



**FSE Lifestyle Announces 2024/25 Interim Results
Solid Performance Despite Challenging Market with
Profit Attributable to Shareholders of HK\$241.6 million**

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**Adjusted Net Profit After Excluding the Effects of Government Grants
Increases 3.9% to HK\$240.0 million**

Financial Highlights

	For the six months ended 31 December		
	2024 HK\$M	2023 HK\$M	% Change
Revenue	: 4,090.0	4,114.5	-0.6%
Gross profit	: 524.4	516.4	+1.5%
Profit attributable to shareholders of the Company ⁽ⁱ⁾	: 241.6	255.4	-5.4%
Basic earnings per share	: HK\$0.53	HK\$0.56	-5.4%

The Board declared the payment of an interim dividend of HK21.1 cents (Six months ended 31 December 2023: HK22.4 cents) per ordinary share to the ordinary shareholders of the Company for the six months ended 31 December 2024⁽ⁱⁱ⁾.

Note (i) If excluding the effects of government grants in the Group's results for both periods to better illustrate the Group's financial results without such effects, the Group would record an increase in adjusted net profit of 3.9% to HK\$240.0M (i.e. after excluding government grants of HK\$1.6M from its profit attributable to shareholders of the Company of HK\$241.6M) for the six months ended 31 December 2024 as compared to its adjusted net profit of HK\$231.0M for the same period last year (i.e. after excluding government grants of HK\$24.4M from its profit attributable to shareholders of the Company of HK\$255.4M) for the six months ended 31 December 2023.

Note (ii) For the six months ended 31 December 2024, the dividend payout ratio of the Company is 40.0%, calculated based on the Group's adjusted profit for the six months ended 31 December 2024 attributable to ordinary shareholders of the Company of HK\$237.3M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$4.3M for the six months ended 31 December 2024 from profit attributable to shareholders of the Company of HK\$241.6M).

For the six months ended 31 December 2023, the dividend payout ratio of the Company is 40.1%, calculated based on the Group's adjusted profit for the six months ended 31 December 2023 attributable to ordinary shareholders of the Company of HK\$251.1M (i.e. after deducting preferred distribution to the holder of convertible preference shares of HK\$4.3M for the six months ended 31 December 2023 from profit attributable to shareholders of the Company of HK\$255.4M).

27 February 2025, 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 with three major business segments: property & facility management services, city essential services and electrical and mechanical engineering ("E&M") services, has today announced its interim results for the six months ended 31 December 2024 (the "Period").

During the Period, the Group recorded revenue amounting to HK\$4,090.0 million, representing a decrease of HK\$24.5 million or 0.6%, as compared with HK\$4,114.5 million for the six months ended 31 December 2023 (the “same period last year”). The overall gross profit margin was 12.8%. If excluding the effects of these grants in the Group’s gross profit for both periods (i.e. HK\$1.6 million for the Period and HK\$8.2 million for the same period last year) to better illustrate the Group’s performance without such effects, its adjusted gross profit margin increased to 12.8% from 12.4% for the same period last year, mainly caused by margin improvements at the Group’s property & facility management services and E&M businesses.

Profit attributable to shareholders for the Period was HK\$241.6 million, representing a decrease of HK\$13.8 million or 5.4% as compared with HK\$255.4 million for the same period last year, mainly resulted from a decrease in government grants and a lower contribution from the E&M services segment, partly offset by the effect of the strong performance of the city essential services segment (namely the cleaning & pest control, systems security, guarding & event services, technical support & maintenance and insurance solutions businesses). If excluding the effects of government grants in the Group’s results for both periods to better illustrate the Group’s financial results without such effects, the Group would record an increase in adjusted net profit for the Period of 3.9% to HK\$240.0 million (i.e. after excluding government grants of HK\$1.6 million from its profit attributable to shareholders of the Company of HK\$241.6 million) as compared to its adjusted net profit of HK\$231.0 million for the same period last year (i.e. after excluding government grants of HK\$24.4 million from its profit attributable to shareholders of the Company of HK\$255.4 million).

As at 31 December 2024, the Group had total cash and bank balances of HK\$622.4 million (30 June 2024: HK\$601.3 million), net gearing ratio was maintained at zero as at 31 December 2024 (30 June 2024: zero). The Board has declared an interim dividend of HK21.1 cents (2023: HK22.4 cents) per ordinary share to the ordinary shareholders of the Company for the six months ended 31 December 2024, representing a payout ratio of 40.0%.

