豐盛生活服務有限公司
FSE LIFESTYLE SERVICES LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 331)

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the year ended 30 June		**2024 HK$M**	2023 HK$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. For details of the related government grants, please refer to the "Summary of government grants" table in the "Management Discussion and Analysis" section on page 18. 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 is 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).

The board of directors (the "Board") of FSE Lifestyle Services Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2024 ("FY2024" or the "Year").

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2024

	Notes	**2024 HK$'000**	2023 HK$'000
Revenue	2	**8,447,943**	7,767,209
Cost of services and sales		**(7,388,729)**	(6,715,594)
Gross profit		**1,059,214**	1,051,615
General and administrative expenses		**(491,524)**	(470,722)
Other income, net	3	**22,957**	42,023
Operating profit	4	**590,647**	622,916
Finance income		**18,894**	10,564
Finance costs		**(19,488)**	(16,916)
Share of results of associates		**1,594**	1,445
Share of results of joint ventures		**215**	(263)
Profit before income tax		**591,862**	617,746
Income tax expenses	5	**(90,704)**	(93,548)
Profit for the year		**501,158**	524,198
Profit for the year attributable to:			
Shareholders of the Company		**501,100**	522,902
Non-controlling interests		**58**	1,296
		501,158	524,198
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in HK$)			
– Basic and diluted	6	**1.09**	1.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

	2024 **HK$'000**	2023 HK$'000
Profit for the year	**501,158**	524,198
Other comprehensive (loss)/income:		
Items that may be subsequently reclassified to consolidated income statement:		
Currency translation differences	**(895)**	(10,963)
Items that will not be subsequently reclassified to consolidated income statement:		
Remeasurement (losses)/gains on defined benefit retirement scheme, net of tax	**(165)**	100
Remeasurement (losses)/gains on long service payment liabilities, net of tax	**(5,543)**	813
Other comprehensive loss for the year, net of tax	**(6,603)**	(10,050)
Total comprehensive income for the year	**494,555**	514,148
Total comprehensive income for the year attributable to:		
Shareholders of the Company	**494,497**	512,852
Non-controlling interests	**58**	1,296
	494,555	514,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	**2024** **HK$'000**	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**65,425**	57,415
Right-of-use assets		**51,962**	87,696
Other intangible assets		**173,021**	176,870
Interests in associates		**218**	234
Interests in joint ventures		**1,171**	956
Deferred income tax assets		**9,445**	11,292
Pension assets		**3,329**	3,554
		304,571	338,017
Current assets			
Trade and other receivables	8	**2,427,496**	2,318,986
Contract assets		**598,739**	560,239
Inventories		**17,578**	21,291
Cash and bank balances		**601,288**	751,901
		3,645,101	3,652,417
Total assets		**3,949,672**	3,990,434
EQUITY			
Ordinary shares		**45,000**	45,000
Convertible preference shares		**140,900**	140,900
Reserves		**802,645**	513,252
Shareholders' funds		**988,545**	699,152
Non-controlling interests		**327**	269
Total equity		**988,872**	699,421

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2024

	Note	**2024** **HK$'000**	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**10,027**	28,174
Long service payment liabilities		**56,687**	46,794
Deferred income tax liabilities		**21,489**	22,173
Pension liabilities		**1,480**	1,229
Borrowings		–	263,658
		89,683	362,028
Current liabilities			
Trade and other payables	9	**2,115,466**	2,042,773
Contract liabilities		**392,918**	716,295
Borrowings		**235,789**	18,377
Current portion of lease liabilities		**30,783**	45,784
Taxation payable		**96,171**	105,756
		2,871,117	2,928,985
Total liabilities		**2,960,800**	3,291,013
Total equity and liabilities		**3,949,672**	3,990,434
Net current assets		**773,984**	723,432
Total assets less current liabilities		**1,078,555**	1,061,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622 of the Laws of Hong Kong. The consolidated financial statements have been prepared under the historical cost convention, except for plan assets under defined benefit retirement scheme which are measured at fair value and defined benefits obligations which are measured at present value of estimated future cash outflows using interest rates determined by reference to market yields at the period end date.

(i) Adoption of new standard and amendments to existing standards that are effective for the Group's financial year beginning 1 July 2023 by the Group

For the year ended 30 June 2024, the Group adopted the following new standard and amendments to existing standards which are effective for the financial year of the Group beginning on 1 July 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and its Amendments	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

Amendment to HKAS 12 - International Tax Reform- Pillar Two Model Rules (effective for annual reporting period commencing on or after 1 January 2023)

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1 January 2024. Since the Pillar Two legislation was not effective at 30 June 2024, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 30 June 2024 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Apart from above, the Group's adoption of the above pronouncements neither has any material effect on the results and financial position of the Group nor any substantial changes in the Group's accounting policies and presentation of its consolidated financial statements.

(ii) New standard 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 2023 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	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 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 consolidated financial statements.

2. 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, carparks management services and guarding services;

(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, ELV engineering services, EV infrastructure services and landscaping services) and systems security, guarding & event services and trading of environmental, EV charging and building materials products; and

(iii) E&M services — Provision of engineering and consultancy services on installation.

An analysis of the Group's revenue is as follows:

For the year ended 30 June	2024 HK$'000	2023 HK$'000
Revenue		
Property & facility management services	**663,455**	708,609
City essential services		
– Cleaning & pest control services	**2,349,622**	1,731,162
– Insurance solutions	**114,381**	110,409
– Technical support & maintenance services		
– Renovations, system retrofit and repairing(i)	**954,010**	842,971
– Routine maintenance(ii)	**106,067**	119,849
– Environmental solutions		
– Rendering of services(iii)	**263,017**	267,534
– Sales of goods(iv)	**41,088**	61,348
– System Security, guarding & event services		
– Rendering of services	**606,929**	612,693
– Sales of goods(v)	**24,006**	20,817
City essential services subtotal	**4,459,120**	3,766,783
E&M services	**3,325,368**	3,291,817
Total(vi)	**8,447,943**	7,767,209

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 environmental solutions services including installation and maintenance of water treatment systems, odour abatement systems, construction site wastewater treatment systems, ELV systems, EV 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 — 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.

(vi) 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 year ended 30 June	**2024** **HK$'000**	2023 HK$'000
Contracting revenue recognised based on percentage-of-completion method		
Technical support & maintenance services		
– Renovations, system retrofit and repairing	**407,721**	280,850
Environmental solutions		
– Rendering of services	**130,535**	166,588
E&M services	**3,325,368**	3,291,817
Total	**3,863,624**	3,739,255

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 allowance 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 purpose unless the segment is engaged in financing activities.

As at 30 June 2024 and 30 June 2023, unallocated assets and unallocated liabilities represented the assets and liabilities not arising from the operations of the operating segments.

Additions to non-current assets comprise mainly additions to property, plant and equipment, right-of-use assets and other intangible assets.

(a) As at and for the year ended 30 June 2024

The segment results for the year ended 30 June 2024 and other segment items included in the 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	**663,455**	**4,459,120**	**3,325,368**	**–**	**8,447,943**
Revenue – Internal	**2,244**	**94,549**	**–**	**(96,793)**	**–**
Total revenue	**665,699**	**4,553,669**	**3,325,368**	**(96,793)**	**8,447,943**
Timing of revenue recognition					
Over time	**665,699**	**4,432,785**	**3,325,368**	**(88,458)**	**8,335,394**
At a point in time	**–**	**120,884**	**–**	**(8,335)**	**112,549**
Total revenue	**665,699**	**4,553,669**	**3,325,368**	**(96,793)**	**8,447,943**
Operating profit before unallocated corporate expenses	**121,629**	**256,963**	**219,342**	**–**	**597,934**
Unallocated corporate expenses					**(7,287)**
Operating profit					**590,647**
Finance income					**18,894**
Finance costs					**(19,488)**
Share of results of associates					**1,594**
Share of results of joint ventures					**215**
Profit before income tax					**591,862**
Income tax expenses (Note 5)					**(90,704)**
Profit for the year					**501,158**
Other items					
Depreciation and amortisation	**12,320**	**36,945**	**26,086**	**–**	**75,351**
Impairment losses, net					
– Trade and other receivables	**–**	**1,284**	**–**	**–**	**1,284**
Reversal of provision for inventories	**–**	**(3,065)**	**–**	**–**	**(3,065)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**6,994**	**30,063**	**9,917**	**–**	**46,974**

The segment assets and liabilities as at 30 June 2024 are as follows:

	Property & facility management services HK$'000	City essential services HK$'000	E&M services HK$'000	Total HK$'000
Segment assets	**413,547**	**1,910,240**	**1,623,468**	**3,947,255**
Unallocated assets				**2,417**
Total assets				**3,949,672**
Segment liabilities	**166,658**	**1,035,767**	**1,475,653**	**2,678,078**
Unallocated liabilities				**282,722**
Total liabilities				**2,960,800**

(b) As at and for the year ended 30 June 2023

The segment results for the year ended 30 June 2023 and other segment items included in the 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	708,609	3,766,783	3,291,817	–	7,767,209
Revenue – Internal	3,926	92,598	–	(96,524)	–
Total revenue	712,535	3,859,381	3,291,817	(96,524)	7,767,209
Timing of revenue recognition					
Over time	712,535	3,727,732	3,291,817	(88,941)	7,643,143
At a point in time	–	131,649	–	(7,583)	124,066
Total revenue	712,535	3,859,381	3,291,817	(96,524)	7,767,209
Operating profit before unallocated corporate expenses	154,302	256,009	219,512	–	629,823
Unallocated corporate expenses					(6,907)
Operating profit					622,916
Finance income					10,564
Finance costs					(16,916)
Share of results of associates					1,445
Share of results of joint ventures					(263)
Profit before income tax					617,746
Income tax expenses (Note 5)					(93,548)
Profit for the year					524,198
Other items					
Depreciation and amortisation	12,451	34,176	28,154	–	74,781
Impairment losses, net					
– Trade and other receivables	–	720	–	–	720
Reversal of provision for inventories	–	(2,681)	–	–	(2,681)
Additions to non-current assets (other than financial instruments and deferred tax assets)	6,539	41,813	13,725	–	62,077

The segment assets and liabilities as at 30 June 2023 are as follows:

	Property & facility management services HK$'000	City essential services HK$'000	E&M services HK$'000	Total HK$'000
Segment assets	417,015	1,738,859	1,827,246	3,983,120
Unallocated assets				7,314
Total assets				3,990,434
Segment liabilities	175,768	903,379	1,849,899	2,929,046
Unallocated liabilities				361,967
Total liabilities				3,291,013

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 year ended 30 June	**2024** **HK$'000**	2023 HK$'000
Revenue		
Hong Kong	**7,638,101**	7,024,720
Mainland China	**613,087**	637,250
Macau	**196,755**	105,239
Total	**8,447,943**	7,767,209

The analysis of the Group's major customers, which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

For the year ended 30 June	**2024** **HK$'000**	2023 HK$'000
Customer A	**1,471,993**	1,562,309
Customer B	**1,210,787**	N/A[(i)]
Customer C	**N/A[(i)]**	1,422,019

Note:
(i) The amount is less than 10% of the Group's revenue.

The revenue contributed by the above major customers is mainly attributable to the Group's E&M services segment in Hong Kong and Mainland China, city essential services and property & facility management services segments in Hong Kong.

