are usually required to provide contract securities, such as performance bonds, to secure tenders. These bonds, which typically range from 1% to 5% of the contract sum (not more than 10%), necessitate a substantial cash investment at the initial stage, further exacerbating the financial burden. Such requirement, combined with potential cash flow concerns during the payback period, creates a significant barrier for new entrants, particularly those lacking adequate capital resources.

Brand Recognition and Reputation – The security service industry relies heavily on trust and reputation, which are built over time through consistent service delivery. Notable players in the industry have secured a source of revenue and market position due to their established long-term relationship with the key accounts, such as the Hong Kong government, property developers and railway operators. Particularly for public-related projects, the government and major infrastructural corporations, being the major clients, have been referring to a limited pool of security companies, accredited to the thorough understanding of the specifications and requirements. Accordingly, the lack of ample business relationships serves as an entry barrier for new market entrants to cater to complex requirements in large-scale projects.

Technological Investments – Integration of advanced technologies such as automated and algorithmic powered surveillance, digital surveillance systems, and network security services is gaining importance in the security services market. These technologies not only improve the efficiency of surveillance, but also enhance responsiveness and data analytics. Start-ups may face challenges in obtaining necessary equipment or investing in digital infrastructure, necessitating substantial financial resources and technical knowledge. Many small enterprises often lack the funds to acquire advanced equipment or employ talents with the expertise needed.

Track Record in the Construction Sector – The construction sector requires a high level of professionalism from on-site security personnel due to the dynamic site environment, diverse workforce, and the presence of valuable materials and equipment. Established security service providers with extensive experience and a strong reputation in construction sector are typically favoured due to their ability to offer sophisticated and comprehensive on-site security solutions, covering risk assessments and contingency plans, execution of security protocols, sufficient manpower and equipment resources, along with ongoing staff training. Conversely, new entrants lacking relevant expertise struggle to cope with the complicated site environment, hindering their ability to acquire clients during the initial phase.

Skilled Workforce Availability and Training – The security services sector require a well-trained and skilled personnel, especially when client expectations for superior service quality are increasing. However, the security services sector is currently characterised by a high proportion of temporary, contract or part-time personnel, leading to a very dynamic labour market in this industry. Therefore, retaining well-trained and experienced security professionals may prove challenging for new entrants who are not able to provide sufficient and competitive compensation.

Regulatory Requirements and Licensing – The security service industry in Hong Kong is heavily regulated, requiring companies to obtain licences and certifications to operate legally. This licensing process involves detailed documentation, background checks, and compliance with stringent industry standards. Additionally, companies must undergo regular inspections to ensure adherence to safety and operational protocols. For new firms, these requirements create significant entry barriers, as they not only demand substantial time and financial investment but also necessitate a thorough understanding of the regulatory landscape.