



FSE Lifestyle Announces 2023/24 Annual Results
Profit Attributable to Shareholders down 4% to HK\$501 million

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**Adjusted Net Profit after excluding
the effects of government grants and COVID-related works' profit contributions
increases 13% to HK\$475 million**

Financial Highlights

For the year ended 30 June	2024	2023	%
	HK\$M	HK\$M	Change
Revenue	: 8,447.9	7,767.2	+8.8%
Gross profit	: 1,059.2	1,051.6	+0.7%
Profit attributable to shareholders of the Company ⁽ⁱ⁾	: 501.1	522.9	-4.2%
Basic earnings per share	: HK\$1.09	HK\$1.14	-4.4%

The Board recommended the declaration of a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share to the ordinary shareholders of the Company for the year ended 30 June 2024⁽ⁱⁱ⁾.

Note (i) If excluding the effects of government grants in the Group's results for both years to better illustrate the Group's financial results without such effects, the Group recorded an increase in adjusted net profit of 6.6% to HK\$475.3M (i.e. after excluding government grants of HK\$25.8M from profit attributable to shareholders of the Company of HK\$501.1M) for the year ended 30 June 2024 as compared to its adjusted net profit of HK\$445.9M (i.e. after excluding government grants of HK\$77.0M from profit attributable to shareholders of the Company of HK\$522.9M) for the year ended 30 June 2023. Should the profit contributions from COVID-related works in both years also be excluded, the Group's adjusted net profit for the Year would have increased by 13.4% to HK\$475.1 million from HK\$419.1 million.

Note (ii) Together with the interim dividend of HK22.4 cents (2023: HK24.5 cents) per ordinary share paid in March 2024, total distribution of ordinary share dividends made by the Company to its ordinary shareholders for the year ended 30 June 2024 will be HK43.8 cents (2023: HK45.8 cents) per share.

For the year ended 30 June 2024, the dividend payout ratio of the Company is 40.0%, calculated based on the Group's adjusted profit for the year ended 30 June 2024 attributable to ordinary shareholders of the Company of HK\$492.6M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2024 from profit attributable to shareholders of the Company of HK\$501.1M).

For the year ended 30 June 2023, the dividend payout ratio of the Company was 40.1%, calculated based on the Group's adjusted profit for the year ended 30 June 2023 attributable to ordinary shareholders of the Company of HK\$514.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2023 from profit attributable to shareholders of the Company of HK\$522.9M).

13 September 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 three major business segments: property & facility management services, city essential services and electrical and mechanical engineering ("E&M") services, has today announced its annual results for the year ended 30 June 2024 ("FY2024" or the "Year").

During FY2024, the Group recorded revenue amounting to HK\$8,447.9 million, representing an increase of HK\$680.7 million or 8.8%, as compared with HK\$7,767.2 million for the year ended 30 June 2023 (“FY2023” or the “last year”). The overall gross profit margin was 12.5%. If excluding the effects of government grants in the Group’s gross profit for both years (i.e. HK\$9.5 million for the Year and HK\$34.3 million for last year) to better illustrate the Group’s performance without such effects, its adjusted gross profit margin would decrease to 12.4% from 13.1% last year. This was mainly caused by a lower gross profit margin of the city essential services segment, principally driven by a decrease in COVID-related intensive cleaning and disinfection works. The Group’s gross profit of last year included a contribution of about HK\$32.1 million from COVID-related works which mostly did not recur in the Year. Should the gross profit from COVID-related works in both years also be excluded, the Group’s adjusted gross profit margin would decrease to 12.4% from 12.7% last year.

Profit attributable to shareholders for the year was HK\$501.1 million, representing a decrease of HK\$21.8 million or 4.2% as compared with HK\$522.9 million in FY2023, mainly resulted from (i) a decrease in government grants (ii) a reduction in profit contributions from COVID-related works and (iii) higher corporate finance costs, partly mitigated by higher contributions from the E&M, insurance solutions, technical support & maintenance and systems security, guarding & event services businesses. If excluding the effects of government grants in the Group’s results for both years to better illustrate the Group’s financial results without such effects, the Group would record an increase in adjusted net profit for the Year of 6.6% to HK\$475.3 million (i.e. after excluding government grants of HK\$25.8 million from its profit attributable to shareholders of the Company of HK\$501.1 million) as compared to its adjusted net profit for last year of HK\$445.9 million (i.e. after excluding government grants of HK\$77.0 million from its profit attributable to shareholders of the Company of HK\$522.9 million). Should the profit contributions from COVID-related works in both years also be excluded, the Group’s adjusted net profit for the Year would have increased by 13.4% to HK\$475.1 million from HK\$419.1 million.