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

As at 30 June	**2024** **HK$'000**	2023 HK$'000
Non-current assets, other than deferred tax assets and pension assets		
Hong Kong	**269,917**	289,357
Mainland China	**19,390**	27,559
Macau	**2,490**	6,255
Total	**291,797**	323,171

3. Other income, net

For the year ended 30 June	2024 HK$'000	2023 HK$'000
Government grants[i]	**15,218**	36,795
Gain on disposal of right-of-use assets, net	**4,281**	833
Sundries	**1,748**	3,238
Gain on disposal of property, plant and equipment, net	**1,075**	485
Exchange gain/(loss), net	**330**	(234)
Ex-gratia payments from the government for retirement of motor vehicles	**305**	485
Administrative fee income for application of government grants	**–**	421
Total	**22,957**	42,023

Note:

(i) During the year ended 30 June 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$25.8 million in total (2023: HK$77.1 million from the HKSAR Government and the Government of the Macau Special Administrative Region). Out of which, (i) HK$15.2 million was recognised as "Other income, net" (2023: HK$36.8 million) and (ii) HK$10.6 million (2023: HK$40.3 million) was net off in its staff costs.

4. Operating profit

For the year ended 30 June	2024 HK$'000	2023 HK$'000
Operating profit is stated after charging/(crediting):		
Staff costs (including Directors' emoluments)	**3,674,284**	3,166,654
Subcontracting fees	**2,383,007**	2,362,409
Raw materials and consumables used	**1,434,394**	1,267,311
Depreciation of right-of-use assets	**49,417**	49,912
Cost of inventories sold	**25,355**	37,634
Depreciation of property, plant and equipment	**22,085**	20,916
Auditors' remuneration		
Audit services	**5,682**	6,264
Non-audit services	**2,354**	1,619
Amortisation of other intangible assets(i)	**3,849**	3,953
Expenses relating to short-term leases	**2,373**	3,754
Impairment loss on trade and other receivables, net	**1,284**	720
Reversal of provision for inventories	**(3,065)**	(2,681)

Note:
(i) Included in general and administrative expenses.

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

5. Income tax expenses

For the year ended 30 June	2024 HK$'000	2023 HK$'000
Current income tax		
Hong Kong profits tax	**86,828**	88,873
Macau profits tax	**2,392**	-
Mainland China income tax	**617**	76
(Over)/under-provision in prior years	**(1,329)**	2,986
Deferred income tax expenses/(credits)		
Income tax	**2,076**	1,670
Withholding tax	**120**	(57)
Total	**90,704**	93,548

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. Taxation on Mainland China and Macau profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates. These rates range from 12% to 25% for the year ended 30 June 2024 (2023: 12% to 25%). According to applicable People's Republic of China ("PRC") tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. Hence, the Group used 5% to accrue the withholding tax for certain PRC subsidiaries which are expected to fulfill the aforesaid conditions.

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

For the year ended 30 June	**2024** **HK$'000**	2023 HK$'000
Profit before income tax	**591,862**	617,746
Less: Share of results of		
Associates	**(1,594)**	(1,445)
Joint ventures	**(215)**	263
	590,053	616,564
Calculated at a tax rate of 16.5% (2023: 16.5%)	**97,359**	101,733
(Over)/under-provision in prior years	**(1,329)**	2,986
Expenses not deductible for taxation purposes	**3,222**	2,014
Tax losses not recognised	**1,625**	1,598
Effect of different taxation rates in other regions	**(805)**	521
Temporary differences not recognised	**1,019**	125
Income not subject to taxation	**(8,564)**	(14,894)
Tax concessions	**(1,943)**	(478)
Withholding tax on undistributed earnings from subsidiaries in Mainland China	**120**	(57)
Income tax expenses	**90,704**	93,548

6. Earnings per share for profit attributable to ordinary shareholders of the Company

(a) Basic

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

For the year ended 30 June	**2024 HK$'000**	2023 HK$'000
Profit for the year attributable to shareholders of the Company	**501,100**	522,902
Less: Preferred distribution to the holder of convertible preference shares	**(8,454)**	(8,454)
Earnings used in the basic earnings per share calculation	**492,646**	514,448
Weighted average number of ordinary shares in issue (shares in thousands)	**450,000**	450,000
Basic earnings per share (HK$)	**1.09**	1.14

(b) Diluted

On 16 December 2019, the Company issued convertible preference shares 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 30 June 2024 and 30 June 2023, therefore, the effect of their conversion is not included in the calculation of the diluted earnings per share for years ended 30 June 2024 and 30 June 2023. As a result, the diluted earnings per share equals to the basic earnings per share for the years ended 30 June 2024 and 30 June 2023.

7. Dividends

For the year ended 30 June	**2024 HK$'000**	2023 HK$'000
Interim dividend paid of HK22.4 cents (2023: HK24.5 cents) per share	**100,800**	110,250
Final dividend proposed of HK21.4 cents (2023: HK21.3 cents) per share	**96,300**	95,850
Total	**197,100**	206,100

Note:
At a meeting held on 13 September 2024, the Board recommended a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share to the ordinary shareholders of the Company. The final dividend will be paid in cash. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements but will be reflected as an appropriation of the retained earnings for the year ending 30 June 2025.

8. Trade and other receivables

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

As at 30 June	2024 HK$'000	2023 HK$'000
Current to 90 days	**1,096,997**	1,085,138
91 to 180 days	**42,552**	42,697
Over 180 days	**75,867**	60,749
Total	**1,215,416**	1,188,584

9. Trade and other payables

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 30 June	2024 HK$'000	2023 HK$'000
1 – 90 days	**406,026**	374,229
91 – 180 days	**25,114**	19,540
Over 180 days	**44,412**	20,549
Total	**475,552**	414,318

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 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 in FY2023. 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. Details of the government grants recognised by the Group are set out in Note 3 to the consolidated financial statements and summarised in the table below.

Summary of government grants

For the year ended 30 June	**2024** **HK$'M**	2023 HK$'M
Recognised as deduction of staff costs included in "Cost of services and sales"	**9.5**	34.3
Recognised as deduction of staff costs included in "General and administrative expenses"	**1.1**	6.0
Recognised as "Other income"	**15.2**	36.8
Gross	**25.8**	77.1
Non-controlling interests	**–**	(0.1)
Net	**25.8**	77.0

Summary of profit contributions from COVID-related works

For the year ended 30 June	**2024** **HK$'M**	2023 HK$'M
Revenue	**2.2**	146.5
Cost of services and sales	**(2.0)**	(114.4)
Gross profit	**0.2**	32.1
Tax effects thereon	**–**	(5.3)
Net	**0.2**	26.8

Results excluding non-recurring items

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). The Group's adjusted net profit of last year included a net profit contribution of about HK$26.8 million from COVID-related works which mostly did not recur in the Year.

Tender submitted and contracts awarded

For the year ended 30 June 2024	Tender submitted* HK$'M	Contracts awarded* HK$'M
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

As at 30 June 2024	Gross value of contract sum HK$'M	Outstanding contract sum HK$'M
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**

PROPERTY & FACILITY MANAGEMENT SERVICES SEGMENT

The Group's property and facility management services business, comprising Urban, International Property Management and Kiu Lok (together, the "Property & Facility Management Group"), is one of the largest among all independent service providers in the residential, non-residential and car park property and facility management markets in Hong Kong, after excluding service companies owned by property developers. The companies provide comprehensive and recognised professional management services for their clients.

Our Property & Facility Management Group has expertise in six core property and facility management areas: (i) residential property asset management; (ii) facilities management and operations, including both public and private sectors; (iii) commercial, retail and industrial premises operations; (iv) project management; (v) leasing and tenancy management and (vi) car park operations and management. Its property asset and facility services cover all kinds of property and facility assets including high end residential properties, government facilities, offices and quarters, academic campus and educational institutes, service apartments, Grade A intelligent buildings and commercial complexes, modern industrial premises, composite residential developments to regional car parks and various kinds of public and private facility assets.

Our Property & Facility Management Group's unique market differentiation lies in their integration of services, strong pool of professional talents and partnership approach with our clients. In addition, innovation keeps our Property & Facility Management Group at the forefront of the industry. It is a pioneer in the introduction of modern international standards and innovative service models in property and facility management in Hong Kong, including the self-developed eApplication systems – The Sm@rtUrban Apps for customers and the ComEasy App for internal operation, with the application f drones for high rise inspections, altogether create strong synergies to enhance the overall operational efficiency in its property and facility management services.

During FY2024, our Property & Facility Management Group submitted tenders for 61 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$4,229 million and, combining the submitted tenders from previous months, was awarded 19 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$149 million. Among these 19 service contracts, one of them was a major service contract (with net contract sum not less than HK$20 million for each service contract) for a residential estate in Tuen Mun.

As at 30 June 2024, the property & facility management services segment has a total gross value of contract sum of HK$1,178 million with total outstanding contract sum of HK$885 million.

CITY ESSENTIAL SERVICES SEGMENT

Cleaning & Pest Control Services

The Group's cleaning and pest control services business, Waihong, covers four core areas: (i) specialist cleaning; (ii) disinfection; (iii) pest control and (iv) waste management. Waihong's services encompass a wide range of private and public facilities in every corner of Hong Kong, which includes office buildings, shopping malls, hotels, university campus, international schools, tourism facilities, government properties, public utilities, convention and exhibition centres, railway stations, airport terminal buildings, hospitals, industrial buildings and residential properties. Specialist cleaning mainly covers the services of general cleaning, initial cleaning, curtain wall cleaning, housekeeping, marble and granite floor maintenance. Disinfection services include space disinfection treatment, support for clinics, formaldehyde removal and antibacterial coating services. Pest control services provide general insecticide treatment, fogging treatment, rodent control and termite elimination. Waste management offers recycling services, food waste collection, solid waste collection, clinical waste and construction waste disposal.

Waihong's unique market differentiation lies in its integration of services, enormous working teams comprising over 13,000 staff, a strong fleet management with over 100 municipal vehicles and full support towards customers. Waihong has applied advanced technology, including AI systems for smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy). High degree of service commitments keeps Waihong ranked the largest in the cleaning service industry in Hong Kong. It is a market leader and competent in providing clients with quality services.

During FY2024, Waihong submitted tenders for 384 cleaning service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$6,355 million and, combining the submitted tenders from previous months, was awarded 123 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$2,084 million. Among these 123 service contracts, 23 of them were major service contracts (with net contract sum not less than HK$20 million for each service contract), which included cleaning contracts for three residential estates in Tung Chung, Fo Tan and Wu Kai Sha, three shopping malls in Tsuen Wan, Shatin and Causeway Bay, three contracts for a public transport company, two commercial complexes in Tsim Sha Tsui and Kowloon City, two commercial buildings in Lai Chi Kok and Wan Chai, two hospitals in Kowloon City and Wong Chuk Hang, two contracts for a theme park in the Lantau Island, a museum in Tsim Sha Tsui, a school in Pokfulam, a tertiary institution in Wan Chai, a sports academy in Sai Kung, a bank and a waste collection contract for two districts.

Insurance Solutions

The Group's insurance solutions business, Nova, comprises Nova Insurance Consultants and International Reinsurance Management, both of which hold Insurance Broker Company Licenses granted by the Insurance Authority. Nova Insurance Consultants is also a registered Mandatory Provident Fund ("MPF") Intermediary under the Mandatory Provident Fund Schemes Authority and the largest local broker in Hong Kong.

