



**FSE Lifestyle Announces 2022/23 Annual Results
Profit Attributable to Shareholders up 4.0% to HK\$522.9 million**

* * *

**Adjusted Net Profit after excluding the effects of government grants
up 7.5% to HK\$445.9 million and hits record high**

Financial Highlights

For the year ended 30 June	2023	2022	%
	HK\$M	HK\$M	Change
Revenue	7,767.2	6,966.9	+11.5%
Gross profit	1,051.6	992.5	+6.0%
Profit attributable to shareholders of the Company ⁽ⁱ⁾	522.9	502.9	+4.0%
Basic earnings per share	HK\$1.14	HK\$1.10	+3.6%

The Board recommended the declaration of a final dividend of HK21.3 cents (2022: HK24.1 cents) per ordinary share to the ordinary shareholders of the Company for the year ended 30 June 2023⁽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 7.5% to 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 as compared to its adjusted net profit of HK\$414.7M (i.e. after excluding government grants of HK\$88.2M from profit attributable to shareholders of the Company of HK\$502.9M) for the year ended 30 June 2022.

Note (ii) Together with the interim dividend of HK24.5 cents (2022: HK20.9 cents) per ordinary share paid in March 2023, total distribution of ordinary share dividends made by the Company to its ordinary shareholders for the year ended 30 June 2023 will be HK45.8 cents (2022: HK45.0 cents) per share.

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).

For the year ended 30 June 2022, the dividend payout ratio of the Company was 41.0%, calculated based on the Group's adjusted profit for the year ended 30 June 2022 attributable to ordinary shareholders of the Company of HK\$494.4M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$8.5M for the year ended 30 June 2022 from profit attributable to shareholders of the Company of HK\$502.9M).

27 September 2023, Hong Kong — **FSE Lifestyle Services Limited** ("FSE Lifestyle" or the "Company", together with its subsidiaries, the "Group") (Stock Code: 331), a leading lifestyle services conglomerate in Hong Kong, which has 3 major business segments: property & facility management services, city essential services and electrical and mechanical engineering ("E&M") services, has today announced its annual results for the year ended 30 June 2023 ("FY2023" or the "Year") .

During FY2023, the Group recorded revenue amounting to HK\$7,767.2 million, representing an increase of HK\$800.3 million or 11.5%, as compared with HK\$6,966.9 million for the year ended 30 June 2022 (“FY2022” or the “last year”). The overall gross profit margin was 13.5%. If excluding the effects of government grants in the Group’s gross profit for both years (i.e. HK\$34.3 million for the Year and HK\$43.9 million for last year) to better illustrate the Group’s performance without such effects, its adjusted gross profit margin would decrease to 13.1% from 13.6% last year. This was mainly caused by a lower gross profit margin of the city essential services segment, principally driven by higher labour costs of the security guarding & event services business.

Profit attributable to shareholders for the year was HK\$522.9 million, which increased by HK\$20.0 million or 4.0% as compared with HK\$502.9 million in FY2022. The increase mainly resulted from the strong performance of the cleaning & pest control, technical support & maintenance, insurance solutions, environmental solutions and E&M businesses, partly offset by the effects of (i) a lower contribution from the security guarding & event services business, (ii) a decrease in government grants and (iii) higher corporate finance costs. 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 for the Year of 7.5% to 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) as compared to its adjusted net profit of HK\$414.7 million for last year (i.e. after excluding government grants of HK\$88.2 million from its profit attributable to shareholders of the Company of HK\$502.9 million).

As at 30 June 2023, the Group had total cash and bank balances of HK\$751.9 million (30 June 2022: HK\$767.0 million) with a zero net gearing ratio. The Board has recommended the declaration of a final dividend of HK21.3 cents per share for the Year. Including the interim dividend of HK24.5 cents per ordinary share for the six months ended 31 December 2022, the total dividend payout for the Year is HK45.8 cents per ordinary share, representing a payout ratio of 40.1%.