As at 30 June 2024, the Group had total cash and bank balances of HK\$601.3 million (30 June 2023: HK\$751.9 million), net gearing ratio was maintained at zero as at 30 June 2024 (30 June 2023: zero). The Board has recommended the declaration of a final dividend of HK21.4 cents per share for the Year. Including the interim dividend of HK22.4 cents per ordinary share for the six months ended 31 December 2023, the total dividend payout for the Year is HK43.8 cents per ordinary share, representing a payout ratio of 40.0%.

Segmental performance

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

	For the year ended 30 June			
	2024 HK\$’M	2023 HK\$’M	Change HK\$’M	% Change
Property & facility management services	108.6	138.5	(29.9)	(21.6%)
City essential services	223.8	215.9	7.9	3.7%
E&M services	189.9	185.6	4.3	2.3%
Unallocated corporate expenses and finance costs*	(21.2)	(17.1)	(4.1)	24.0%
Total	501.1	522.9	(21.8)	(4.2%)

* Unallocated corporate expenses and finance costs comprise the Company’s corporate expenses of HK\$7.3 million (2023: HK\$6.9 million) and interest expenses of HK\$13.9 million (2023: HK\$10.2 million).

Profit attributable to shareholders excluding government grants and COVID-related works

For the year ended 30 June

	2024	2023	Change	% Change
	HK\$'M	HK\$'M	HK\$'M	
Profit attributable to shareholders excluding government grants				
Profit attributable to shareholders as reported	501.1	522.9	(21.8)	(4.2%)
Excluding government grants	(25.8)	(77.0)	51.2	(66.5%)
Profit attributable to shareholders excluding government grants	475.3	445.9	29.4	6.6%
Excluding profit contributions from COVID-related works	(0.2)	(26.8)	26.6	(99.3%)
Profit attributable to shareholders excluding government grants and COVID-related works	475.1	419.1	56.0	13.4%

Tender submitted and contracts awarded

	Tender submitted*	Contracts awarded*
	HK\$'M	HK\$'M
For the year ended 30 June 2024		
Property & facility management services	4,229	149
City essential services		
- Cleaning & pest control services	6,355	2,084
- Insurance solutions	67	41
- Technical support & maintenance services	5,322	1,136
- Environmental solutions	595	184
- Systems security, guarding & event services	1,079	551
City essential services subtotal	13,418	3,996
E&M services	18,350	2,720
Total	35,997	6,865

*With net contract sum not less than HK\$1 million for each contract.

Gross value of contract sum and outstanding contract sum

	Gross value of contract sum	Outstanding contract sum
	HK\$'M	HK\$'M
As at 30 June 2024		
Property & facility management services	1,178	885
City essential services		
- Cleaning & pest control services	6,283	3,696
- Insurance solutions	136	41
- Technical support & maintenance services	2,339	1,603
- Environmental solutions	882	437
- Systems security, guarding & event services	1,773	1,074
City essential services subtotal	11,413	6,851
E&M services	11,354	5,786
Total	23,945	13,522

Established market positions

Our major companies are market leaders in their respective industries. According to the Frost & Sullivan market research conducted in September 2024, excluding service companies owned by property developers, our Property & Facility Management Group is ranked first in terms of managed units in residential estates and car parks and in terms of managed area in non-residential properties, our Cleaning & Pest Control Services is ranked number one in the environmental hygiene services industry, our Insurance Solutions business is ranked first among the local insurance brokers founded and based in Hong Kong, and our Systems Security, Guarding and E&M businesses are ranked second in their respective markets.

Property & facility management services

- Segment revenue decreased by 6.4% or HK\$45.2 million to HK\$663.4 million from HK\$708.6 million. It reflected a decrease in COVID-related works for government buildings amounting to HK\$32.3 million.

Outlook

- Demand for professional property management services in Hong Kong is increasing and will continue to increase due to the government's policy to boost residential unit supply in the next decade.
- As social awareness of the need to protect property owners' rights, demand for services from independent (non-property own developer related) property and facility management companies is growing.
- Ongoing growth of residential properties supply in Hong Kong presents the Group with opportunities in the firsthand property sales market. The government's new admission schemes to immigrants, particularly the Top Talent Pass Scheme ("TTPS"), are in favour of property sales and leasing, conducive to driving housing demand and the Group offering sale and leasing services.
- Embarked on new operating methodologies and combined skilled manpower strengths with innovative technologies and Internet of Things ("IoT") applications to enhance overall service efficiency and effectiveness. The Group's technology applications, including Sm@rtUrban, ComEasy and drone, have been deployed in over 120 sites to enhance its operational efficiency and service effectiveness.

City essential services

This segment contributed 52.8% (2023: 48.5%) of the Group's total revenue. Segment revenue of HK\$4,459.1 million (2023: HK\$3,766.8 million) are as below:

	For the year ended 30 June		
	2024	2023	% Change
	HK\$'M	HK\$'M	
Cleaning & pest control services	2,349.6	1,731.2	35.7%
Insurance solutions	114.4	110.4	3.6%
Technical support & maintenance services	1,060.0	962.8	10.1%
Environmental solutions	304.2	328.9	(7.5%)
Systems security, guarding & event services	630.9	633.5	(0.4%)
Total	4,459.1	3,766.8	18.4%

- Segment revenue grew by 18.4% or HK\$692.3 million to HK\$4,459.1 million from HK\$3,766.8 million.