Nova offers five core risk and insurance services: (i) insurance advisory and brokerage services; (ii) risk management services; (iii) global and regional insurance management services; (iv) reinsurance broking and (v) MPF intermediary services.

As one of the top five (out of 810) general insurance brokers in Hong Kong, Nova's unique market differentiation lies in its highly professional team of brokers and specialists, strong expertise in various classes of insurance, recognised services, good local knowledge and connections, strong bargaining power in the insurance market and its serving network in both the Greater Bay Area and in the world through its affiliated company in China and global broker partners.

During FY2024, Nova secured placements for a number of sizeable construction projects, arranged policy period extension for client despite its claims caused by the Black Rainstorm in September 2023, and won many new accounts, including a public utility, listed companies, educational institutions and non-governmental organisations. The vast majority of Nova's business involved general insurance, construction and employee benefits-related insurance. Each year Nova has to submit renewal quotations for all these policies to its clients and will only be awarded the renewal contracts when its terms and conditions are competitive. Nova's retention ratio in securing renewed contracts has always been over 90%, reflecting its competitiveness and high level of services.

On 1 February 2024, Nova entered into a conditional sales and purchase agreement to acquire the entire registered and paid up capital of Beijing Nova Insurance Services Limited from (i) Guangzhou Sheng Gao Property Development Limited (40.1%), (ii) Baohua Equity Investment Limited (35.0%) and (iii) Nova Risk Services Holdings Limited (24.9%) at a total cash consideration of RMB143.0 million (equivalent to HK$155.6 million) (subject to adjustments, if any), funded by the Group's internal resources and bank borrowing. Details of this contemplated transaction are set out on page 73 of FSE Lifestyle's 2023-2024 interim report. Beijing Nova is a national insurance brokerage company for the insured established in Mainland China. The transaction is expected to be completed on or before 31 December 2024.

During FY2024, Nova submitted tenders for 27 service contracts (with a contract sum not less than HK$1 million for each service contract) with a total tender sum of HK$67 million and was awarded 19 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$41 million.

Technical Support & Maintenance Services

The Group's technical support & maintenance services business, comprising Far East Engineering Services and Turning Technical Services, provides services which covers three core areas: (i) system retrofit, including replacement of chiller units, upgrade of electrical supply systems, modification and enhancement of fire services and plumbing and drainage systems; (ii) operation and maintenance, including routine system maintenance and repairing works in heat, ventilation, and air conditioning ("HVAC") systems, testing and commissioning, periodic inspection in electrical and fire services installation works; and (iii) renovation works in E&M systems. All these different core services cover mostly in Hong Kong and Macau.

During FY2024, the Group submitted tenders for 547 maintenance service contracts (with a contract sum not less than HK$1 million for each contract) with a total tender sum of HK$5,322 million and, combining the submitted tenders from previous months, was awarded 114 projects (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$1,136 million. Among these 114 projects, 11 of them were major projects (with net contract sum not less than HK$20 million for each project), which included three term contracts for government buildings in Kowloon, Hong Kong Island and an educational institution in Kowloon Tong, two renovation and term contracts for a commercial building in Lai Chi Kok, two chiller replacements for commercial buildings in Tsuen Wan and Kowloon

Bay, ventilation and air conditioning system installation for a hotel in Chek Lap Kok and three contracts for renovation and system upgrading works for a hotel in Macau.

Environmental Solutions

The Group's environmental solutions division provides Environment Solutions, Smart Solutions and Green Solutions to its clients in order to achieve environmental protection, energy conservation, sustainability, enhance environmental quality and operational efficiency and the long-term goals of carbon neutrality to fight against climate change.

This division is divided into three business lines:

(i) "Environment Solutions" (water and air treatment, laboratory testing & certification) in comprehensive HVAC water treatment services, environmental assessment in air and water quality, deodorisation system and electro-chlorination system to assist its customers in achieving their environmental protection and energy conservation objectives. Its HVAC water treatment service is well-known for the professionalism in the industry with over 40 years of history and it has a water treatment company which is under the list of approved specialist contractors for public works in fountain installation. As innovation is at the heart of this business, it has a patented application of using nanobubble ozonation to sterilize fresh water at cooling towers, swimming pools, public toilets, and water features. Its laboratory is accredited by Hong Kong Laboratory Accreditation Scheme ("HOKLAS") which is able to test a wide range of chemical and microbial parameters. For air quality related business, it is one of the eight accredited indoor air quality certificate issuing bodies in Hong Kong.

(ii) "Smart Solutions" (ELV, EV and smart facilities) to provide advanced information and communication infrastructure by providing Extra Low Voltage ("ELV") building technology with smart facility systems (i.e. smart office and smart toilet) to enhance operational efficiency, as well as a full range of services covering material supply, electrical installation, design and engineering and project management for electrical vehicle ("EV") infrastructure.

(iii) "Green Solutions" (landscape and building materials) in landscape management and maintenance services to a diversified business portfolio, including but not limited to property developers and managers, and trading of a wide range of environmental products such as eco-friendly and anti-bacterial tiles, building controls equipment and other building materials to improve environmental quality and promote carbon neutrality. Its landscape business offers a wide range of one-stop green solutions to its clients. It provides landscape design and performs landscape projects and various tree works. It also supplies festival plants to its client.

During FY2024, the Group submitted 150 service contracts tenders and quotations for its environmental, landscape and building material trading businesses (with a sum not less than HK$1 million for each contract or quotation) with a total tender and quotation sum of HK$595 million and, combining the submitted tenders from previous months, was awarded 33 environmental, landscape, ELV and building material trading service contracts and quotations (with a sum not less than HK$1 million for each contract or quotation) with a total sum of HK$184 million.

Systems Security, Guarding & Event Services

The Group's systems security, guarding & event services business comprises General Security and Perfect Event, which provides systems security, guarding, escort and surveillance security, security system and technology, customer service ambassador and event services.

General Security serves a broad range of clients of residential properties (including estates, service apartments and luxury detached houses), office towers, shopping malls and buildings, private clubs, construction sites, entertaining facilities, event and exhibition venues. General Security holds all three types of licences for operating a security company in Hong Kong which covers three core areas: (i) Type I Licence for provision of systems security, guarding services; (ii) Type II Licence for providing armoured transportation services and (iii) Type III Licence for installation, maintenance and/or repairing of a security device and/or designing a security system incorporating a security device. In addition, General Security operates a 24-hour Central Alarm Monitoring Station, an additional Central Alarm Monitoring Station ("CAMS") license endorsement and is providing monitoring services to many jewelry stores and houses.

Perfect Event has steadily gained a foothold in its two core businesses: (i) providing customer service ambassadors for a variety of events such as art displays, exhibitions, concerts, pop music award ceremonies as well as private club events and (ii) providing technological support enhancements for events. Perfect Event is supported by General Security in management and back-office support, leaning on its vast operations experience and expertise.

During FY2024, General Security and Perfect Event submitted tenders for 72 systems security, guarding and event services contracts (with a contract sum not less than HK$1 million for each contract) with a total tender sum of HK$1,079 million and, combining the submitted tenders and quotations from previous months, was awarded 39 service contracts (with a net contract sum not less than HK$1 million for each service contract) with a total contract sum of HK$551 million. Among these 39 service contracts, six of them were major service contracts (with net contract sum not less than HK$20 million for each service contract) including five residential estates in Shatin, Yuen Long, Tai Kok Tsui, Fo Tan and Tsuen Wan and a racing club in Shatin.

As at 30 June 2024, the city essential services segment has a total gross value of contract sum of HK$11,413 million with a total outstanding contract sum of HK$6,851 million.

E&M SERVICES SEGMENT

The Group's E&M services business, comprising FSE Engineering Group, Majestic Engineering Group and Young's Engineering Group, serving Hong Kong, Mainland China and Macau. These companies have maintained its position as one of the leading E&M companies in Hong Kong, capable of providing quality professional management and a comprehensive range of E&M services to its clients, ranging from design, installation, testing to commissioning services. The Group's E&M projects encompassed a wide range of buildings and facilities, including government buildings and facilities, offices, shopping malls, hotels, integrated resorts, sports park, residential properties, hospital and airport facilities.

The Group's E&M services business' unique market differentiation lies in its integration of all E&M services, a strong pool of professional talents, a well-established network of suppliers and subcontractors, and a team-based partnership approach towards its clients. Innovation by using advanced technology keeps it at the forefront of the E&M industry. It is also recognised as one of the industry pioneers in adoption of green building design, Modular Integrated Construction ("MiC"), Multi-trade Integrated Mechanical, Electrical and Plumbing ("MiMEP"), Design for Manufacture and Assembly ("DfMA") in its projects. With such competitive edges over its competitors, the Group has strong confidence in securing and undertaking integrated E&M projects in Hong Kong, Mainland China and Macau.

During FY2024, the Group's E&M services business submitted tenders for 185 E&M engineering projects (with a contract sum not less than HK$1 million for each project) with a total tender sum of HK$18,350 million and, combining the submitted tenders from previous months, was awarded 32 contracts (with a net contract sum not less than HK$1 million for each project) with a total net contract sum of HK$2,720 million. Among these contracts, eight of them were major projects (with net contract sum not less than HK$100 million for each project), which included six residential projects in Kwu Tung, Tuen Mun, Discovery Bay, Kai Tak, Southern District of Hong Kong, a new public market in Tin Shui Wai and a railway extension in Tuen Mun.

As at 30 June 2024, the E&M services segment has a total gross value of contract sum of HK$11,354 million with a total outstanding contract sum of HK$5,786 million.

FINANCIAL REVIEW

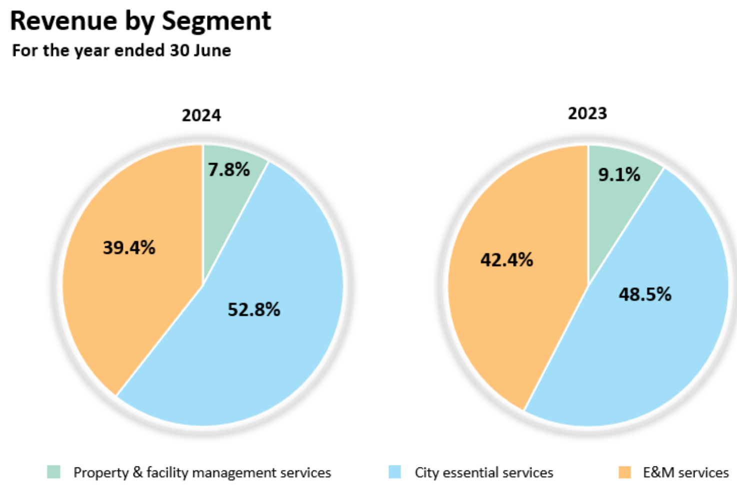
Revenue

In FY2024, the Group's revenue increased by HK$680.7 million or 8.8% to HK$8,447.9 million from HK$7,767.2 million in FY2023, reflecting higher revenue from the city essential services segment and the E&M services segment amounting to HK$692.3 million and HK$33.6 million respectively, partly offset by lower revenue from the property & facility management services segment amounting to HK$45.2 million.

