



FSE Lifestyle Announces Proposed Acquisition of Beijing Nova Insurance Services Limited (“Beijing Nova”) for HKD156 million

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Further Expanding the Insurance Solutions Business and Achieving Geographical Diversification

1 February 2024, Hong Kong — **FSE Lifestyle Services Limited** (“**FSE Lifestyle**” or the “**Company**”, together with its subsidiaries, the “**Group**”) (Stock Code: 331), a leading lifestyle services conglomerate in Hong Kong, which has 3 major business segments: property & facility management services, city essential services and electrical and mechanical engineering (“E&M”) services, today announced acquisition of Beijing Nova for RMB143 million (equivalent to HKD156 million). Beijing Nova is an active participant in the insurance industry of the PRC approved by the National Financial Regulatory Administration (中國國家金融監督管理總局) as a national insurance brokerage for the insured, providing a wide spectrum of professional insurance services and innovative solutions from insurance placement and claims handling to risk assessment and management for a wide range of industries. The Group believes that the acquisition will not only facilitate geographical diversification and the expansion of insurance solutions business, leading to increased profitability and higher returns for shareholders, but also unlock synergistic benefits through cross-selling, boost brand awareness, and confer a competitive edge.

The proposed acquisition will be made at a consideration of RMB143 million (equivalent to HKD156 million), to be paid in cash through internal resources and bank borrowings to three sellers. One of the sellers is a wholly-owned subsidiary of the Company's controlling shareholder, FSE Holdings. The other two sellers are independent third parties. The Consideration was agreed after arm's length negotiations having taken into consideration the valuation of Beijing Nova of RMB143 million as at 31 December 2023 appraised by the independent valuer using the market approach (guideline public company method) for the purpose of the valuation.

Geographical diversification and increase the scale and profit of insurance solutions business, providing higher return to shareholders

In recent years, the PRC insurance market has undergone rapid development and is one of the fast surging insurance markets in the world. The proposed acquisition will allow the Group to achieve geographical diversification in its existing insurance solutions business operations, mitigating the risks associated with excessive reliance on a single market and establishing a more balanced and diversified income stream. Beijing Nova recorded an unaudited total revenue of approximately HKD81.4 million for the year ended 31 December 2023 and an unaudited net tangible asset value of approximately HKD92.8 million as of 31 December 2023. The proposed acquisition will contribute to a significant expansion in the business scale of the existing Insurance Solutions Group, and will also allow the Group to engage in businesses that could enhance recurring profit in long term and lead to an accretion to the Company's earnings per Share.

Increase brand recognition, cross-selling synergies and cost savings

With the inclusion of Beijing Nova holding PRC brokers licence and well-established clientele in the PRC, the Group will significantly broaden its customer base and elevate brand recognition. This will reinforce the synergies of cross-selling, enabling the provision of comprehensive "one-stop" services, enhancing operational efficiency, and driving cost savings. Consequently, the Group will gain a competitive edge, distinguishing itself from its competitors.

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About FSE Lifestyle Services Limited

FSE Lifestyle Services Limited ("FSE Lifestyle" or the "Company", together with its subsidiaries, the "Group") is a leading lifestyle services conglomerate with 3 major business segments: property & facility management services, city essential services and E&M services.

The Group's services are being delivered through 8 major groups of companies which have all been the market leaders in their respective industries. They include:

Property & Facility Management Services

- ◆ Urban Group
- ◆ Kiu Lok Service Management Group

City Essential Services

- ◆ Cleaning - Waihong Services Group ("Waihong")
- ◆ Technical Support & Maintenance - Far East Engineering Services Group
- ◆ Security Guarding & Event Services – General Security Group
- ◆ Insurance Solutions - Nova Insurance Group ("Nova")
- ◆ Environmental Solutions - FSE Environmental Solutions Group

E&M Services

- ◆ FSE Engineering Group

With their professionalism and expertise, together with the extensive synergies generated among the companies under FSE Lifestyle, we are able to build up a strong network and offer comprehensive "one-stop-shop" professional services to our clients who are engaged in a wide diversity of projects including property developments, public infrastructures, education and transportation facilities as well as entertainment and travel industries in Hong Kong, Macau and the Mainland China.

Our clientele includes the HKSAR Government, multinational corporations, owners and investors of properties, theme parks, universities, hotels and hospitals covering both private and public facilities. We devise solutions for our clients providing cost efficiency and service excellence at all stages of their projects.

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