FSE ENGINEERING HOLDINGS LIMITED
豐盛機電控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 331)

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

		2016 HK$M	2015 HK$M	% Change
Revenue	:	**3,471.9**	**2,825.1**	**22.9**
Gross profit	:	**371.9**	**333.1**	**11.6**
Profit attributable to equity holders	:	**161.1**	**149.2**	**8.0**
Basic earnings per share	:	**HK$0.42**	**HK$0.50**	**-16.0**

The Board recommended the declaration of a final dividend of HK9.4 cents per share for the year ended 30 June 2016.

The board of directors (the "Board") of FSE Engineering Holdings 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 2016 ("FY2016" or the "Year").

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Revenue	2	**3,471,907**	2,825,107
Cost of sales		**(3,099,991)**	(2,491,974)
Gross profit		**371,916**	333,133
Other income/gains, net	3	**494**	5,603
General and administrative expenses		**(204,124)**	(185,848)
Operating profit	4	**168,286**	152,888
Finance income		**10,841**	16,435
Finance costs		**-**	(226)
Profit before income tax		**179,127**	169,097
Income tax expenses	5	**(18,056)**	(19,946)
Profit attributable to equity holders of the Company		**161,071**	149,151
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK$ per share) - basic and diluted	6	**0.42**	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016	2015
	HK$'000	HK$'000
Profit for the year	**161,071**	149,151
Other comprehensive income:		
Items that will not be reclassified to consolidated income statement:		
Revaluation gain on property, plant and equipment	**4,212**	9,442
Deferred income tax on revaluation gain on property, plant and equipment	**(687)**	(1,679)
Reversal of deferred income tax on fair value gain through use of property, plant and equipment	**-**	377
	3,525	8,140
Item that may be subsequently reclassified to consolidated income statement:		
Currency translation differences	**(23,597)**	(675)
Other comprehensive income, net of tax	**(20,072)**	7,465
Total comprehensive income for the year and attributable to equity holders of the Company	**140,999**	156,616

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**2016**	2015
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**187,409**	172,582
Land use rights		**23,087**	24,075
Intangible assets		**35,321**	35,691
Deferred income tax assets		**4,581**	268
		250,398	232,616
Current assets			
Inventories		**17,733**	18,074
Amounts due from customers for contract works		**317,082**	113,818
Trade and other receivables	8	**842,276**	674,558
Cash and bank balances		**1,325,926**	612,526
		2,503,017	1,418,976
Total assets		**2,753,415**	1,651,592
EQUITY			
Share capital		**45,000**	30,000
Reserves		**856,168**	466,162
Total equity		**901,168**	496,162
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**44,485**	36,879
Current liabilities			
Amounts due to customers for contract works		**1,138,368**	487,977
Trade and other payables	9	**654,923**	614,384
Taxation payable		**14,471**	16,190
		1,807,762	1,118,551
Total liabilities		**1,852,247**	1,155,430
Total equity and liabilities		**2,753,415**	1,651,592
Net current assets		**695,255**	300,425
Total assets less current liabilities		**945,653**	533,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. Basis of preparation

In preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited, the Company and other companies now comprising the Group have undergone a reorganisation (the "Reorganisation") pursuant to which the Company has become holding company of the other companies now comprising the Group. The Reorganisation was completed on 30 June 2015. Accordingly, the consolidated financial statements presented for the year ended 30 June 2015 was prepared under the principles of merger accounting as if the current group structure had been in existence throughout the year presented.

The basis and principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

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") are set out below. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties which are stated at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Improvements to existing standards that are effective for the Group's financial year beginning on 1 July 2015

The following amendments to existing standards, that are relevant to the Group's operation, are mandatory for the financial year of the Group beginning on 1 July 2015:

Annual Improvements Project	Annual improvements 2010-2012 Cycle
Annual Improvements Project	Annual improvements 2011-2013 Cycle

The adoption of the above improvements to existing standards does not have significant impact on the Group's consolidated results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

(ii) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap.622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(iii) New standards and amendments and improvements 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 and improvements to existing standards, that are relevant to the Group's operation, have been issued but not yet effective for the financial year of the Group beginning on 1 July 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or contribution of assets between on investor and its associate or joint venture	1 January 2016
HKFRS 11 Amendment	Accounting for acquisitions of interests in joint operations	1 January 2016
Annual Improvements Project	Annual improvements 2012-2014 Cycle	1 January 2016
HKAS 7 Amendment	Statement of cash flows	1 January 2017
HKAS 12 Amendment	Income taxes	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether there will be any substantial changes to the Group's significant accounting policies and presentation of consolidated financial statements.

