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PROFIT WARNING

This announcement is made by FSE Lifestyle Services Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform its shareholders (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 31 December 2021 (the “**Period**”), the Group is expected to record a decrease in its net profit for the Period of around 50% as compared to its restated net profit of HK\$471.4 million for the same period last year (previously reported net profit of HK\$329.1 million prior to the acquisition). The comparative net profit amount for the same period last year has been restated for the Group’s application of merger accounting for business combinations under common control for its acquisition of the security guarding and event services, insurance solutions and landscaping services businesses completed in April 2021.

The decrease in the Group’s net profit for the Period as compared to the same period last year is mainly attributable to a decrease in subsidies under the Employment Support Scheme (the “**ESS Scheme**”) of the Hong Kong SAR Government, partly mitigated by the effects of (i) new contracts awarded for the Facility/Property Management segment and City Essential segment (primarily cleaning and insurance businesses); (ii) higher gross profits from the electrical and mechanical engineering (“**E&M**”) services segment installation projects; and (iii) losses related to laundry business disposal in December 2020 and one-off professional fees for acquisition which did not recur this period.

If excluding the effects of subsidies under the ESS Scheme in the Group’s results for both periods and item (iii) mentioned above in the Group’s prior period results, the Group is expected to record an increase in net profit for the Period of around 15% as compared to its adjusted net profit of HK\$194.2 million for the same period last year.

The information contained in this announcement is based on the preliminary assessment by the Board mainly with reference to information currently available, including the unaudited consolidated management accounts of the Group for the Period, which is yet to be finalised and has not yet been audited by the auditor of the Company. As such, the actual financial results of the Group for the Period may be different from what is disclosed in this announcement. Announcement of the unaudited financial results of the Group for the Period is expected to be released before end of February 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
FSE Lifestyle Services Limited
Chan Ju Wai
Company Secretary

Hong Kong, 14 February 2022

As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) (Mr. Doo Wai Hoi, William as his alternate) as non-executive director, Mr. Lam Wai Hon, Patrick (Vice-Chairman), Mr. Poon Lock Kee, Rocky (Chief Executive Officer), Mr. Doo William Junior Guilherme, Mr. Lee Kwok Bong, Mr. Soon Kweong Wah, Mr. Wong Shu Hung and Dr. Cheng Chun Fai as executive directors, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie and Dr. Tong Yuk Lun, Paul as independent non-executive directors.