Outlook

- ♦ Many new private properties and public facilities will be launched in the Kai Tak Development Area and Northern Metropolis in the coming years. Waihong has already secured some sizable service contracts for residential, commercial, and public facilities in the Kai Tak Development Area. It will also explore and is ready to tap the increasing demand for specialist cleaning and hygiene services of different properties and facilities, public and private, prompted by growing public health awareness.
- ♦ With complex requirements and extremely price conscious, corporate insurance buyers need a professional broker to help them get better deals. Nova's quality services helped it win more accounts from its competitors.
- ♦ In the private sector, the Group's technical support & maintenance services division brings in steady and stable income from maintenance and system retrofit works that support the main businesses of the Group. Furthermore, demand for large-scale renovation works for existing commercial premises is expected to grow in the coming years.
- ♦ The Group's environmental solutions business comprises three business lines: Environment Solutions (water and air treatment, laboratory testing & certification), Smart Solutions (ELV, EV and smart facilities) and Green Solutions (landscape and building materials). With escalating public demands for improving the living environment, the Group's environmental solutions division sees abundant business opportunities for the Environment Solutions, Smart Solutions and Green Solutions it offers to clients in the coming years.
- ♦ The Group's systems security, guarding & event services division has a promising business outlook with housing supply improving and demands for security services increasing for events, festivals, and in the convention and exhibition sector.

E&M services

- ♦ Segment revenue increased by 1.0% or HK\$33.6 million to HK\$3,325.4 million from HK\$3,291.8 million.

Outlook

- ♦ According forecast of the Construction Industry Council in July 2023, expenditure on E&M construction works will exceed HK\$30 billion for the public sector and over HK\$25 billion for the private sector each year over the next five years. This points to an increasing demand for professional construction services, and rendering those services to public and private housing and infrastructure projects will be the Group's focus in coming years.
- ♦ In Macau, there is a constant demand for renovation and improvement works from hotels and casinos and also a robust demand for public and private residential housing. And, with the gaming licences of the six major casino operators renewed in November 2022 for 10 years, there are the development of Galaxy Macau Phase 4, renovation works in progress and to begin for existing casinos and hotel areas. In addition, Macau is determined to transform from a gambling-centric economy into a versatile tourism-driven destination. All these factors are expected to create business opportunities for the Group in the coming few years.
- ♦ In Mainland China, the Group has followed a disciplined business development approach focusing on providing E&M services to major property developments of Hong Kong and foreign investors. Apart from its two core bases in Beijing and Shanghai, the Group also has established presence in other first- and second-tier cities in Mainland China such as Tianjin, Shenyang, Wuhan, Kunming and Hangzhou. Development of the Greater Bay Area will enhance economic and social growth of the 11 cities therein and there are the three rapidly developing Guangdong Pilot Free Trade Zones – Hengqin, Qianhai and Nansha, which together will bring new business opportunities to the Group.

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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 listed company in the Hong Kong Stock Exchange (Stock Code: 0331.HK), whose ultimate holding company is FSE Holdings Limited. We are a leading lifestyle services conglomerate with 3 major business segments: property & facility management services, city essential services and E&M services.

Our services are being delivered through three key segments, whose companies which are the market leaders in their respective industries:

Property & Facility Management Services

- ◆ Property & Facility Management - Urban Group
- ◆ Property Management - International Property Management Limited
- ◆ Property Management, and Sales & Leasing - Kiu Lok Service Management Group

City Essential Services

- ◆ Cleaning & Pest Control - Waihong Services Group (“Waihong”)
- ◆ Insurance Solutions - Nova Insurance Group (“Nova”)
- ◆ Technical Support & Maintenance - Far East Engineering Services Group and Turning Technical Services Limited
- ◆ Environmental Solutions - FSE Environmental Solutions Group
- ◆ Systems Security, Guarding & Event Services – General Security Group and Perfect Event Services Limited

E&M Services

- ◆ Engineering and Consultancy on Installation - FSE Engineering Group, Majestic Engineering Group and Young’s Engineering Group

With their professionalism and expertise, together with the extensive synergies generated among the companies under FSE Lifestyle, we built up a strong network and offered comprehensive “one-stop-shop” professional services to our clients engaged in different industries including property infrastructures, education and transportation facilities, entertainment and travel industries.

Our clientele includes the HKSAR Government, multinational corporations, owners/developers, theme parks, universities, hotels and hospitals covering both private and public facilities. We devise solutions for our clients providing cost effectiveness and service excellence.

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