2. Revenue and segment information

The executive directors are the group's chief operating decision-maker ("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 Group's revenue represents the electrical and mechanical ("E&M") engineering service income, environmental management services income and income from trading of building materials. An analysis of the Group's revenue is as follows:

	2016	2015
	HK$'000	HK$'000
Revenue		
Contracting	**3,256,173**	2,625,541
Maintenance services	**98,796**	90,035
Sales of goods	**116,938**	109,531
	3,471,907	2,825,107

The CODM considers the business from product and service perspectives and the Group is organised into two major business segments according to the nature of products and services provided:

(i) E&M engineering - Provision of engineering services and trading of building materials;

(ii) Environmental management services - Trading of environmental products and provision of related engineering and consultancy services;

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 and non-recurring events. In addition, finance income and costs 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 costs.

Sales between segments are carried out at arm's length.

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 land use rights, property, plant and equipment, intangible assets, deferred income tax assets, inventories, amounts due from customers for contract works, trade and other receivables 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 2016, unallocated assets represented trade and other receivables and cash and bank balances of the Company. Unallocated liabilities represented trade and other payables of the Company.

Capital expenditure comprises mainly additions to property, plant and equipment.

(a) As at and for the year ended 30 June 2016

The segment results for the 30 June 2016 and other segment items included in the consolidated income statement are as follows:

	E&M engineering HK$'000	Environmental management services HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Revenue - external	**3,418,320**	**53,587**	**-**	**3,471,907**
Revenue - internal	**-**	**4,106**	**(4,106)**	**-**
Total revenue				**3,471,907**
Operating profit before unallocated corporate expenses	**185,079**	**3,963**	**-**	**189,042**
Unallocated corporate expenses				**(20,756)**
Operating profit				**168,286**
Finance income, net				**10,841**
Profit before income tax				**179,127**
Income tax expenses				**(18,056)**
Profit for the year				**161,071**
Other items				
Depreciation	**12,151**	**2,106**	**-**	**14,257**
Amortisation of intangible assets	**370**	**-**	**-**	**370**
Amortisation of land use rights	**615**	**-**	**-**	**615**

The segment assets and liabilities as at 30 June 2016 and capital expenditure for the year then ended are as follows:

	E&M engineering HK$'000	Environmental management services HK$'000	Total HK$'000
Segment assets	**2,551,017**	**39,626**	**2,590,643**
Unallocated assets			**162,772**
Total assets			**2,753,415**
Segment liabilities	**1,837,595**	**13,109**	**1,850,704**
Unallocated liabilities			**1,543**
Total liabilities			**1,852,247**
Capital expenditure	**19,548**	**5,799**	**25,347**
Unallocated capital expenditure			**-**
Total capital expenditure			**25,347**

(b) As at and for the year ended 30 June 2015

The segment results for the 30 June 2015 and other segment items included in the consolidated income statement are as follows:

	E&M engineering HK$'000	Environmental management services HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Revenue - external	2,780,553	44,554	-	2,825,107
Revenue - internal	-	9,648	(9,648)	-
Total revenue				2,825,107
Operating profit before unallocated corporate expenses	153,419	5,004	-	158,423
Unallocated corporate expenses				(5,535)
Operating profit				152,888
Finance income, net				16,209
Profit before income tax				169,097
Income tax expenses				(19,946)
Profit for the year				149,151
Other items				
Depreciation	6,954	942	-	7,896
Amortisation of intangible assets	370	-	-	370
Amortisation of land use rights	587	-	-	587

The segment assets and liabilities as at 30 June 2015 and capital expenditure for the year then ended are as follows:

	E&M engineering HK$'000	Environmental management services HK$'000	Total HK$'000
Segment assets	1,620,867	29,723	1,650,590
Unallocated assets			1,002
Total assets			1,651,592
Segment liabilities	1,141,233	11,542	1,152,775
Unallocated liabilities			2,655
Total liabilities			1,155,430
Capital expenditure	5,510	564	6,074
Unallocated capital expenditure			-
Total capital expenditure			6,074

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:

	2016	2015
	HK$'000	HK$'000
Revenue		
Hong Kong	**2,367,739**	1,561,927
Mainland China	**405,029**	382,695
Macau	**699,139**	880,485
	3,471,907	2,825,107

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:

	2016	2015
	HK$'000	HK$'000
Customer A	**1,365,411**	599,915
Customer B	**N/A**	411,179
Customer C	**N/A**	357,465

The revenues contributed by the above major customers are mainly attributable to the E&M engineering segment in Hong Kong, Macau and Mainland China.