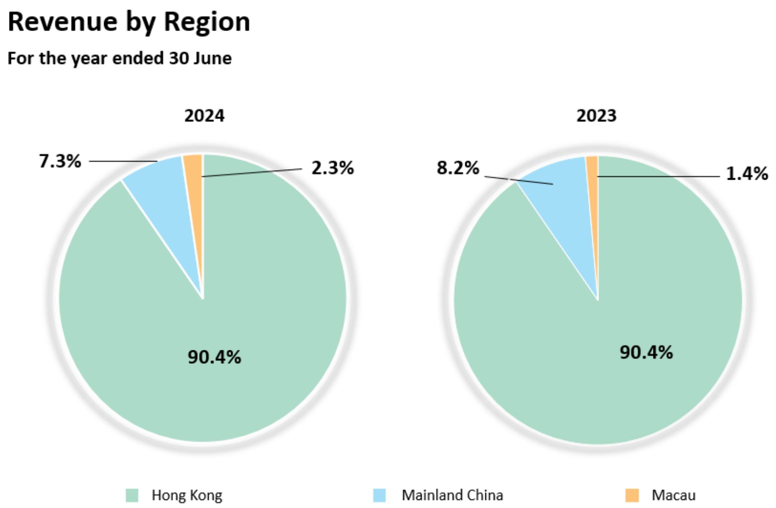
	For the year ended 30 June		
	2024	2023	% Change
	HK$'M	HK$'M	
Property & facility management services*	**663.4**	708.6	(6.4%)
City essential services*	**4,459.1**	3,766.8	18.4%
E&M services*	**3,325.4**	3,291.8	1.0%
Total	**8,447.9**	7,767.2	8.8%

* Segment revenue does not include inter-segment revenue.

The Group's revenue from the property & facility management services segment and the city essential services segment in aggregate contributed 60.6% in FY2024 (2023: 57.6%), whereas the revenue from E&M services segment contributed 39.4% in FY2024 (2023: 42.4%).



In FY2024, the Group's revenue contribution from Hong Kong, Mainland China and Macau was 90.4%, 7.3% and 2.3% (2023: 90.4%, 8.2% and 1.4%) respectively.



- *Property & facility management services:* This segment contributed 7.8% (2023: 9.1%) of the Group's total revenue. The services were principally provided in Hong Kong.

  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.

  It should be noted that, under contract terms, about 20% of the property & facility management services segment's revenue is accounted for by only including management fee received. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its lump sum contracts (i.e. with all direct operational costs for performing the related services borne by it) which are primarily facility management contracts, the property & facility management services segment's revenue for FY2024 would increase by HK$3,100.0 million from its reported amount of HK$663.4 million (2023: HK$708.6 million) to about HK$3,800.0 million (2023: HK$3,800.0 million).

- *City essential services:* This segment contributed 52.8% (2023: 48.5%) of the Group's total revenue. The individual components of this services segment 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%

Most of the revenue reflected an increase in contribution from Hong Kong (HK$637.0 million) and Macau (HK$55.4 million).

Segment revenue grew by 18.4% or HK$692.3 million to HK$4,459.1 million from HK$3,766.8 million reflected (i) new general cleaning service contracts, including government buildings and facilities, shopping malls, clubhouse and residential and commercial properties and (ii) higher revenue from its technical support and maintenance services for system replacement works for a commercial building in Tsuen Wan, slightly offset by lower sales of building materials and a decrease in COVID-related cleaning works amounting to HK$112.0 million.

- *E&M services:* This segment contributed 39.4% (2023: 42.4%) of the Group's total revenue and 80%, 18% and 2% (2023: 80%, 19% and 1%) of this segment's revenue were contributed from Hong Kong, Mainland China and Macau respectively. Higher revenue contribution was recorded this Year from Macau (HK$36.2 million) and Hong Kong (HK$19.1 million), partly offset by a decrease a revenue from Mainland China (HK$21.7 million).

	For the year ended 30 June		
	2024	2023	% Change
	HK$'M	HK$'M	
Hong Kong	**2,670.2**	2,651.1	0.7%
Mainland China	**588.6**	610.3	(3.6%)
Macau	**66.6**	30.4	119.1%
Total	**3,325.4**	3,291.8	1.0%

Segment revenue increased by 1.0% or HK$33.6 million to HK$3,325.4 million from HK$3,291.8 million and mainly reflected the substantial progress of a number of E&M

engineering installation projects during the Year including the expansion of a government building in Central and hotel projects in Macau.

It should be noted that, under contract terms, only the management fees and reimbursable costs of the Kai Tak Sports Park project management project were accounted as revenue. Should such revenue be recognised on the same basis as the rest of this segment's revenue derived from its E&M installation contracts (i.e. with all direct project costs for performing the related installation services borne by it), this segment's revenue in FY2024 would increase by HK$1,900.0 million from its reported amount of HK$3,325.4 million (2023: HK$3,291.8 million) to about HK$5,200.0 million (2023: HK$5,800.0 million).

Gross profit

The following table presents the breakdowns of the Group's gross profit by business segment:

	For the year ended 30 June			
	2024	**2024**	2023	2023
	Gross profit HK$'M	**Gross profit margin %**	Gross profit HK$'M	Gross profit margin %
Gross profit and gross profit margin including government grants				
Property & facility management services	**212.6**	**32.0%**	230.7	32.6%
City essential services	**482.4**	**10.8%**	465.9	12.4%
E&M services	**364.2**	**11.0%**	355.0	10.8%
Total	**1,059.2**	**12.5%**	1,051.6	13.5%

In FY2024, the Group's property & facility management services segment, city essential services segment and E&M services segment contributed 20.1% (2023: 21.9%), 45.5% (2023: 44.3%) and 34.4% (2023: 33.8%) of its gross profit respectively. The Group's gross profit increased by HK$7.6 million or 0.7% to HK$1,059.2 million from HK$1,051.6 million in FY2023, with an overall gross profit margin decreased to 12.5% from 13.5%, mainly reflecting higher contributions from the Group's E&M, cleaning & pest control and technical support & maintenance businesses, partly offset by a decrease in government grants.

	For the year ended 30 June			
	2024 HK$'M	**Gross profit margin %**	2023 HK$'M	Gross profit margin %
Gross profit and gross profit margin excluding government grants				
Gross profit and gross profit margin as reported	**1,059.2**	**12.5%**	1,051.6	13.5%
Excluding government grants	**(9.5)**	**(0.1%)**	(34.3)	(0.4%)
Gross profit and gross profit margin excluding government grants	**1,049.7**	**12.4%**	1,017.3	13.1%
Excluding gross profit from COVID-related works	**(0.2)**	–	(32.1)	(0.4%)
Gross profit and gross profit margin excluding government grants and COVID-related works	**1,049.5**	**12.4%**	985.2	12.7%

If excluding the effects of these grants in the Group's gross profit for both years (i.e. HK$9.5 million for the Year and HK$34.3 million in last year) to better illustrate the Group's performance without such effects, the 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.

- *Property & facility management services:* This segment recorded a decrease in its gross profit of HK$18.1 million to HK$212.6 million from HK$230.7 million, with a stable gross profit margin at 32.0%. This was caused by reduced COVID-related works for government buildings and a decrease in government grants.

- *City essential services:* This segment recorded an increase in its gross profit of HK$16.5 million to HK$482.4 million from HK$465.9 million, with its gross profit margin decreased to 10.8% from 12.4%. This was caused by (i) an increase in new cleaning service contracts mainly from the government; (ii) an increase in new general insurance service contracts awarded; and (iii) a higher gross profit contribution from the technical support & maintenance business driven by the system replacement works for a commercial building in Tsuen Wan, partly offset by the effects of (i) a decrease in COVID-related cleaning works; (ii) a lower contribution from its environmental solutions business mainly reflecting its lower sales of building materials and (iii) a decrease in government grants.

- *E&M services:* The gross profit of the E&M services segment increased by HK$9.2 million to HK$364.2 million from HK$355.0 million with its stable gross profit margin at 11.0%, principally reflected its higher revenue, partly offset by a decrease in government grants.

General and administrative expenses

General and administrative expenses of the Group for the Year increased by HK$20.8 million or 4.4% to HK$491.5 million from HK$470.7 million last year, reflected an increase in staff costs and a decrease in government grants.

	For the year ended 30 June			
	2024 HK$'M	2023 HK$'M	Change HK$'M	% Change
General and administrative expenses excluding government grants				
General and administrative expenses as reported	**491.5**	470.7	20.8	4.4%
Excluding government grants	**1.1**	6.0	(4.9)	(81.7%)
General and administrative expenses excluding government grants	**492.6**	476.7	15.9	3.3%

If excluding the effects of government grants in the Group's general and administrative expenses for both years (i.e. HK$1.1 million for the Year and HK$6.0 million last year) to better compare their amounts without such effects, the adjusted general and administrative expenses would increase by 3.3% to HK$492.6 million compared to HK$476.7 million last year.

Other income, net

Other net income of HK$23.0 million was recorded by the Group during FY2024 compared to HK$42.0 million recorded in FY2023.

The other net income recorded during the Year mainly represented the recognition of government grants in Hong Kong and gains on disposal of properties in the Mainland China. The net income recorded last year mainly represented the recognition of government grants in Hong Kong and Macau.

Finance income

In FY2024, the Group recorded finance income of HK$18.9 million (2023: HK$10.6 million). The increase mainly reflected higher average market interest rates and principal sum of the Group's bank deposits placed during the Year.

Finance costs

The Group's finance costs of HK$19.5 million (2023: HK$16.9 million) for FY2024 included interest expenses of (i) HK$13.9 million (2023: HK$10.2 million) for the Group's bank loan financing its acquisition of property & facility management services business in December 2019 (ii) HK$3.8 million (2023: HK$4.8 million) for other bank borrowings and (iii) HK$1.8 million (2023: HK$1.9 million) for lease liabilities.

Income tax expenses

The effective tax rate of the Group increased by 0.2% to 15.4% (2023: 15.2%), mainly attributable to a reduction in the non-taxable government grants.

Profit for the year attributable to shareholders of the Company

The following table presents 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).

The Group's profit for the Year decreased by 4.2% or HK$21.8 million to HK$501.1 million compared to HK$522.9 million last year. The decrease mainly resulted from (i) a decrease in government grants, (ii) a reduction in profit contributions from COVID-related works and (iii) a higher corporate finance costs, partly mitigated by the effects of the higher contributions from the E&M, insurance solutions, technical support & maintenance and systems security, guarding & event services businesses. Details of the government grants recognised by the Group are set out in Note 3 to the consolidated financial statements. The net profit margin of the Group reduced to 5.9% for the Year from 6.7% for last year.

	For the year ended 30 June			
	2024 HK$'M	2023 HK$'M	Change HK$'M	% Change
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%

If excluding the effects of government grants in the Group's result 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.

Other comprehensive loss

The Group recorded other comprehensive loss for the Year of HK$6.6 million (2023: HK$10.1 million), reflected the remeasurement losses of HK$5.5 million (2023: gains of HK$0.8 million) on long service payment liabilities and HK$0.2 million (2023: gains of HK$0.1 million) on defined benefit retirement scheme and an unfavourable exchange reserve movement of HK$0.9 million (2023: HK$11.0 million) recorded during the Year following an depreciation of the Renminbi ("RMB") for conversion of the Group's net investments in Mainland China.