Segmental performance

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

	For the year ended 30 June			
	2023	2022	Change	% Change
	HK\$’M	HK\$’M	HK\$’M	
Property & facility management services	138.5	136.3	2.2	1.6%
City essential services	215.9	201.5	14.4	7.1%
E&M services	185.6	173.4	12.2	7.0%
Unallocated corporate expenses and finance costs*	(17.1)	(8.3)	(8.8)	106.0%
Total	522.9	502.9	20.0	4.0%

* Unallocated corporate expenses and finance costs comprise the Company’s corporate expenses of HK\$6.9 million (2022: HK\$5.7 million) and interest expenses of HK\$10.2 million (2022: HK\$2.6 million).

Property & facility management services

- Segment revenue grew by 1.8% or HK\$12.3 million to HK\$708.6 million from HK\$696.3 million, mainly driven by (i) newly awarded property management contracts for residential and industrial buildings in Hong Kong and (ii) property management income from a property management project in Shanghai. Gross profit margin increased to 32.6% from 31.5%.
- Awarded 30 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$294 million, which included EcoPark and two residential estates in Tsuen Mun and Fo Tan.
- As at 30 June 2023, the property & facility management services segment has a total gross value of contract sum of HK\$1,905 million with a total outstanding contract sum of HK\$963 million.

Outlook

- ♦ Market opportunities arising from the increased supply of both private and public housing have led to a promising demand for professional property management services in Hong Kong.
- ♦ With the current social call and demand for safeguarding the rights of property owners, there is a growing demand for independent property and facility management companies that are not subsidiaries of property developers.
- ♦ Embarked on new operating methodologies and combined its quality manpower strengths with modern innovative technologies and Internet of Things applications to enhance its overall service efficiency and effectiveness, and is readily poised for capturing the market opportunities arising from this trend.
- ♦ Through using digital platforms such as internet webpages, social media channels and instant messaging platforms, the Group can effectively engage its clients and provide them with convenient access to property information and then promote its property sales and leasing services business accordingly.

City essential services

This segment contributed 48.5% (2022: 46.7%) of the Group's total revenue. Segment revenue of HK\$3,766.8 million (2022: HK\$3,252.6 million) are as below:

	For the year ended 30 June		
	2023 HK\$'M	2022 HK\$'M	% Change
Cleaning & pest control services	1,731.2	1,409.3	22.8%
Technical support & maintenance services	962.8	834.0	15.4%
Security guarding & event services	633.5	636.4	(0.5%)
Insurance solutions	110.4	99.6	10.8%
Environmental solutions	328.9	273.3	20.3%
Total	3,766.8	3,252.6	15.8%

- ♦ Segment revenue grew by 15.8% or HK\$514.2 million to HK\$3,766.8 million from HK\$3,252.6 million.
- ♦ Waihong was awarded 158 new service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$3,312 million, diversifying its revenue sources and increasing the proportion of revenue from the government and quasi-government sectors to more than 50%. New contract included:
 - 13 cleaning contracts for government leisure facilities,
 - Five shopping malls in various districts,
 - Three residential estates in Quarry Bay, Shatin and Fo Tan,
 - Two commercial complexes in Sheung Wan and Kai Tak,
 - Two pest control service contracts for Tuen Mun and Shatin,
 - Entertaining facilities in Shatin,
 - The airport and an airport ancillary building,
 - A hospital in Sai Ying Pun,
 - Waste collection services in Kowloon City,
 - Science facilities in Tai Po,
 - Broadcast facilities in Tseung Kwan O,
 - An exhibition facility in Chek Lap Kok, and
 - Government clinics in the New Territories West.

- ♦ Technical support & maintenance services were awarded 109 projects (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$613 million.
- ♦ Security guarding & event services were awarded 51 service contracts (with a net contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$528 million.
- ♦ Insurance solutions business was awarded 16 service contracts (with a contract sum not less than HK\$1 million for each service contract) with a total contract sum of HK\$31 million.
- ♦ Environmental solutions business was awarded 16 environmental and landscape service contracts (with a net contract sum not less than HK\$1 million for each contract) with a total contract sum of HK\$42 million and 4 ELV service contracts (with a net contract sum not less than HK\$1 million for each contract) with a total contract sum of HK\$53 million.
- ♦ As at 30 June 2023, the city essential services segment has a total gross value of contract sum of HK\$9,857 million with a total outstanding contract sum of HK\$6,196 million.