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

	2016	2015
	HK$'000	HK$'000
Non-current assets, other than deferred tax assets		
Hong Kong	**169,679**	153,007
Mainland China	**30,187**	32,854
Macau	**45,951**	46,487
	245,817	232,348

3. Other income/gains, net

	2016 **HK$'000**	2015 HK$'000
Exchange gain, net	**144**	3,937
Gain on disposal of property, plant and equipment, net	**122**	201
Sundries	**228**	1,026
	494	5,164
Other income	**-**	439
	494	5,603

4. Operating profit

	2016 **HK$'000**	2015 HK$'000
Operating profit is stated after charging/(crediting):		
Changes in inventories of finished goods and work in progress	**70,072**	64,159
Raw materials and consumables used	**1,002,588**	928,391
Subcontracting fees	**1,479,746**	1,122,909
Provision for inventories	**570**	1,427
Write back of provision for inventories	**(1,302)**	(343)
Amortisation of land use rights	**615**	587
Amortisation of intangible assets	**370**	370
Depreciation of property, plant and equipment	**14,257**	7,896
Staff costs (including Directors' emoluments)		
Salaries and allowances	**524,959**	476,579
Pension cost on defined contribution schemes	**22,861**	20,395
Less: Staff costs capitalised under contracts in progress	**(16,702)**	(75,115)
Operating lease rental for land and buildings	**31,924**	34,157
Less: Operating lease rental capitalised under contracts in progress	**(5,346)**	(8,273)
Impairment loss on trade and other receivables	**6**	-
Impairment loss on property, plant and equipment	**-**	17
Reversal of impairment loss on trade receivables	**(84)**	(377)
Provision for employee termination benefits	**-**	488
Listing expenses	**16,765**	5,235
Auditor's remuneration		
Provision for the year	**4,944**	3,574
Under-provision for prior years	**106**	163

5. Income tax expenses

	2016	2015
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	**8,387**	9,254
Mainland China taxation	**9,942**	7,157
Macau taxation	**1,113**	2,686
Over-provision in prior years	**(3,992)**	(4,742)
Deferred income tax expense	**2,606**	5,591
	18,056	19,946

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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 2016 (2015: 12% to 25%). According to applicable 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 subsidiary companies 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:

	2016	2015
	HK$'000	HK$'000
Profit before income tax	**179,127**	169,097
Calculated at a tax rate of 16.5% (2015: 16.5%)	**29,556**	27,901
Effect of different taxation rates in other regions	**64**	(1,732)
Income not subject to taxation	**(3,974)**	(5,766)
Expenses not deductible for taxation purposes	**4,246**	840
Temporary difference not recognised, net	**(284)**	27
Utilisation of previously unrecognised tax losses	**(9,246)**	(475)
Tax losses not recognised	**1,686**	3,893
Over-provision in prior years	**(3,992)**	(4,742)
Income tax expenses	**18,056**	19,946

6. Earnings per share

(a) Basic

For the purpose of computing earnings per share for the year ended 30 June 2015, 300,000,000 ordinary shares of the Company issued and fully paid as at 30 June 2015 were treated as if they had been in issue throughout the year.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 30 June 2016 and 2015.

	2016	2015
	HK$'000	HK$'000
Profit attributable to owners of the Company	**161,071**	149,151
Weighted average number of ordinary shares in issue (shares in thousands)	**384,016**	300,000
Basic earnings per share (HK$)	**0.42**	0.50

(b) Diluted

As the Company did not have any dilutive potential ordinary shares during the years ended 30 June 2016 and 2015, the diluted earnings per share equals the basic earnings per share.

7. Dividends

	2016	2015
	HK$'000	HK$'000
Dividends declared by subsidiaries (Note)	**-**	200,000
Interim dividend paid of HK5.0 cents (2015: Nil) per share	**22,500**	-
Final dividend proposed of HK9.4 cents (2015: Nil) per share	**42,300**	-
	64,800	200,000

Note:
Dividend for the year ended 30 June 2015 represented the dividends declared by the subsidiary companies now comprising the Group to then equity holder of the companies FSE Holdings Limited after elimination of intra-group dividends.

At a meeting held on 22 September 2016, the Board recommended a final dividend of HK9.4 cents per share. The final dividend will be paid in cash. This proposed dividend is not reflected as a dividend payable in the financial statements but will be reflected as an appropriation of the retained profits for the year ending 30 June 2017.

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, and net of provision for impairment, is as follows:

	2016	2015
	HK$'000	HK$'000
Current to 90 days	**280,308**	170,303
91 – 180 days	**9,115**	7,756
Over 180 days	**13,730**	8,042
	303,153	186,101

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:

	2016	2015
	HK$'000	HK$'000
1 – 90 days	**79,833**	94,930
91 -180 days	**419**	2,264
Over 180 days	**1,520**	2,473
	81,772	99,667

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 10 December 2015, the shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing"), which marked a new era of the Group's history. The Listing provides a more effective fund-raising platform to equip the Group with stronger financial capability and flexibility to timely capture greater opportunities for future acquisition and expansion, especially on winning large-scale prospective projects.