Capital structure

As at	30 June 2024 HK$'M	% to total equity	30 June 2023 HK$'M	% to total equity	Increase/ (decrease) HK$'M
Non-current assets	**304.6**	**30.8%**	338.0	48.3%	(33.4)
Cash and bank balances	**601.3**	**60.8%**	751.9	107.5%	(150.6)
Borrowings (i)	**235.8**	**23.8%**	282.0	40.3%	(46.2)
Net cash(ii)	**365.5**	**37.0%**	469.9	67.2%	(104.4)
Working capital (iii)	**774.0**	**78.3%**	723.4	103.4%	50.6
Total equity	**988.9**	**100.0%**	699.4	100.0%	289.5

Notes:
(i) All borrowings are bank loans.
(ii) Net cash is calculated as cash and bank balances less total bank borrowings.
(iii) Being net current assets.

Liquidity and financial resources

The Group's finance and treasury functions are centrally managed and controlled at its headquarters in Hong Kong. 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), of which 96%, 2% and 2% (30 June 2023: 96%, 2% and 2%) were denominated in Hong Kong dollar, RMB and other currencies respectively, and total borrowings of HK$235.8 million (30 June 2023: HK$282.0 million), of which HK$218.8 million was denominated in Hong Kong dollars (30 June 2023: HK$263.6 million) and HK$17.0 million (30 June 2023: HK$18.4 million) was denominated in RMB. The Group's net cash balance decreased by HK$104.4 million to HK$365.5 million as at 30 June 2024 as compared to HK$469.9 million as at 30 June 2023 mainly reflecting the distribution of the Company's FY2023 final dividend of HK$95.9 million and FY2024 interim dividend of HK$100.8 million and the Group's net payments for repayments of borrowings of HK$46.3 million and principal portions of lease liabilities of HK$49.2 million, partly offset by the net cash inflow from operating activities. The Group's net gearing ratio was maintained at zero as at 30 June 2024 (30 June 2023: zero). This ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less cash and cash equivalents.

Adopting a prudent financial management approach in implementing its treasury policies, the Group maintained a healthy liquidity position throughout the reporting period. As at 30 June 2024, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK$3,134.9 million (30 June 2023: HK$2,649.7 million). As at 30 June 2024, HK$1,026.6 million (30 June 2023: HK$1,052.3 million) of the Group's banking facilities had been utilised for bank borrowings, bank guarantees and trade finance. The Group believes it has sufficient committed and unutilised banking facilities to meet current business operation and capital expenditure requirements.

Debt profile and maturity

As at 30 June 2024, the Group's total debts amounted to HK$235.8 million (30 June 2023: HK$282.0 million), of which HK$18.4 million is renewed on a monthly basis and HK$217.4

million matures in December 2024. As at the date of this announcement, the Group's HK$217.4 million of debt originally maturing in December 2024 has been renewed for two years and will be matured in September 2026. The Group has managed its debt maturity profile to minimise it refinancing risks. All of these debts, including HK$217.4 million denominated in Hong Kong Dollar and HK$18.4 million denominated in RMB, bear interest at floating rates.

Foreign currency exposure

The Group operates primarily in Hong Kong, Mainland China and Macau and is not exposed to significant exchange risk. The Group does not have a foreign currency hedging policy and foreign currency risk is managed by closely monitoring the movements of the foreign currency rates. It will consider entering forward foreign exchange contracts to reduce exposure should the need arises.

As part of the Group's business is carried out in Mainland China, some of its assets and liabilities are denominated in RMB. The majority of these assets and liabilities had arisen from the net investments in Mainland China operations with net assets of HK$130.2 million (30 June 2023: HK$128.7 million) as at 30 June 2024. The foreign currency translation arising from translation of these Mainland China operations' financial statements from RMB (functional currency of these Mainland China operations) into Hong Kong dollars (the Group's presentation currency) does not affect the Group's profit before and after tax and will be recognised in its other comprehensive income.

During the Year, the fluctuation of RMB against Hong Kong dollars was 4% (comparing the highest exchange rate with the lowest exchange rate of the RMB against the Hong Kong dollars during the Year).

As at 30 June 2024, if the Hong Kong dollars had strengthened/weakened by another 4% against the RMB with all other variables unchanged, the Group's other comprehensive income would have been HK$5.2 million lower/higher.

Capital commitments

As at 30 June 2024, the Group had capital commitments of HK$5.4 million (30 June 2023: HK$1.4 million) in relation to additions of property, plant and equipment.

Contingent liabilities

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 30 June 2024.

Convertible preference shares

On 16 December 2019, the Group acquired Legend Success Investments Limited ("Legend Success") (together with its subsidiaries, the "Legend Success Group"), which was principally engaged in the provision of property and facility management services, at a total consideration of HK$743.4 million upon which the initial sum of consideration of HK$704.9 million was satisfied by the Company through (i) the payment of HK$564.0 million in cash and (ii) a non-cash consideration of HK$140.9 million through the issuance and allotment by the Company of 43,676,379 non-voting redeemable convertible preference shares of HK$0.10 each at the issue price of HK$3.2260 per share. A final cash payment of the consideration of HK$38.5 million was made on 13 February 2020.

The convertible preference shares are (i) convertible into 43,676,379 ordinary shares of the Company At an initial price of HK$3.2260 per share (subject to adjustments upon occurrence of certain prescribed events, including consolidation, subdivision or reclassification of shares in the capital of the Company, capitalisation of profits or reserves etc., in each case if not also made available to the holder(s) of the convertible preference shares), 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, within a period of 10 years after their date of issue of 16 December 2019 (the "Issue Date") and (ii) redeemable by the Company at its sole discretion at a redemption price equals to the Issue Price together with all outstanding preferred distributions accrued to the date fixed for redemption at any time after 10 years following the Issue Date. The convertible preference shares are treated as contingently issuable potential ordinary shares under Hong Kong Accounting Standard ("HKAS") 33 "Earnings per Share" and, since the conditions for their conversion were not met as at 30 June 2024, the effect of their conversion is not included in the calculation of the diluted earnings per share for years ended 30 June 2024 and 2023 pursuant to HKAS 33's requirements as described in Note 6 to the consolidated financial statements. Assuming that all of the outstanding convertible preference shares were converted as at the end of the financial year of 30 June 2024 and assuming their conditions for conversion were met, the Company's earnings per share after taking into account of the dilutive impact of such conversion for the year ended 30 June 2024 would be HK$1.01 per share, calculated as the Group's profit attributable to shareholders of the Company of HK$501.1 million divided by the weighted average number of the Company's ordinary shares in issue of 493.7 million (after taking into account the weighted average number of incremental number of ordinary shares that would be issued from the conversion of the convertible preference shares on its Issue Date of 43.7 million). The convertible preference shares confer their holder(s) the right to receive preferred distributions from the Issue Date at a rate of 6.0% per annum on its Issue Price, payable annually in arrears. As (i) the Company may at its sole discretion redeem either in whole or in part the convertible preference shares for the time being outstanding (i.e. it has no obligation to settle them in cash unless it elects at its sole discretion to redeem) and (ii) the convertible preference shares are only convertible within a period of 10 years after the Issue Date but redeemable only after 10 years following the Issue Date, an analysis on the Company's share price at which it would be equally financially advantageous for the convertible preference share holder(s) to convert or redeem the convertible preference shares based on their implied rate of return at a range of dates in the future is not applicable. Based on the financial and liquidity position of the Group (with details set out in the paragraphs headed "Liquidity and financial resources” of this section), to the best knowledge of the Company, the Company expects that it will be able to meet its redemption obligations under the outstanding convertible preference shares issued by it.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Our Board of Directors, who leads our governance framework, are responsible for overseeing the Group’s ESG strategies. Through regular board meetings and training sessions, the Board stays updated on the latest ESG-related insights and developments, ensuring they make informed decisions in managing the Group’s ESG risks.

In line with our commitment to sustainability, we have established an ESG committee. This committee comprises three executive directors and two independent non-executive directors of our Company, all elected by the Board.

The ESG committee meets regularly to ensure the Group is on the right path toward integrating ESG principles across all business services. The committee advises the Board on managing ESG-related risks, conducting materiality assessments, and making sustainability-related disclosures.

A stand-alone ESG report which references Appendix C2, Environmental, Social and Governance Reporting Guide, to the Listing Rules will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited in October 2024.

ENVIRONMENTAL

Environmental concerns

Guided by an ISO14001-certified Environmental Management System, our management approach ensures that our business develops sustainably and addresses environmental impacts effectively. Our Sustainability Policy and Energy and Carbon Management Policy enables us to reduce our carbon footprint and manage of energy usage responsively. We work to make a positive and lasting contribution to the environment while ensuring the long-term viability and success of our operations.

We recognise the importance of addressing climate-related issues that may significantly impact our operations and stakeholders. In recent years, we have encountered climate-related challenges, such as increased frequency of extreme weather events, which have disrupted our service delivery and increased operational costs.

To manage these impacts, we have implemented a comprehensive climate action plan focused on enhancing operational resilience and sustainability. Our key measures include reducing our carbon footprint through energy efficiency lighting system, promoting electric vehicles to reduce fuel consumption and emissions, and developing guidelines for energy efficient practices in workplaces. For our business operations, we have developed effective contingency plans from past experiences to cope with different challenges of extreme weather events. Additionally, we also provide our clients with sustainable environmental solutions through our various lines of service.

By prioritising these principles, we are committed to mitigating climate-related risks and contributing to creating a sustainable future.

Commitment to the environment

Our environmental targets set by the ESG Committee in FY2023 have been well achieved. To demonstrate further commitment in reducing environmental footprint, new environmental targets regarding reduction in fuel consumption, electricity consumption and paper procurement have been set to reflect our strong passion in environmental sustainability. Our new set of targets aims to reduce 1.0% of fuel consumption, 1.5% of electricity consumption, and 8.0% of paper procured.

Building a culture of sustainability

We believe fostering behavioral change within the Group is key to driving sustainable growth. Our dedicated ESG taskforce, with representatives from different business units, drives our efforts to become more environmentally friendly through various initiatives.

To reduce fuel consumption and greenhouse gas emissions, the Group has already replaced six company cars with four electric vehicles and two hybrid cars. We aim to replace 14 more company vehicles with electric models by 2027.

In addition, the Group aims to reduce electricity consumption through two main initiatives. All our employees are encouraged to abide by the "4-Offs" initiative to ensure that all lights, air conditioning, computers and monitors are turned off when office facilities are not in use. To further reduce our electricity consumption, we also urged colleagues to turn-off the lights for one hour when they have their lunch break.

SOCIAL

Talent management, acquisition and retention

We believe that our team is the greatest asset and thus the key to our continued success. We take pride in our diverse workforce, and we are constantly looking to strengthen our team through the attraction, development, and retainment of talent. We cultivate a culture that promotes continuous growth and development of our people.

We are always looking to attract top talents who shares our values. We aim to provide a comprehensive development programme which enables us to attract, develop and retain our team. The Group's continuous attraction and retention of top talent will help drive sustainable growth, whilst enabling us to cater to our client's ever-evolving needs.

Training and development

We are a strong advocate and supporter of continuous learning for our people. Through various training and learning initiatives, we are constantly motivating our employees to reach their highest potential. Along with skill development programmes, we also offer our employees diversified career paths, support systems and an array of new opportunities to help them grow their skills and career within the Group.

With our clients' needs constantly evolving, continuous learning remains essential in our line of work. Various client engagement workshops including Proactive Marketing and Client Engagement, Being an Effective Service Coach and Connecting and Engaging People have been arranged for our frontline and management colleagues to attend. We support our employees through a variety of career development opportunities. During this reporting year, we exceeded the last year training hour by 44,249 hours, reaching a total of 204,929 hours.