Outlook

- ♦ Waihong will continue to increase its participation in the green waste disposal business and is exploring different recycling business opportunities to better align with the Hong Kong Government's environmental policies.
- ♦ Technical support & maintenance businesses anticipate a growing demand for term maintenance contracts, major alterations, additions and system upgrades for various commercial and residential buildings, hospitals, government properties and educational institutions.
- ♦ The demand for security services has grown steadily over the years, most notably in the residential sector, and is likely to expand at a similar pace. With the revival of the exhibition and entertainment industry, Perfect Event aims to acquire service contracts for large-scale events in the events and exhibitions sector. The Group will expand the product range of its security systems business and will widely adopt cloud technology and AI for patrol and manpower planning to improve operational efficiency.
- ♦ Given Nova's extensive experience, the large number of construction projects expected in the near term, and the strong demand for specialty insurance such as cyber insurance and professional indemnity insurance, the Group expects to see further growth in its insurance solutions business.
- ♦ For environmental solutions business, the Group will focus on developing integrated facility management solutions, including smart offices, smart toilets, real-time indoor air quality monitoring and rodent control.

E&M services

- ♦ Segment revenue increased by 9.1% or HK\$273.8 million to HK\$3,291.8 million from HK\$3,018.0 million, with stable gross profit margin maintained at 10.8%.
- ♦ There was substantial progress of a number of E&M engineering installation projects this year, including Immigration Headquarters in Tseung Kwan O, the redevelopment of an office building in Wan Chai, a public rental housing project in Tai Po and Ningbo New World Plaza Comprehensive Development project.
- ♦ Awarded 34 contracts (with a net contract sum not less than HK\$1 million for each project) with a total net contract sum of HK\$3,288 million, which included
 - The District Court in Caroline Hill Road,
 - Expansion of the Legislative Council Complex,
 - Three residential developments near the Ho Man Tin Station, in Kai Tak and Kwun Tong,
 - A public housing development in Wang Chiu Road,
 - Three commercial complex developments in Hangzhou and Ningbo, and
 - A hotel complex in Shanghai Huangpu.
- ♦ As at 30 June 2023, the E&M services segment has a total gross value of contract sum of HK\$11,378 million with a total outstanding contract sum of HK\$5,857 million.

Outlook

- ♦ In Hong Kong, the Group is well positioned to take on even larger infrastructure and construction projects. Among the more notable of our major design and construction bids are the District Cooling System at Tung Chung East and Kwu Tung North New Town Extension, both of which are currently under negotiation. Tender preparations are also underway for the new MTR Railway Lines and Light Public Housing.
- ♦ In Mainland China, the Group will continue its efforts to strengthen its business presence, driven by its dual-core engine, supply/installation and project management expertise and well-established brand. It is also exploring opportunities in the Greater Bay Area through strategic collaborations and mergers and acquisitions.
- ♦ In Macau, six casino companies have agreed to jointly invest nearly US\$15 billion to help rebalance the local economy towards international tourism. This new investment and related E&M tenders are expected to be underway soon. In addition, the increased use of the Hong Kong-Zhuhai-Macau Bridge will fuel economic recovery and related construction contracts in Macau.

- End -

About FSE Lifestyle Services Limited

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

Our services are being delivered through our below major groups of companies which have all been the market leaders in their respective industries. They include:

Property & Facility Management Services

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

City Essential Services

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

E&M Services

- ♦ Engineering and Consultancy on Installation - FSE Engineering Group

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

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

Media Enquiry:

Strategic Financial Relations Limited

Mandy Go	Tel : (852) 2864 4812	Email : mandy.go@sprg.com.hk
Vivienne Leung	Tel : (852) 2864 4862	Email : vivienne.leung@sprg.com.hk
Kiki Zhu	Tel : (852) 2114 4901	Email : kiki.zhu@sprg.com.hk
Fax : (852) 2527 1196		