During FY2016, the Group maintained its position as one of the leading E&M (*electrical and mechanical*) engineering companies in Hong Kong, providing a comprehensive range of E&M engineering and environmental engineering services, and continued to maintain strong E&M engineering operations in Mainland China and Macau. Coupled with our full range of licenses and qualifications and our effective management of tendering risks, all of our operations are supported by integrated operating and control procedures, strong networks of well-established customers and suppliers and an experienced and well-trained workforce. Thus we are confident we can secure and undertake integrated E&M engineering projects in Hong Kong, Mainland China and Macau.

In addition, the Group has a strong commitment to creating a greener society. To achieve environmental sustainability, the Group constantly strives to optimise design and work methods. At a project level, we incorporate green building principles for the building services equipment for our clients; and adopt green building design, modularisation and prefabrication to reduce energy usage, carbon emissions and construction waste. Besides, we are constantly investing in innovative construction technologies such as building information model (BIM), laser scanning and mobile solutions in order to improve our operational efficiency and project management. Our environmental management service business, a new growth driver launched after our Listing, has continued to provide environmental assessment and improvement services and solutions to our customers to achieve their environmental protection and energy-saving goals.

Going ahead, the Group will remain committed to its strategy of staying focused on its core competencies in order to raise customers' satisfaction and to ensure sustainable growth and profitability. We shall continue to give priority to large-scale projects including design and construction government contracts, public infrastructure works, hospital development projects, and projects from the public rental and subsidised housing sectors as well as the private commercial and residential building sectors.

Financial performance

Leveraging our competitive strengths as described above, the Group delivered a solid financial performance and recorded a revenue of HK$3,471.9 million for the Year, representing an increase of HK$646.8 million or 22.9%, as compared to HK$2,825.1 million for the same period last year. Profit attributable to equity holders for the Year was HK$161.1 million (including one-off non-recurring listing expenses of HK$16.8 million), representing an increase of HK$ 11.9 million or 8.0% as compared to HK$149.2 million for the same period last year. Excluding the listing expenses of HK$16.8 million (2015: HK$5.2 million), the Group would have achieved a profit of HK$177.9 million, representing a remarkable increase of HK$23.5 million or 15.2% as compared to HK$154.4 million for the same period last year.

As at 30 June 2016, our projects encompassed a wide range of buildings and facilities, including offices, shopping malls, a convention and exhibition center, hotels, residential properties, universities, hospitals, and public transportation facility buildings with a total outstanding contract sum of HK$6,100 million. During FY2016, the Group submitted tenders for 637 E&M engineering and environmental services projects (with a contract sum equal to or exceeding HK$1.0 million for each project, if awarded) with a total tender sum of HK$17,027 million.

New contracts awarded

During FY2016, the Group was awarded new contracts with a total value exceeding HK$3,039 million, which include 119 contracts (with a net contract sum equal to or exceeding HK$1.0 million for each project) with a total net contract sum of HK$2,779 million. Among these 119 contracts, seven of them are major projects (with net contract sum equal to or more than HK$100.0 million for each project) as listed below:

1. Plumbing and drainage installation for a residential and commercial development in Tseung Kwan O Town Lot No. 112 in Area 65C1, Tseung Kwan O, New Territories, Hong Kong;

2. Electrical installation for a public rental housing development at So Uk Estate Phase 2, Kowloon, Hong Kong;

3. Electrical installation for a residential development at Tuen Mun Town Lot No. 427 in Area 56, So Kwun Wat, Tuen Mun, New Territories, Hong Kong;

4. Design, supply and installation of E&M services for the West Kowloon Government Office in Yau Ma Tei, Kowloon, Hong Kong;

5. Plumbing and drainage installation for the Tsuen Wan Property Development TW5 Bayside (Phase 2) in Tsuen Wan, New Territories, Hong Kong;

6. Plumbing and drainage installation for a residential development at Oil Street, North Point, Hong Kong;

7. E&M installation for a hotel development in Guanggu, Wuhan, the PRC.

Completed projects

The Group has completed several prestigious projects during the Year, including:

1. MVAC (mechanical, ventilation and air-conditioning) installation for an office development at Kowloon Inland Lot No. 11111, Hung Luen Road, Hung Hom, Hong Kong;

2. Design, supply and installation of MVAC, fire services and plumbing and drainage services for the Yau Ma Tei Police Station in Yau Ma Tei, Hong Kong;

3. Electrical and drainage installation for the Western Apron Expansion Works at Hong Kong International Airport, Lantau, Hong Kong;

4. E&M installation for the Tangshan Shangri-La Hotel in Tangshan, Hebei, the PRC.

Projects on hand

As at 30 June 2016, major outstanding contracts with remaining works valued at more than HK$100.0 million include:

1. E&M installation for the Gleneagles Hong Kong Hospital in Wong Chuk Hang, Hong Kong;

2. MVAC, fire services and electrical installation for the Phase 2 Expansion of Cathay Pacific Catering Facilities in Chek Lap Kok, Lantau, Hong Kong;