In 2020 and 2021, FSE launched Executive Development Training Programme ("EDP") and Young Executive Training Programme ("YETP"). Both programmes are specifically designed to advance the business skills and leadership capabilities of our managers and young executives to become future leaders in our Group. The programmes take a multidimensional approach to learning and knowledge transfer, combining lectures, group discussions, case studies, networking opportunities and executive coaching to provide new insights and offer participants opportunities to apply them in daily works. During FY2024, 29 managers and 31 young executives participated in our EDP and YETP programmes.

Diversity, Equity and Inclusion ("DEI")

We acknowledge the importance of maintaining a diverse workforce in enhancing productivity. As a group, we ensure that all our people have equal opportunities regardless of their race, gender, age, professional and education background, or religion. Moreover, we have robust systems in place to ensure pay equality through impartial and transparent performance assessment.

To foster a culture of inclusiveness and fairness, we arranged workshop with Hong Kong Council of Social Service on Cultural Sensitivity for our colleagues to create a multi-cultural workplace within the Group. In partnership with Chi Lin Buddhist Secondary School, we have launched a Summer Work Experience Programme specifically designed for the students with Special Educational Needs ("SEN"). This programme aims to provide these students with valuable work experience, helping them gain practical skills and confidence in a professional environment. To further our DEI efforts, we also collaborated with The Zubin Foundation to create job opportunities for ethnic minorities. This partnership aims to address employment disparities and promote fair hiring practices.

Occupational Health, Safety and Wellness

We believe that prioritizing the health, safety, and wellness of our people is vital for increasing employee satisfaction, productivity, and overall sustainable business growth. At FSE Lifestyle, we have a Safety Task Force with members from all business units which is responsible for developing and promoting workplace safety policies and procedures. We track and evaluate our safety management performance by monitoring our accident rates of individual business units on monthly basis. Our continued commitment to our employees' health, safety, and wellness will drive our long-term success.

Maintaining a high Health and Safety standards across our operations is one of our top priorities. We review our health and safety performance regularly to enhance our protocols and mechanisms, ensuring they align with the industry's best practices.

Corporate Social Responsibility ("CSR")

Care for the community lies in the heart of our corporate vision. As the leading lifestyle service provider in Hong Kong, we are proud to have contributed and serviced the community through many social service initiatives. We are committed to sustainable development and contributing to the community through our various lines of service. This commitment take root in our vision to create an integrated, convenient, and safe living environment for people, and our desire to give back to the communities that support us on this journey.

We have established a FSE Charity Fund and aimed at enhancing our community engagement and social responsibility. The key objectives are supporting vulnerable groups, fostering community development and encouraging employee engagement.

Throughout the year, we have initiated and participated in a total of 178 charity drives and community engagement events for our beneficiaries, supporting children, the elderly, and people from disadvantaged backgrounds.

In the past year, over 3,658 volunteer counts dedicated over 26,530 hours to serving the community, 106.1% of our 2023/24 goal. We are proud that our efforts have been recognised by the Hong Kong Council of Social Service. We have received 20 caring company logos in total, and over half of our business units have maintained their Caring Company status for over 15 years. This demonstrates our strong dedication towards giving back to the community and our continuous efforts in supporting Hong Kong through both our business operations and community service.

Salvation Army charity drive	KTSI treadmill challenge
We partnered with The Salvation Army Recycling Program Hong Kong to host a Charity Bazaar at our headquarters in May 2024. Our event encouraged our employees and business units to donate new or used items, extending the lifetimes of products with a good cause. The proceeds of this charity sale would then be directed to helping people from underprivileged backgrounds. Any leftover items would be donated to support The Salvation Army Recycling program. With our employee's avid support, we donated over 900 items including books, clothing, houseware items and more to the sale. Our employees expressed immense satisfaction from the event, which we echoed as we work towards creating a positive difference in the community.	The Kai Tak Sports Initiative ("KTSI") is a charity that promotes physical and mental health amongst people in Hong Kong, raising awareness of its importance and providing sporting opportunities to people of all ages and background. 5 employee representatives participated in the KTSI 100km Treadmill charity challenging in June 2024, using their athletic prowess for a good cause. Alongside 600 participants, they collaborated and ran 100 km in the indoor ultramarathon relay race as a team. In the end, they received a medal of recognition as a token of appreciation towards their dedication. Participation in this meaningful initiative demonstrated our commitment towards promoting a healthy and sports-filled lifestyle for the community.

ACCA Community Day Charity Rickshaw Race	Médecins Sans Frontières (“MSF”) Day
Every year, the Association of Chartered Certified Accountants (“ACCA”) holds the ACCA community day. Over the past 26 years, this event has raised over HKD$23 million for charities around Hong Kong. For the second year in a row, we participated in their Rickshaw Race, paying tribute to Hong Kong’s cultural heritage while raising money for charitable causes. 7 of our enthusiastic employees participated in this exciting event while our cheering team cheered them on with self-made props and slogans. We were inspired by the passion embodied by participants as we look to continue supporting different charities around Hong Kong.	We have been actively participating in the annual 7.7 MSF Day for over a decade, supporting their medics’ tireless dedication and humanitarian work in emergency areas such as Gaza and Ukraine. This year on the 7th of July, our employees wore MSF bracelets in symbolic support and solidarity to those who put their lives at risk to help others. Employees receives a bracelet in return when donating to MSF. We hope that our support enables those living in destitution to receive the help and support they need.

FSE Caring Day 2024
Commemorating the launch of this year’s Caring Day, we held a ceremony in March to celebrate our partnership with St.’ James’ settlement to serve the elderlies, children with special educational needs, the disabled and other underprivileged groups in society. During the kick-off ceremony, our Executive Vice-Chairman Patrick Lam expressed his gratitude and appreciation towards employees who are proactive in serving those in the community through our social service initiatives. Following this, our staff banded together and prepared to distribute 1,500 bags of rice to the needy. Seven other social service initiatives were also held after the kick-off ceremony, involving 190 employees from our different lines of services. We hope to continue our impressive track record of social service initiatives and engage with the community even more.

Participation in smoke-free sportswear day	YWCA elderly volunteering
We are committed to promoting a smoke-free lifestyle to create a healthier environment for all. In support of this goal, we participated in “Smoke-free Sportswear Day 2024”, an event organised by the Council on Smoking and Health.	Aside from home visits, we also hold community visits to elderly living in care homes. We regularly partner with Hong Kong Young Women’s Christian Association (“YWCA”) and engage in service and volunteering activities.

Our employees wore sportswear to work to showcase our dedication a smoke-free lifestyle, while promoting an active and healthy habits through sports. Furthermore, we’ve also collaborated with Lok Sin Tong Benevolent Society Kowloon and organised anti-smoking campaigns in hopes of encouraging our employees to embrace healthier habits by raising awareness of the harmful effects of smoking. These efforts demonstrate our commitment towards improving community health through both community and employee engagement.	In celebration of Chinese New Year, 95 of our employees from Waihong Services Group organise a visit to YWCA Wan Wah Care and Attention Home for the Elderly to spread the festive joy. Our volunteers decorated the center with Fai Chun and other festive decorations. With the help of costumes and Lai See, our staff and residents of the care home wished each other a happy Chinese New Year. It was all smiles as we all enjoyed and celebrated this traditional holiday.
Blood drive	Showing love to children and their carers
One pint of blood can save up to three people’s lives. One person’s small contribution can make waves in other people’s lives. We regularly collaborate with Hong Kong Red Cross to organise blood donation drives several times a year and encourage staff to support this meaningful initiative. 76 of our employees donated blood in our headquarters in Kowloon Tong during the first blood drive held this year. Employees from FSE Lifestyle, Hip Hing Construction and Vibro all contributed to this meaningful cause. By holding blood drives, we hope to raise awareness of the importance of this act. We are inspired by our employees’ act of kindness and hope that it can help rescue people from potentially life-threatening situations.	For more than 10 years, Urban Group has held “Urban Group Caring Day” where the group reaches out to members of the community to support them with meaningful initiatives. We recognise the burden that parents may sometimes face caring for their children. In 2024, we collaborated with Hong Kong YWCA and held our Caring Day under the slogan of “Sharing Love and Joy with children and their carers”. Bringing together 50 children and 80 parents to, our volunteers lead the children in various activities, such as “Treehouse Adventure”, “High Ropes” and “Leaf Vein Printing”. In the meantime, we also held a movie screening for parents, giving them a chance to relax and take a break from their care-giving duties. Through holding regular community service initiatives, Urban Group works hard promote the spirit of volunteering within the community and support children and their caregivers.

Food preparation and meal distribution (豐盛生活 餸暖傳愛)
As the leading lifestyle services provider in Hong Kong, we are committed to quality in both our business operations and in our community services. That's why we partnered with Food Angel to organise 豐盛生活 餸暖傳愛. Food Angel is a well-known initiative that recycles surplus food from food retailers that would have otherwise been disposed. Using these foods, they prepare nutritious meals for underprivileged members of the community. The food processing centers comply the top food safety standards while using "cook-chill" technology to maintain food quality without the use of preservatives. In March, 30 of our employees volunteered at one of Food Angel's food stations to help process and clean vegetables collected from food donors. They assisted in the crucial work of preparing vegetables by sorting, washing, cutting, and packaging them before they could be cooked into delicious meals for their intended beneficiaries. Later in April, 21 of our employees volunteered once again to assist in the preparation of meal boxes. Together, they prepared 7,700 tasty and nutritious hot meals for the underprivileged. These meals were then distributed by Food Angel's outreach teams. We know that, for some in the community, hot and nutritious meals could be hard to come by. By contributing to efforts to provide good quality food for all, we hope not only to raise awareness to reduce food wastage but also promote efforts to make access to good food a reality for everyone.
Supporting elderly people
As Hong Kong experiences population aging, there are more and more elderly people who experience illnesses or live alone, needing the support of the community. Recognising this, we are proactive in providing mental and material support to these elderly people by visiting them in their homes. In March, 197 of our employees visited 300 elderly people who suffer from chronic or terminal illnesses in different communities in Hong Kong. Our employees visited the elderlies' homes, bringing along with them gift packs filled with healthy snacks, crochet toasters and Chinese knotting handiwork, also made by volunteers. Volunteers conversed with the elderly, forming rapport, and provided words of encouragement if they were experiencing bad times. In June, to share the festive spirit of this year Dragon Boat festival, we collaborated with Lok Sin Tong Benevolent Society Kowloon and arranged visits with elderly people who live alone. 20 of our employees volunteered and visited elderly people living alone in various neighborhoods across Hong Kong. Bringing along with them zongzi and care packages with essential items, our volunteers provided companionship and a chance for conversation with elderly people, who may be experiencing feelings of isolation during the festival. With warm smiles and candid conversations, both our volunteers and the elderly gained a sense of satisfaction and joy. As a group, we were inspired to further address the needs of the elderly in our business operations as well as our community outreach initiatives.

GOVERNANCE

Compliance with relevant laws and regulations

During the Year, there were no reported case of non-compliance with relevant laws and regulations that have had a significant impact on business regarding the environment, health and safety, labour standards, and data privacy.

Risk Management Committee

The Risk Management Committee oversees the Group's risk management mechanism, including risks and opportunities related to ESG, and is also responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. The Group has adhered to a formally established Risk Management Policy to identify, evaluate, and manage risks on a regular basis. The Safety Committee reports to the Risk Management Committee.