Segmental performance

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

	For the six months ended 31 December			
	2024 HK\$'M	2023 HK\$'M	Change HK\$'M	% Change
Profit attributable to shareholders including government grants				
Property & facility management services	45.1	65.8	(20.7)	(31.5%)
City essential services	122.5	101.0	21.5	21.3%
E&M services	84.5	99.9	(15.4)	(15.4%)
Unallocated corporate expenses and finance costs*	(10.5)	(11.3)	0.8	(7.1%)
Total	241.6	255.4	(13.8)	(5.4%)

* Unallocated corporate expenses and finance costs comprise the Company’s corporate expenses of HK\$3.7 million (2023: HK\$3.5 million) and interest expenses of HK\$6.8 million (2023: HK\$7.8 million).

Profit attributable to shareholders excluding government grants

	For the six months ended 31 December			
	2024	2023	Change	% Change
	HK\$'M	HK\$'M	HK\$'M	
Profit attributable to shareholders				
excluding government grants				
Profit attributable to shareholders as reported	241.6	255.4	(13.8)	(5.4%)
Excluding government grants	(1.6)	(24.4)	22.8	(93.4%)
Profit attributable to shareholders excluding government grants	240.0	231.0	9.0	3.9%

Tender submitted and contracts awarded

	Tender submitted⁽ⁱ⁾	Contracts awarded⁽ⁱ⁾⁽ⁱⁱ⁾
For the six months ended 31 December 2024	HK\$'M	HK\$'M
Property & facility management services	1,076	1,218
City essential services		
- Cleaning & pest control services	4,629	983
- Insurance solutions	26	17
- Technical support & maintenance services	3,573	452
- Environmental solutions	360	140
- Systems security, guarding & event services	412	346
City essential services subtotal	9,000	1,938
E&M services	12,559	1,193
Total	22,635	4,349

Notes

- (i) With net contract sum not less than HK\$1 million for each contract.
(ii) Combining the submitted tenders from the previous months.

Gross value of contract sum and outstanding contract sum

	Gross value of contract sum	Outstanding contract sum
As at 31 December 2024	HK\$'M	HK\$'M
Property & facility management services	2,190	1,911
City essential services		
- Cleaning & pest control services	6,509	3,493
- Insurance solutions	130	41
- Technical support & maintenance services	2,531	1,665
- Environmental solutions	709	473
- Systems security, guarding & event services	1,942	1,126
City essential services subtotal	11,821	6,798
E&M services	10,241	5,946
Total	24,252	14,655

Established market positions

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

Property & facility management services

- ♦ Segment revenue increased by 6.2% or HK\$20.6 million to HK\$350.4 million from HK\$329.8 million. It mainly reflected an increase from the contract extensions for government office buildings and quarters.

Outlook

- ♦ Demand for professional property management services in Hong Kong is increasing and will continue to increase thanks to government 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.
- ♦ Continuous growth of residential properties supply in Hong Kong is presenting the Group with opportunities in the first-hand property sales market. Moreover, the government's new immigrant admission schemes, particularly the Top Talent Pass Scheme (TTP), are in favour of property sales and leasing, conducive to driving housing demand and the Group offering sale and leasing services.
- ♦ The segment has over 5,000 strong staff and is capable of adopting new operating methods, combining skills with innovative technologies and Internet of Things (IoT) applications to enhance overall service efficiency and effectiveness. The segment well-versed in applying advanced technologies is able to capitalise on the trend of more and more clients opting for technological solutions. The Group has adopted many technology applications, including Sm@rUrban, ComEasy and Drones, at over 120 sites to enhance operational efficiency and service effectiveness.

City essential services

- ♦ This segment contributed 58.7% (2023: 52.1%) of the Group's total revenue. The individual components of this services segment are as below:

For the six months ended 31 December

	2024 HK\$'M	2023 HK\$'M	% Change
Cleaning & pest control services	1,262.9	1,128.1	11.9%
Insurance solutions	62.9	58.1	8.3%
Technical support & maintenance services	560.4	499.9	12.1%
Environmental solutions	179.0	150.2	19.2%
Systems security, guarding & event services	334.2	306.3	9.1%
Total	2,399.4	2,142.6	12.0%

- ♦ Segment revenue grew by 12.0% or HK\$256.8 million to HK\$2,399.4 million from HK\$2,142.6 million.