3. Electrical installation for a residential development at Tseung Kwan O Town Lot No. 112 in Area 65C1, Tseung Kwan O, New Territories, Hong Kong;

4. Electrical, fire services, MVAC and central chiller plant installation for the New World Centre and Palace Mall Remodeling in Tsim Sha Tsui;

5. Plumbing and drainage installation and fire services installation for the Tsuen Wan Property Development TW5 Bayside (Phase 1) in Tsuen Wan, New Territories, Hong Kong;

6. Electrical installations for public rental housing at the So Uk Estate Phase 2, Kowloon, Hong Kong;

7. Electrical installation for the residential development in Tuen Mun Town Lot No. 423 in Area 48, Castle Peak Road, Tuen Mun, New Territories, Hong Kong;

8. Electrical installation for the residential development in Tuen Mun Town No. 427 in Area 56, So Kwun Wat Road, Tuen Mun, New Territories, Hong Kong;

9. Design, supply and installation of E&M services for the West Kowloon Government Office in Yau Ma Tei, Kowloon, Hong Kong;

10. Plumbing and drainage installation for the Tsuen Wan Property Development TW5 Bayside (Phase 2) in Tsuen Wan, New Territories, Hong Kong;

11. Plumbing and drainage installation for the residential development at Oil Street, North Point, Hong Kong;

12. Central chiller plant and sitewide BMS (building management system), dry fire sitewide, and HVAC (heating, ventilation and air-conditioning) installation for a five-star hotel and resort development, Cotai, Macau.

FINANCIAL REVIEW

Revenue

In FY2016, the Group's revenue increased by HK$646.8 million or 22.9% to HK$3,471.9 million was mostly attributable to the higher revenue of HK$637.8 million derived from our E&M engineering segment.

The following table presents a breakdown of the Group's revenue by business segments:

	For the year ended 30 June			
	2016	2015	Change	% change
	HK$'M	HK$'M	HK$'M	
E&M engineering	3,418.3	2,780.5	637.8	22.9%
Environmental management services*	53.6	44.6	9.0	20.2%
Total	3,471.9	2,825.1	646.8	22.9%

* *Revenue from environmental management services segment is arrived at after elimination of inter-segment sales within the Group.*

- *E&M (electrical and mechanical) engineering:* This segment has remained the key turnover driver and contributed 98.5% of the total revenue of the Group (2015: 98.4%). Segmental revenue rose 22.9% to HK$3,418.3 million for the Year. The increase was mainly attributable to the increase in revenue derived from our installation division as three major installation projects in Hong Kong achieved significant progress and contributed a sum of HK$797.6 million turnover in FY2016. The increase was offset by fewer contributions from Macau resulting from the substantial completion of a five-star hotel and entertainment complex in Cotai (the "Project Cotai Complex") for the year ended 30 June 2015 ("FY2015").

- *Environmental management services:* In FY2016, this business segment reported revenue of HK$53.6 million (2015: HK$44.6 million), representing growth of 20.2% as compared with FY2015. The increase was mainly attributable to the increase in revenue from environmentally-related contracting and maintenance services, primarily water treatment services and environmental monitoring.

The following table presents a breakdown of our Group's revenue geographically:

	For the year ended 30 June			
	2016	2015	Change	% change
	HK$'M	HK$'M	HK$'M	
Hong Kong	2,367.8	1,561.9	805.9	51.6%
PRC	405.0	382.7	22.3	5.8%
Macau	699.1	880.5	(181.4)	(20.6%)
Total	3,471.9	2,825.1	646.8	22.9%

Hong Kong: Revenue from Hong Kong increased by HK$805.9 million or 51.6% to HK$2,367.8 million in FY2016. The increase was mainly attributable to a number of sizeable installation projects during FY2016, including the New World Centre and Palace Mall Remodeling in Tsim Sha Tsui, Phase 2 Expansion of Cathay Pacific Catering Facilities in Chek Lap Kok at Lantau and Gleneagles Hong Kong Hospital in Wong Chuk Hang.

PRC: Revenue from the PRC increased by 5.8% to HK$405.0 million in FY2016 with its geographical contribution proportion decreasing from 13.5% in FY2015 to 11.7% in FY2016. The increase of HK$22.3 million was the combined effect of the two sizeable installation contracts including an office building development and a hotel development in Wuhan and three project management contracts in Tianjin, Guangzhou and Beijing.

Macau: Revenue from Macau decreased by 20.6% to HK$699.1 million in FY2016 with the geographical contribution of the region dropping from 31.2% in FY2015 to 20.1% in FY2016. The decline was mostly related to the substantial completion of the Project Cotai Complex, the single largest revenue-contributing project of the Group in FY2015. The major revenue contributors for the Year included a five-star hotel and resort development (the "Project Cotai Resort") and a well-known hotel in Cotai, Macau.