Internal audit

The Board has authorised the Audit Committee with the responsibility to review the risk management and internal control systems of the Group, which include financial, operational and compliance controls. The internal audit function, which is fully independent of the daily operations of the Group, is conducted by the Company's Internal Audit Department.

Ethical governance

We uphold the highest ethical standards and accountability throughout the Group's daily operation and have a stringent zero-tolerance approach towards any fraudulent or unethical conduct. All employees are required to follow the instructions as stated in the Employee Handbook.

The Group's whistleblowing and grievance mechanisms has been stated in our Whistleblowing Policy and Employee Handbook, to facilitate the Group's ongoing due diligence against unethical behaviour and provide confidential channels for concerned employees at all levels to report bribery or malpractice of any form. Moreover, our Anti-Fraud Policy provides a dedicated confidential channel for employees and external stakeholders to report any suspected or actual fraud, corruption, illegal acts, or unethical practices by employees and other personnel of the Group.

During the reporting period, the Group has fully complied with the laws and regulations relating to bribery, extortion, fraud, and money laundering, and did not have any corruption cases press against the Group or its employees.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 25,297 employees (30 June 2023: 24,496), including 8,939 (30 June 2023: 9,102) casual workers and employees whose relevant costs are directly reimbursed by or charged to our customers or charged by sub-contractors. Staff costs for the Year, including salaries and benefits, was HK$3,674.3 million (2023: HK$3,166.7 million). The increase mainly reflects an increase in the number of staff.

The Group offers attractive remuneration packages, including competitive fixed salaries plus performance-based annual bonuses, and continuously provides tailored training to its employees with the aim of promoting upward mobility within its organisation and fostering employee loyalty. Our employees are subject to regular job performance reviews which determine their promotion prospects and compensation. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

The Company maintained a share option scheme, which aims at providing incentives to the eligible participants (including the employees of the Group) to contribute to the Group and enables us to recruit high-caliber employees and attract human resources that are valuable to the Group. As at the date of this announcement, no share options under this scheme have been granted.

All of our employees in Hong Kong have joined a mandatory provident fund scheme. The scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The Group has complied with the relevant laws and regulations, and the relevant contributions have been made by the Group in accordance with the relevant laws and regulations.

OUTLOOK

Property & Facility Management Services segment

The segment has over 50 years' experience providing quality management services to help clients maintain properties and facilities, improving their quality, reputation and value. The higher demand for enhanced and one-stop professional property and facility management solutions represent growth opportunities to the Group. We see ample opportunities and a robust outlook for the business:

- 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 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.

- The segment has an over 5,000-strong staff, and the capability to adopt new operating methods, combining skills with innovative technologies and IoT applications to enhance overall service efficiency and effectiveness. With more and more clients opting for technological solutions, the segment is well-versed in applying advanced technologies to capitalise on that trend. The Group has adopted many technology applications, including Sm@rtUrban, ComEasy and Drones, at over 120 sites enhancing operational efficiency and service effectiveness.

- Urban, International Property Management and Kiu Lok under the segment are licensed property management companies under the Property Management Services Ordinance "PMSO") (Cap. 626 of the Laws of Hong Kong), which together maintain a strong team of over 300 Tier 1 and Tier 2 property management practitioners, one of the largest licensed service teams in the industry. They ensure the smooth operation and statutory compliance of managed properties and facilities. As such, the Group is well-prepared to cater to PMSO-associated market demand and maintain competitive advantages over its peers in new tenders and business development in the coming years.

- The segment has an experienced technical and engineering team with expertise in various building repairs, maintenance, renovations and refurbishment projects. It has participated in and coordinated such projects for large private housing estates, commercial premises and modern intelligent buildings, helping raise their value. It maintains an engineering team with over 500 highly-trained technicians. Urban renewal and the accelerated implementation of urgent repair works under the Mandatory Building Inspection Scheme will provide another growth driver in the coming years.

- Enjoying synergies with other business units, the segment has partners in different professional service providers and contractors. Affording economies of scale and strong bargaining power, it is able to ensure its clients can deliver the most cost-effective services at competitive pricing and the highest operational efficiency.

- Beyond meeting statutory requirements, the segment implements stringent governance practices covering environmental protection and care, corporate social responsibility, and risk and crisis control. Urban, for example, is dubbed "Hong Kong's Premier Community Manager", mounting over 50 corporate social responsibility activities a year. It also maintains a meticulous risk and crisis management system to address issues from building service disruptions to pandemic control.

- As a reputable property manager, the Group has earned the trust of clients, thus has a strong customer network, to leverage in providing property sale and leasing services. It uses such digital platforms as webpages, social media channels and instant messaging to effectively engage clients and provide them with convenient access to property information plus promote its property sale and leasing services.

City Essential Services segment

1. Cleaning & Pest Control Services

Waihong continued to grow fast and healthy in the past year. With new government and private development projects to be completed in the coming years, it is looking at guaranteed massive hygiene and environmental service demands. Tourism and the exhibition industry rebounding post-pandemic will also present Waihong with opportunities to provide relevant services. Also, the fragmented market in this industry with relatively low market share of each service providers allow room to capture growth. Waihong is ready for further growth:

- 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.

- Waihong stands prime to benefit from the increasing cleaning and support service demands from the recovering exhibition, conference, concert and international sport event sectors. Such ad-hoc business opportunities will allow it to increase revenue and profit to offset the effects of softening demand for disinfection services.

- Technological development as well as the quest for sustainability are quickly transforming the cleaning and pest control industry. Thanks to more advanced software and hardware, automatic cleaning relevant processes, such as scheduling and inventory management, have improved and IoT sensors and robots are well-adopted in cleaning work. Waihong has also invested in AI systems, including smart toilets, electronic face recognition attendance system (Check-in Easy) and real-time work monitoring system (ComEasy) to strengthen its ability to meet evolving client needs and long-term profitability.

- To address growing environmental sustainability concerns, Waihong provides disposal service for municipal solid waste, medical waste, liquid waste, construction waste, wastepaper, food waste and aged battery, agreeing with the increasing demand for eco-friendly cleaning solutions of clients in industries including healthcare, hospitality, educational institutions, as well as public facilities, while fulfilling its ESG responsibilities. Although the municipal solid waste charging scheme has been postponed until further notice by the Hong Kong Government, the public and market still have strong demand for waste collection and recycling services. Waihong is ready to add more than 100 vehicles to its waste management fleet to deal with the expected market demands.

- Waihong is always exploring different market opportunities. On top of providing excellent and value-added services to meet clients' needs thereby attain high client retention rates, Waihong has invested more resources in strengthening its competitiveness in tendering service contracts from different government agencies to widen its market share.

2. Insurance Solutions

As the largest local insurance broker founded and based in Hong Kong with a 36-year history and a strong team of professionals, Nova has competitive advantages over its peers and is looking at further growth in the coming years:

- 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.

- Nova continues to do what it does best, including construction work related insurance. With a lot of new commercial and residential developments and infrastructure projects in the pipeline under the government's initiatives in Hong Kong, it is looking at ample business opportunities to come.

- With extensive experience and a proven track record plus local flair, Nova is well positioned to seize opportunities in the thriving market. In addition, Nova has vast network of local customers and synergy opportunities with other divisions of our Group. The fact that some international brokers tried to grow business in Hong Kong in recent years but failed showed that having local knowledge is important and that is one of Nova's biggest edges.

- In the coming years, Nova will strive to win more clients in industries where its experience and expertise lie, such as construction, property management, hospitality, educational institutions, non-government organisations, and employee benefits such as group medical and MPF schemes. It will also focus on specialty products with higher yields such as cyber insurance, professional indemnity insurance, directors & officers liability insurance and trade credit insurance.

- Following the expected completion of Nova's acquisition of Beijing Nova Insurance Services Limited on or before 31 December 2024, Nova can enter and expand its presence in the lucrative Chinese insurance brokerage market and well diversify its business operations geographically. This can help mitigate its risks associated with large reliance on a single market and provide a more balanced revenue stream.

3. Technical Support & Maintenance Services

In coming years, the Group's technical support & maintenance services division will aim to expand the scope of government term contracts to include fire services and electrical systems. Although it is a complementary business of the Group, the division has strong growth prospects and potential to bolster the Group's revenue and profit:

- In the private sector, the 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. According to the Hong Kong Tourism Board, there are more than 300 hotels and 50 major shopping malls in Hong Kong, a market promising ample opportunities for private sector business development in the next few years.

- With Hong Kong targeting to achieve carbon neutrality before 2050 and continuous enhancement of energy performance of buildings is expected, large developers are looking to enhance the energy performance of their properties, existing and new, to reduce their carbon emissions Demand for retrofitting works will prevail, meaning there is an immense and sustainable market for the division to expand business. In 2023, the division landed a contract from CLPe Solutions, a wholly-owned subsidiary of CLP Holdings, on chiller replacement work – the first zero-carbon chiller system in Hong Kong. Accomplishing this great challenge - converting the air-cooled system to a 9,300-refrigerant-ton water-cooled chiller system - will be a significant milestone for the Group, helpful for it to foster collaboration with power companies and other commercial parties in the future. Retro-commissioning is another effective way to optimise buildings' operational performance and is recommended by the Electrical and Mechanical Services Department of the Hong Kong Government. The division, armed with certified professional qualifications from the Hong Kong Green Building Council, is apt to meet those market demands.

- The division embraces innovative technologies that can increase the efficiency and effectiveness of its works. Its innovative management system that combines Building Information Modeling ("BIM") with the Group's well-developed mobile App for maintenance services is designed with occupational safety in mind, allowing employees to manage safety issues effectively, can helping reduce work-related accidents and enhance work efficiency to the Group's and clients' peace of mind.

4. Environmental Solutions

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:

Environment Solutions (water and air treatment, laboratory testing & certification)

- Increasing public awareness of the importance of environmental protection, the Building Energy Efficiency Ordinance (Cap. 610 of the Laws of Hong Kong) taking effect from 2012 and the Hong Kong Government pledging to achieve carbon neutrality by 2050 in the "Hong Kong Climate Action Plan 2050" published in 2021 are continuing to support growth of the Group's environmental assessment services.

- The environmental engineering operation under the segment has grown steadily, driven by its seawater and freshwater treatment products, such as electrochlorination systems, and odour removal products like biotech deodorisation systems. Despite the fierce competition in HVAC water treatment services, with a patented nanobubble ozonation system and capable of real-time monitoring, it has good prospect in enlarging market share.

Smart Solutions (ELV, EV and smart facilities)

- Regarding the ELV business, with more property developers adopting IT infrastructure and advanced technologies in their projects to enhance building sustainability and energy control, it has good opportunities ahead to generate revenue and profit.

- The Hong Kong Roadmap on Popularisation of Electric Vehicle ("EV") announced by the Government in 2021, targeting to achieve zero vehicular emissions by 2050 has fuelled the demand for relevant installation as supporting facilities in car parks to encourage EV adoption, and that has presented the Group with ample business opportunities.

- With finger on the pulse of the market, the business segment has worked hard on identifying new and more powerful products. It will continue to work with vendors to customise systems according to specific customer needs and smart city blueprints, using advanced technologies and smart solutions such as AI and IoT, intelligent intellectual property/information technology-based systems and various 5G mobile applications to strengthen the building management and environmental monitoring systems so as to enhance building sustainability and environmental quality, in turn increase customer satisfaction.