Outlook

- ♦ With tourism, entertainment, international conferences, trade fairs and sports competitions as emphasis, Hong Kong's mega events economy has a crucial role to play in supporting the general economy. Alongside the recovering tourism and exhibition industries, bringing massive extra business opportunities, Waihong will benefit.
- ♦ Having completed the acquisition of Beijing Nova Insurance Services Limited on 27 December 2024, Nova can enter and expand its presence in the lucrative Chinese insurance brokerage market, and diversify its business operations geographically, lowering the risks from relying too much on a single market and ensuring it has a more balanced revenue stream. Other than synergistic benefits, the close collaboration between Beijing Nova and Nova Hong Kong will allow them to tap new opportunities in the Greater Bay Area and the entire country.
- ♦ Against the backdrop of Hong Kong targeting to achieve carbon neutrality before 2050 and society expecting buildings to afford better energy performance, large developers are looking to enhance the energy performance of their properties, existing and new, to trim carbon emissions. Demand for retrofitting works will prevail, meaning there is an immense and sustainable market for the Group's technical support & maintenance division to expand business.
- ♦ The Group's environmental solutions business comprises three business lines: Environment Solutions (water and air treatment, laboratory testing & certification), Smart Solutions (Extra Low Voltage ("ELV"), Electric Vehicle ("EV") and smart facilities) and Green Solutions (landscape and building materials). With escalating public demands for improving the living environment, the Group's environmental solutions division sees abundant business opportunities for the Environment Solutions, Smart Solutions and Green Solutions it offers to clients in the coming years. The Hong Kong Roadmap on Popularisation of Electric Vehicle announced by the Government in 2021, targeting to achieve zero vehicular emissions by 2050 has fuelled the demand for relevant installation in car parks to support and encourage EV adoption, and that has presented the Group with ample business opportunities.
- ♦ A significant factor driving demand for the Group's systems security and guarding services is the anticipated need for public housing over the next five years, projected to reach 189,000 units. Additionally, several government projects are underway, including Phase 2 of the AsiaWorld-Expo and the development of Lok Ma Chau. When in operation, these projects will significantly boost demand for security services. Furthermore, the debut of the Kai Tak Sports Park and the imminent operation of 11 SKIES, a prominent office and entertainment project near the airport, are expected to add to the demand for security services.

E&M services

- ♦ Segment revenue decreased by 18.4% or HK\$301.9 million to HK\$1,340.2 million from HK\$1,642.1 million.

Outlook

- ♦ According to Construction Industry Council forecast in July 2023, expenditure on E&M construction works in each of the next five years will exceed HK\$30 billion for the public sector and over HK\$25 billion for the private sector. 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.
- ♦ As mentioned in the Chief Executive's 2023 Policy Address, the Hong Kong Government has 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.
- ♦ To ensure Hong Kong's position as a premier venue for large-scale international conventions and exhibitions, the Airport Authority had invited tenders in end 2024 for the AsiaWorld-Expo Phase 2 project (which will include the largest indoor arena with up to 20,000 seats).

- ♦ In Macau, there is a constant demand for renovation and improvement works from hotels and casinos in both the Macau Peninsula and Cotai. New projects of The Venetian and Wynn Macau Group will begin in 2025 and 2026. In addition, Macau is determined to transform from a gambling-centric economy into a versatile tourism-driven destination. All these factors are expected to create business opportunities for the Group in the coming few years.
- ♦ In Mainland China, development of the Greater Bay Area will enhance economic and social growth of the 11 cities therein and there are the three rapidly developing Guangdong Pilot Free Trade Zones – Hengqin, Qianhai and Nansha, which together will bring new business opportunities to the Group.

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About FSE Lifestyle Services Limited

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

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

Property & Facility Management Services

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

City Essential Services

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

E&M Services

- ♦ Engineering and Consultancy - FSE Engineering Group, Majestic Engineering Group and Young’s Engineering Group

With their professionalism and expertise, together with the extensive synergies generated among the companies under FSE Lifestyle, we have built up a strong network and offered comprehensive “one-stop-shop” professional services to our clients.

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

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