Gross profit

The Group's overall gross profit increased by HK$38.8 million or 11.6% to HK$371.9 million in FY2016, whereas the overall gross profit margin remained relatively stable at 10.7% (2015: 11.8%). The increase in gross profit was mainly in line with the overall remarkable growth of the Group's revenue, of which gross profit derived from our E&M engineering business significantly increased in FY2016 with its segment gross profit margin maintained at 10.5% (2015: 11.6%). The gross profit margin of the environmental management services segment decreased to 23.3% in FY2016, which was mainly attributable to the cost incurred for the marketing and promotion of the advanced lighting solution control business as well as quality testing laboratory services which are at the development stage. Nonetheless, gross profit in this segment rose to HK$12.5 million in FY2016, representing an increase of HK$0.7 million or 5.9% as compared with FY2015.

The following table presents the breakdown of the Group's gross profit by business segments:

	For the year ended 30 June			
	2016		2015	
	Gross profit HK$'M	Gross profit margin %	Gross profit HK$'M	Gross profit margin %
E&M engineering	359.4	10.5	321.3	11.6
Environmental management services	12.5	23.3	11.8	26.5
Total	371.9	10.7	333.1	11.8

Other income/gains, net

The Group did not record net other income/gains in a material amount for both FY2015 and FY2016, which amounted to HK$5.6 million and HK$0.5 million, respectively. Net other income/gains in FY2015 mainly represented net exchange gain and write back of trade and other payables.

Finance income

In FY2016, the Group recorded finance income of HK$10.8 million (2015: HK$16.4 million). The decrease in finance income, which consisted primarily of the Group's bank interest income, was mainly due to the decrease in both the market interest rate and the Group's bank deposits placed in Mainland China.

General and administrative expenses

In FY2016, the general and administrative expenses of the Group increased by 9.8% to HK$204.1 million, compared to HK$185.8 million in FY2015. The increase of HK$18.3 million was mainly attributable to the one-off non-recurring listing expenses of HK$16.8 million.

Taxation

The decrease in effective tax rate of the Group from 11.8% in FY2015 to 10.1% in FY2016 was resulted from the utilisation of previously unrecongnised tax losses and recognition of deferred tax assets of a joint operation project of HK$7.7 million during the Year, which was partially offset by the tax charge of HK$2.8 million for the one-off non-tax deductible listing expenses of HK$16.8 million.

Profit attributable to equity holders

As a result of the foregoing, our profit attributable to equity holders for the Year increased by around 8.0% or HK$11.9 million from HK$149.2 million for FY2015 to HK$161.1 million for FY2016. The increase was the combined result of higher contracting revenue mostly from our core business segment, which was partially offset by the decrease in bank interest income and the increase in general and administrative expenses due to the one-off non-recurring listing expenses.

The net profit margin decreased from 5.3% in FY2015 to 4.6% in FY2016. If the one-off non-recurring listing expenses of HK$16.8 million (2015: HK$5.2 million) were excluded from the general and administrative expenses, the Group would have achieved a profit of HK$177.9 million in FY2016, representing a remarkable increase of HK$23.5 million or 15.2% as compared to HK$154.4 million in FY2015.

Other comprehensive loss

The Group recorded other comprehensive loss of HK$20.1 million in FY2016, comprising mainly the decrease in exchange reserve of HK$23.6 million resulting from the devaluation of the Renminbi ("RMB") and the reduced currency rate adopted in the accounting translation of RMB-denominated net investments in our PRC operations into Hong Kong dollars (the Group's presentation currency) for the purpose of preparing the Company's financial statements, partially offset by the increase in the net-tax asset revaluation reserve of HK$3.5 million in relation to the increase in the estimated market price for the Group's properties, especially in Hong Kong.

Liquidity and financial resources

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 30 June 2016, the Group had total cash and bank balances of HK$1,325.9 million, of which 68%, 28% and 4% were denominated in Hong Kong dollars, RMB and other currencies respectively (2015: 29%, 70% and 1% respectively). As compared to 30 June 2015, the Group's cash and bank balances increased by HK$713.4 million from HK$612.5 million which was primarily due to the receipt of net proceeds of HK$268.4 million (after deduction of underwriting commission and all related expenses paid during the Year) (the "Net Proceeds Received during the Year") from the Listing and the increase in net cash flow from operating activities. Taking into account the Net Proceeds Received during the Year and the listing-related expenses prepaid prior to 30 June 2015 of HK$3.9 million, we recorded aggregate net proceeds of HK$264.5 million from the Listing.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period and did not have any bank borrowings and outstanding borrowings as at 30 June 2016 (2015: Nil). Hence the Group's gearing ratio (being our total borrowings divided by our total equity) was maintained at zero as at 30 June 2016. As at 30 June 2016, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of HK$1,119.2 million (2015: HK$1,601.3 million), of which HK$329.3 million (2015: HK$357.9 million) had been utilised for bank guarantees and trade finance. The Group believes it has sufficient committed and unutilised banking facilities to meet the needs of its current business operation and capital expenditures.

