

**FSE Engineering's 2016/17 Interim Profit Attributable to Equity Holders
Increases to HK\$82.3 million**

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Highlights

- Revenue increased to HK\$1,769.3 million for the six months ended 31 December 2016, representing a year-on-year increase of 9.9% (2015: HK\$1,609.3 million)
- Gross profit increased to HK\$195.6 million, representing a year-on-year increase of 3.4% (2015: HK\$189.1 million)
- Profit attributable to equity holders of the Company was HK\$82.3 million, representing a year-on-year increase of HK\$6.9 million or 9.2% (2015: HK\$75.4 million)
- As at 31 December 2016, the Group's total outstanding contract value recorded HK\$5,600.0 million
- The Group maintained a strong financial position with cash and bank balances of HK\$1,300.0 million and zero gearing as of 31 December 2016
- The Board declared the payment of an interim dividend of HK7.4 cents per share for the six months ended 31 December 2016 (2015: HK5.0 cents per share)

(23 February 2017, Hong Kong) — **FSE Engineering Holdings Limited** (“**FSE Engineering**” or the “**Group**”) (stock code: 331), a leading one-stop E&M engineering service provider in Hong Kong, has today announced its unaudited interim results for the six months ended 31 December 2016. The Group delivered a solid financial performance with satisfactory growth of 9.9% and 9.2% respectively for its interim revenue and profit attributable to equity holders.

During the period under review, the Group's revenue rose by 9.9% to HK\$1,769.3 million from HK\$1,609.3 million for the same period last year, attributable mostly to the higher revenue of HK\$153.6 million brought in by the E&M engineering segment. This segment continued to be the key turnover driver of the Group and contributed 98.3% of the Group's total revenue (2015: 98.5%). Its revenue was up by 9.7% from HK\$1,584.9 million to HK\$1,738.5 million for the period ended 31 December 2016, owed mainly to the increase in revenue from the installation division with a number of major E&M projects in Hong Kong and the PRC starting to bring in revenue in the period under review. For the environmental management services segment, its revenue increased from HK\$24.4 million to HK\$30.8 million, representing a remarkable growth of 26.2% as compared with the same period last year.

FSE Engineering upheld the reputation in the industry and continues to deliver proven track records throughout these years. For the period under review, the Group had been awarded 50 E&M engineering and environmental service projects (net contract sum equal to or exceeding HK\$1.0 million per project) of net contract sum totally HK\$1,231.5 million. The major projects (net contract sum equal to or more than HK\$100.0 million per project) among them are electrical and ventilation provision to midfield expansion at the Hong Kong International Airport, plumbing and drainage installation for a residential development in LOHAS Park Package 5, electrical and fire services installation to a public rental housing at Pak Tin Estate Redevelopment Phases 7 and 8, and electrical installation for the hotel development at City of Dreams. As at 31 December 2016, the Group's total outstanding contract sum was HK\$5,600.0 million. For the period under review, the Group submitted tenders for 323 E&M engineering and environmental services projects (contract sum equal to or exceeding HK\$1.0 million per project, if awarded) at a total tender sum of HK\$10,034.4 million.

The Group's profit attributable to equity holders for the period under review increased by 9.2% to HK\$82.3 million, compared to HK\$75.4 million for the last corresponding period. The net profit margin of the Group remained stable at 4.7% for the period under review (31 December 2015: 4.7%). During the period under review, the Group maintained a healthy liquidity position. As at 31 December 2016, the Group had total cash and bank balances of HK\$1,300.0 million and the gearing ratio was maintained at zero.

The Board has resolved to declare an interim dividend of HK7.4 cents per share for the six months ended 31 December 2016 (2015: HK5.0 cents).

Outlook

Looking ahead, the Group will continue to focus on applying its core competencies to raise customer satisfaction and ensure the sustainable growth and profitability of its business. The Group shall continue to target large-scale projects including design and construction contracts from the government, public infrastructure works, hospital development projects, and public housing and subsidised housing sector projects, as well as private commercial and residential building projects. It has also recently set up a new team for ELV (extra-low voltage) system engineering function to facilitate business expansion.

In PRC, the Group plan to extend its E&M project management services to cover also high-end projects so as to generate a stable source of income. In Macau, the Group will continue to seize emerging business opportunities in the coming few years by providing a comprehensive range of E&M engineering services.

For environmental management services, FSE Engineering is currently operating a Hong Kong Laboratory Accreditation Scheme (HOKLAS) certified laboratory that provides testing for fresh water inside service, fresh water for the Quality Water Supply Scheme, Fresh Water Cooling Towers Scheme and river/sea water quality baseline monitoring service. The Group continues to evaluate possible investment in a web-based building energy management system and nano technology for water treatment, the aim of which is to better capture potential business opportunities in the environmental assessment and improvement services market in the environmental engineering sector.

Through its unwavering efforts, the Group is confident to maximise shareholder value and enhance its corporate image as well as its position in the E&M engineering industry.

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About FSE Engineering Holdings Limited

FSE Engineering Holdings Limited (“**FSE Engineering**” or “The Group”) is a leading engineering company, providing a comprehensive electrical & mechanical engineering and environmental engineering services over 40 years. It has well-established operations in Hong Kong, PRC and Macau.

Media Enquiry:

Strategic Financial Relations Limited

Mandy Go	Tel : (852) 2864 4812	Email : mandy.go@sprg.com.hk
Antonio Yu	Tel : (852) 2114 4319	Email : antonio.yu@sprg.com.hk
Elaine Wang	Tel : (852) 2114 2821	Email : elaine.wang@sprg.com.hk
Fax : (852) 2527 1196		