Green Solutions (landscape and building materials)

- The growing market demand for green elements in both indoor and outdoor spaces to enhance the visual and ecological environment has provided more opportunities to the Group's landscape services business. The greening policies, urban planning initiatives and various support provided by the government are conducive to development of the business.

- For the Group's building materials trading business, technological advancement and emphasis on healthy and green living concepts will translate into new opportunities for promoting new products with new features including anti-bacterial tiles. Collaborating with the Group's environment solutions team, the business has been able to keep up with market trends in identifying new building materials and products.

5. Systems Security, Guarding & Event Services

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:

- Government initiatives to enhance the quantity and quality of, and the speed, efficiency in public housing supply are making good progress. Also, various private housing projects and Hong Kong Housing Society's Dedicated Rehousing Estates are expected to be completed in the near future. Apart from serving the demand for regular guarding service of these new housing supplies, the division is also actively providing sales ambassadors and systems security, guarding services to new property sales projects.

- The Kai Tak Sports Park to open and expansion of AsiaWorld-Expo will create additional demand for security and event services, translating into valuable opportunities for the division.

- To maintain Hong Kong as a centre for major international events, the Government has launched campaigns to attract visitors and encourage consumption. Perfect Event, which has accumulated substantial experience in crowd management and providing services serving different mega events including races, concerts and exhibitions, has an expanding market share in the sector.

- The industry continues to face the problem of manpower shortage. In bidding for fixed headcount projects, to mitigate the risk of incurring shortage penalties, the division has adopted a more selective bidding strategy and makes the best of its mobilised manpower pool. It is also considering importing workers via the government's Enhanced Supplementary Labor Scheme to help ease the shortage of hands.

- Manpower shortage of the industry has bred demand for higher-tech security solutions, such as night patrol, tele-protection, central monitoring, IoT and AI solutions. The division will continue to diversify its business with the help of new technologies to offer all-round one-stop solutions to customers.

E&M Services segment

The Group's E&M services business is well-equipped to seize business opportunities in sizeable infrastructure and building projects to arise in Hong Kong, Mainland China and Macau in the coming years:

- Capital and Construction Expenditure – 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.

- Public Housing – In the Chief Executive's 2023 Policy Address, it mentioned the Hong Kong Government having identified sufficient land to build 410,000 public housing units and 132,000 private housing units in the coming decade. In addition, there is the "Northern Metropolis" proposal that includes supply of more than 500,000 housing units in 20 years.

  Another more than 150,000 public and private housing units are also anticipated to be available in the next 10 to 15 years along the Northern Link and Siu Ho Wan MTR Depot topside development.

  Moreover, the introduction of Light Public Housing ("LPH") using the MiC approach will enable overall 172,000 public housing units (including 30,000 LPH units at eight sites) and 80,000 private housing units to be built in the next five years (between 2024/2025 and 2028/2029). Three sites have also been identified for building subsidised sales flats under a new public-private partnership pilot scheme, with the first two sites to provide at least 2,000 units.

- Private Housing – Continuing and anticipated projects included private residential and commercial redevelopments driven by the Urban Renewal Authority ("URA") and the Hong Kong Housing Society, developments in the Kai Tak Development Area, Yau Tong and Ap Lei Chau, and associated railway property developments, development of Tseung Kwan O Area 137 by the Government for residential and commercial and other relevant purposes, and the URA will commence, within the next five years, redevelopment of the "Nullah Road Urban Waterway" in Mong Kok East and the "Street Consolidation Areas" in Yau Ma Tei South.

- Railway Development – With the Hong Kong Government embarking on railway extension, the MTR has started building or the tendering processes for two-line extensions (Tuen Mun South Extension and Tung Chung Line Extension) and the Hung Shui Kiu

Station and Oyster Bay Station. In addition, the Government has completed the public consultation on enhancing three railways, namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai), the Central Rail Link and the Tseung Kwan O Line Southern Extension. And, to match the development of new towns in the proposed Northern Metropolis, the MTR has kicked off studies on the proposal to build two new railways – Northern Link Eastern Extension and Northeast New Territories Line.

- Airport Development – The Hong Kong Government has also been working with the Airport Authority Hong Kong to realise the "Airport City" vision, turning Lantau into an Aerotropolis connecting the Greater Bay Area with the world.

- District Cooling System – Using District Cooling Systems ("DCS") is also a government initiative reflective of its commitment to low-carbon development. Apart from the additional DCS in the West Kowloon Cultural District, tendering or construction is in progress for providing DCS in new development areas (i.e. Tung Chung East and Kwu Tung North). Such systems will also be available in new development areas including the proposed Northern Metropolis to help reduce energy consumption.

- Convention and Exhibition – To ensure Hong Kong's position as a premier venue for large-scale international conventions and exhibitions, the Government will proceed with the tendering process for AsiaWorld-Expo Phase 2 at the end of 2024 and the Wan Chai North redevelopment project near the Hong Kong Convention and Exhibition Centre a few years later.

- Sports and Recreational Facilities - The Culture, Sports and Tourism Bureau will map out a 10-year development blueprint for 30 sports and recreational facilities, including Hong Kong's second sports park to be developed in Whitehead, Ma On Shan, and large-scale sports and recreation facilities in the proposed Northern Metropolis.

- Technology Park and Manufacturing Centre - To encourage and enhance Innovation and Technology ("I&T"), the Hong Kong Government is collaborating with Shenzhen to develop the Shenzhen-Hong Kong I&T Co-operation Zone adopting a "one zone, two parks" model. Moreover, the Hong Kong Government will expedite development of the San Tin Technopole in the Northern Metropolis, and work to expand the Science Park and Cyberport will be completed in phases starting in 2025.

- Technology and Operational Efficiency – Increasing construction volumes, rising construction costs, an ageing workforce and skilled worker shortage, plus incidents, many serious, in different large-scale projects in recent years have posed pressure and challenges to the local construction industry. In 2019, the Development Bureau launched the "Construction 2.0" initiative (Innovation, Professionalisation and Revitalisation), which the Group supports. . In 2023, the Bureau reviewed the labour shortage situation in the city and introduced the Labour Importation Scheme for the Construction Sector, with the import quota ceiling set at 12,000. To date, approvals have been given about 8,000 workers under the Scheme.

- Macau – 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.

- 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.

- In recent years, the Group has been providing project management services across Mainland China to including an international exhibition centre development in Shenyang, two high-rise building complexes in Tianjin and Guangzhou, and two commercial buildings in Beijing. It firmly believes, boasting high market recognition and strong value-added E&M project management expertise, it will be a preferred partner of foreign and Hong Kong-based developers for high-end projects in Mainland China.

- With a long-standing brand and substantial experience, the Group has maintained its position as one of the leading E&M service companies in Hong Kong and as a capable and trustworthy E&M service partner in Mainland China and Macau.

- On top of having a full range of licences and qualifications and being able to effectively manage tendering risks, the Group's E&M services business has integrated operating and control procedures, a robust network of well-established customers and suppliers, and an experienced and well-trained workforce to support all its operations. These attributes have enabled the business segment to continuously improve operational efficiency and provide the most cost-effective services to clients at optimum prices.

- To cope with corporate clients' and property investors' growing emphasis on sustainability and environmental, social responsibility and governance, the Group's E&M services business remains committed to helping build a greener future via optimising design and exploring relevant innovative methods. At project level, green building principles are applied in using building services equipment to reduce energy usage, carbon footprint and construction wastes and green building designs, MiC, MiMEP, DfMA are adopted.

- To boost operational efficiency and its project management capabilities, the Group invests in innovative construction technologies such as BIM, Digital Works Supervision System

("DWSS"), modularisation and prefabrication, Robotic Total Solution and Sky Drilling Machine, 3D laser scanning and mobile Apps solutions, etc.

- In addition, senior executives of the E&M services business hold key roles in leading industry organisations, including the Construction Industry Council, and such professional institutions as The Hong Kong Institution of Engineers and trade/industry associations including The Hong Kong Federation of Electrical and Mechanical Contractors Limited. Apart from strengthening its brand visibility, these involvements speak volumes to the commitment of the Group to professionalism and keeping pace with development of the modern construction industry.

Conclusion
Despite facing different challenges and operational difficulties, the Group's operations remained stable during the Year. Going forward, the Group will strive to maintain a strong financial position to ensure it is ready to grasp new business opportunities as they arise. We are confident that the Group will continue to grow.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK21.4 cents (2023: HK21.3 cents) per ordinary share for the year ended 30 June 2024 to the shareholders whose names appear on the register of ordinary shareholders of the Company on 3 December 2024. The proposed final dividend, if approved at the forthcoming annual general meeting ("AGM") of the Company, will be paid on or about 16 December 2024. Together with the interim dividend of HK22.4 cents (2023: HK24.5 cents) per share paid in March 2024, total distribution of dividend paid to the ordinary shareholders by the Company for the year ended 30 June 2024 will thus be HK43.8 cents (2023: HK45.8 cents) per share, representing a dividend payout ratio of 40.0% (2023: 40.1%).

CLOSURE OF REGISTER OF ORDINARY SHAREHOLDERS

The register of ordinary shareholders of the Company will be closed as set out below for the following purposes:

(i) For the purpose of determining ordinary shareholders' eligibility to attend and vote at the 2024 AGM:

- Latest time to lodge transfer documents for registration	4:30 pm on 19 November 2024
- Closure of register of ordinary shareholders	20 to 25 November 2024 (both dates inclusive)
- Record date	25 November 2024
- AGM date	25 November 2024

(ii) For the purpose of determining ordinary shareholders' entitlement to the final dividend:

- Ex-dividend date	28 November 2024
- Latest time to lodge transfer documents for registration	4:30 pm on 29 November 2024
- Closure of register of ordinary shareholders	2 and 3 December 2024
- Record date	3 December 2024
- Dividend payment date	on or about 16 December 2024

During the above closure periods, no transfer of ordinary shares will be registered. To be eligible to attend and vote at the 2024 AGM and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the respective latest time specified above.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and enhance the corporate value of the Group. The Company has applied the principles of the corporate governance code (the "Corporate Governance Code") contained in Appendix C1 to the Listing Rules to its corporate governance structure and practices. Throughout the Year, the Company had complied with all the code provisions set out in the Corporate Governance Code, with the exception of code provision F.2.2.

Code provision F.2.2 requires the chairman of the board to attend the annual general meeting. Dr. Cheng Kar Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 November 2023 (the "2023 AGM") due to his prior commitment to another important engagement. Mr. Doo Wai Hoi, William, the then alternate director to Dr. Cheng Kar Shun, Henry and now also an Executive Director and a Chairman of the Board, who took the chair of the 2023 AGM, together with members of the Board who attended the 2023 AGM, was of sufficient caliber for answering questions at the 2023 AGM.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Board was established for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises four independent non-executive directors of the Company. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 30 June 2024, including the accounting principles and practices adopted by the Group.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2024 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

On behalf of the Board of
FSE Lifestyle Services Limited
Lam Wai Hon, Patrick
Executive Vice-Chairman & Chief Executive Officer

Hong Kong, 13 September 2024

As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) as non-executive Director, Mr. Doo Wai Hoi, William (Chairman), Mr. Lam Wai Hon, Patrick (Executive Vice-Chairman and Chief Executive Officer) (also acts as alternate director to Dr. Cheng Kar Shun, Henry), 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. Poon Lock Kee, Rocky as non-executive Director, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung, Eddie, Dr. Tong Yuk Lun, Paul and Ms. Leung Wan Chong Christine as independent non-executive Directors.