Foreign currency exposure

The Group operates primarily in Hong Kong, Macau and the PRC and is not exposed to significant exchange risk. Our Company does not have a foreign currency hedging policy and we manage our foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the Group's exposure to foreign currency risk should the need arises.

As part of our business was carried out in the PRC, part of our assets and liabilities were also denominated in RMB. The majority of these assets and liabilities have arisen from the net investments in our PRC operations, which had net assets of HK$302.3 million as at 30 June 2016. The foreign currency translation of the financial statements in respect of these PRC operations from RMB (functional currency of these PRC operations) into Hong Kong dollars (the Group's presentation currency) will not affect our profit before and after tax, and will be recognised in our other comprehensive income.

During the Year, the fluctuation of RMB against Hong Kong dollars was 7.2% (by comparing the highest exchange rate with the lowest exchange rate of RMB against Hong Kong dollars during the Year).

As at 30 June 2016, if Hong Kong dollars had strengthened/weakened by another 7.0% against RMB with all other variables unchanged, the Group's other comprehensive income would have been HK$21.2 million lower/higher.

Use of net proceeds from listing

The aggregate net proceeds raised by the Company from the Listing through the issue of an aggregate of 112,500,000 new shares (the "Offer Shares") of HK$0.10 each in the Company at the final offer price of HK$2.75 per Offer Share pursuant to the Global Offering referred to in the prospectus issued by the Company on 26 November 2015 (the "Prospectus") were HK$264.5 million. Based on the net proceeds derived from the Global Offering, the proposed application of net proceeds as stated in the Prospectus had been adjusted according to the principles as specified in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

During the period from the date of the Listing (that is, 10 December 2015) to 30 June 2016, the net proceeds received from the Global Offering were used as follows:

	Net proceeds from Global Offering	Utilisation in FY2016	Unutilised amount
	HK$M	HK$M	HK$M
Investment in/acquisition of companies engaged in the installation and maintenance of ELV system	81.6	0.3	81.3
Development of environmental management business	51.0	0.7	50.3
Operation of E&M engineering projects on hand and prospective projects	47.4	40.9	6.5
Staff-related additional expenses	20.0	0.1	19.9
Development and enhancement of design capability	19.3	3.7	15.6
Enhancement of quality testing laboratory	12.2	2.2	10.0
Upgrade of corporate information technology system and software	8.0	0.5	7.5
General working capital	25.0	8.8	16.2
Total	264.5	57.2	207.3

The Group held the unutilised net proceeds mainly in short-term deposits or time deposits with licensed banks and authorised financial institutions in Hong Kong.

Capital commitments

The Group had capital commitments which were contracted but not provided for of HK$1.0 million as at 30 June 2016 in relation to the purchase of property, plant and equipment (2015: Nil).

Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2016 (2015: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 1,662 employees (2015 : 1,553). Staff cost for the Year, including salaries and benefits, was HK$ 547.8 million (2015: HK$ 497.0 million). The addition to the total headcount is mainly due to an increased number of projects awarded in the E&M engineering segment in Hong Kong during the Year.

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 adopted a share option scheme during the Year, 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.

All the employees of the Group 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

The successful Listing marked a key milestone for the Group last year. Our leading market position, proven track record, well-established customer network and ample financial reserves continue to serve as valuable assets to the Group.

From time to time the Group will seek acquisition opportunities and engage competent professional talent to explore new market opportunities and expand our geographical coverage in Hong Kong, Macau and the PRC.

We are also taking steps to identify and plan to acquire at opportune times additional premises to cope with our operational needs and cater for future growth and development of our Group. If such opportunities arise, we plan to fund such acquisition from the internal resources of our Group.

The Group will stay focused on its core competencies in order to raise customers' satisfaction and to ensure sustainable growth and profitability. Our board of directors envisages that, through unceasing efforts, the Group can maximise our shareholders' value and enhance its corporate image as well as its position in the E&M engineering industry. In addition, our E&M engineering segment in Hong Kong, which contributes more than 50% of the Group's total revenue and gross profit, remains the core business of the Group. Nevertheless, the Company is striving to bolster its geographical presence in other regions and expand its business in the environmental engineering segment and ELV (extra-low voltage) system works.

E&M engineering segment

Hong Kong

In Hong Kong, the Government has unveiled a raft of new policy initiatives that is expected to add to the already-full order books of the construction and E&M engineering industries. According to the construction expenditure forecast provided by the Construction Industry Council, the E&M construction works expenditure shall be over HK$15 billion for the public sector and HK$20 billion for the private sector for the next few years. These public and private projects have created a large number of jobs, which are particularly crucial in times of uncertain economic outlook.

