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豐盛服務集團有限公司
FSE SERVICES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

ADJUSTMENT OF USE OF THE UNUTILISED IPO PROCEEDS

Reference is made to the Prospectus of the Company dated 26 November 2015 in relation to the use of the IPO Proceeds raised from the Global Offering.

To allow the Group to deploy its financial resources more flexibly and effectively, the Board has resolved to adjust the use of the Unutilised IPO Proceeds as disclosed in this announcement below.

Reference is made to the prospectus (the “**Prospectus**”) of FSE Engineering Holdings Limited (now known as FSE Services Group Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 November 2015 in relation to the Global Offering.

Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Prospectus.

ADJUSTMENT OF USE OF THE UNUTILISED IPO PROCEEDS

Pursuant to the Global Offering, the Company raised the net proceeds (the “**IPO Proceeds**”) in the amount of HK\$264.5 million, which was originally intended to be used for the purposes disclosed in “*Future Plans and Use of Proceeds - Use of Proceeds*” in the Prospectus.

Up to the date of this announcement, the Company has utilised a total of HK\$131.0 million out of the IPO Proceeds and the balance of **HK\$133.5 million** (the “**Unutilised IPO Proceeds**”) has remained unutilised.

The board of directors (the “**Board**”) of the Company has resolved to adjust the use of the Unutilised IPO Proceeds in the manner as shown and summarised in the table below.

Intended use as disclosed in the Prospectus	IPO Proceeds from Global Offering <i>HK\$'M</i>	Utilised IPO Proceeds as at the date of this announcement <i>HK\$'M</i>	Unutilised IPO Proceeds as at the date of this announcement <i>HK\$'M</i>	Adjustment of use of Unutilised IPO Proceeds <i>HK\$'M</i>
Investment in/acquisition of companies engaged in the installation and maintenance of ELV system	81.6	5.9	75.7	-
Development of environmental management business	51.0	3.6	47.4	20.0
Operation of E&M engineering projects on hand and prospective projects	47.4	47.4	-	88.1
Staff-related additional expenses	20.0	20.0	-	-
Development and enhancement of engineering design capability	19.3	18.3	1.0	16.0
Enhancement of quality testing laboratory	12.2	4.9	7.3	7.3
Upgrade of corporate information technology system and software	8.0	5.9	2.1	2.1
General working capital	25.0	25.0	-	-
Total	<u>264.5</u>	<u>131.0</u>	<u>133.5</u>	<u>133.5</u>

REASONS FOR THE ADJUSTMENT OF USE OF THE UNUTILISED IPO PROCEEDS

The principal businesses of the Group are the provision of electrical and mechanical engineering, environmental management services, cleaning and laundry services.

As disclosed in the Prospectus, the Group intended to apply part of the IPO Proceeds for possible investment in and/or acquisition of companies engaged in the installation and maintenance of ELV system (the “**ELV Acquisition**”). Despite efforts of the Group, no suitable investment or acquisition opportunities have been identified. Given the Group has recently been admitted on the list of approved specialist contractors of the Works Branch Development Bureau for public works in relation to ELV services (which is one of the major eligibility requirements for carrying out ELV business), the Group is fully capable of

providing ELV services and implementing the numerous ELV projects that have been awarded to the Group without resorting to any ELV Acquisition to enhance its capability and competitiveness. As such, the amount of the Unutilised IPO Proceeds originally allocated for use in ELV Acquisition is no longer required by the Group.

As regards the Company's original intention to develop its environmental management business through possible investment or cooperation with strategic alliances operating in the area of bio-technology of microalgae in waste-water treatment and the development of web-based building energy management business as disclosed in the Prospectus, the Group has not been able to identify suitable partner with sufficient technical capability and there is uncertainty in the practical feasibility of bio-technology of microalgae in waste-water treatment. The Company is therefore cautious about its further pursuit or investment in this particular area of environmental management business. In the premises, the Board considers it more commercially sensible to (i) expand the use of IPO Proceeds for development into other more promising areas of its environmental management business to cover technological development of waste treatment (including but not limited to air, water, solid waste treatment) and energy saving/management solutions, as well as for enhancement of the existing business and operation of the environmental management business and (ii) reallocate more unutilised IPO Proceeds for other existing business and operation of the Group (such as the operation of the E&M engineering projects and the development and enhancement of its engineering design capability).

Accordingly, the Board has resolved to adjust the use of the Unutilised IPO Proceeds in the manner as more particularly set out in the last column of the table above.

The Board is of the view that the adjustment of use of the Unutilised IPO Proceeds will allow the Group to deploy its financial resources more flexibly and effectively, which is conducive to the growth of the Group in the long run and in the interests of the Company and its shareholders as a whole.

By order of the Board
FSE Services Group Limited
Lee Kwok Bong
Executive Director & Joint Company Secretary

Hong Kong, 26 June 2018

As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) and Mr. Wong Kwok Kin, Andrew as non-executive directors, Mr. Lam Wai Hon, Patrick (Vice-Chairman), Mr. Poon Lock Kee, Rocky (Chief Executive Officer), Mr. Doo William Junior Guilherme, Mr. Lee Kwok Bong, Mr. Soon Kweong Wah and Mr. Wong Shu Hung as executive directors, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung and Dr. Tong Yuk Lun, Paul as independent non-executive directors.