In accordance with the 2016 Policy Address, the Hong Kong Government continues ongoing efforts in increasing the land and housing supply. In line with the long term housing strategy, the Hong Kong Housing Authority and the Hong Kong Housing Society will supply 76,700 public rental housing units and 20,400 subsidised sale units over the next five years. Based on the preliminary assessment of private residential developments known to have or to be started on disposed sites, it is projected that the private sector will provide a historically high record of about 93,000 flats in the coming three-to-four years.

In addition, the Hong Kong Government is proceeding full stream ahead with the new development areas and the extension of new towns, including Kwu Tung North, Fanling North, Tung Chung, Hung Shui Kiu and Yuen Long South, and will examine the development of Tseung Kwan O Area 137 for residential, commercial and other relevant purposes.

To prepare for the challenge of the aging population, the Hong Kong Government has worked with the Hospital Authority to invest HK$200 billion in an overall hospital development plan in the next ten years including, among others, the redevelopment of Queen Mary Hospital, Kwong Wah Hospital, United Christian Hospital, Kwai Chung Hospital, stage one and stage two construction of an acute general hospital in the Kai Tak Development Area and the redevelopment or expansion of various hospitals such as Tuen Mun Hospital Operating Block, Prince of Wales Hospital, Kwai Chung Hospital and North District Hospital. The above projects will provide 5,000 additional public hospital beds and over 90 new operating theatres.

Apart from the above, the construction of the Shatin to Central Link, the investment in the West Kowloon Cultural District, the Mass Transit Railway Corporation Limited’s railway property development (such as at LOHAS Park Station, Tai Wai Station and Kam Sheung Road Station), the Kai Tak Development including the multi-purpose sports complex project, the Hong Kong International Airport’s expansion into a Three-Runway System including the construction of the third runway and expansion of the existing Terminal 2 into a full-service processing terminal, the Lantau development projects associated with the Hong Kong-Zhuhai-Macao Bridge, and the “Energizing Kowloon East” Initiative (including the Kwun Tong redevelopment and other initiatives to revitalise industrial buildings) will definitely help boost the construction industry in Hong Kong in the coming decade.

The construction engineering sectors in Hong Kong also face a multitude of immense problems and challenges. The forecasted severe labour shortage of about 10,000 to 15,000 skilled workers in the construction industry over the next few years, coupled with the aging workforce and the resultant escalated labour costs are resulting in keen competition for labour and raising the construction cost. The award of new public works contracts has experienced a serious delay due to increasing filibustering movements in the Legislative Council. The Group is striving to maintain a relatively stable labour workforce and retain our loyal staff members so as to uphold its competitive strength.

Regarding the maintenance section of our E&M engineering services, the Group envisages a steady growth in the term maintenance contracts in view of growing demand from different prestigious commercial buildings, as well as the public sector and educational institutions to use quality contractors and materials maintain their properties. We expect an increase in revenue in respect of the fitting-out works, system upgrading and replacement works following the recent implementation of the Mandatory Building Inspection Scheme (“MBI Scheme”) and the Building Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong). Large scale alteration and addition and system retrofit works are also set to provide a favourable return to the maintenance section.

The maintenance group has recently entered into a service agreement with a major mainland chiller manufacturer as their exclusive service agent both in Hong Kong and Macau. This service agreement includes the chillers' testing and commissioning and start-up works, future warranty and maintenance services. We believe this segment will contribute stable returns to the Group.

Moving forward, the Group will continue to focus on capturing large-scale projects including design and construction government contracts, public infrastructure works, hospital development projects, public rental and subsidised housing projects, and private commercial and residential building projects etc. The Group will also strive to secure more term maintenance contracts and alteration and additional works in the maintenance section.

Macau

For the year ended December 2015, the Macau gaming market has generated total gross revenues of US$ 29 billion, about five times larger than that of Las Vegas, the US. As a result, the construction and E&M engineering sectors in Macau have performed very well in the past few years. Yet, following the scheduled completion of several sizable casino projects in 2016 and affected by the flagging tourism and gaming industry, the construction and engineering sectors in Macau are expected to experience a stage of consolidation.

Nonetheless, the demand for ongoing renovation and improvement works for hotels and casinos is looming. In addition, the robust demand for housing, the expansion of the Macau International Airport, the employment of the Hong Kong Mass Transit Railway Corporation Limited to take up the project management of the new Light Rail system, and the investment in the Islands District Medical Complex are expected to create emerging business opportunities in Macau in the coming few years.

According to the 2016 Policy Address, the Macau SAR Government has initiated the reclamation project for New Urban Zone Area A and the Zhuhai-Macao artificial islands of the Hong Kong-Zhuhai-Macao Bridge, which are expected to accommodate 28,000 public housing units and 4,000 private housing units. To enhance the tourism industry, it is projected that the number of guestrooms will progressively increase from 32,000 units (representing 106 hotels and guesthouses) in March 2016 to 44,000 units in 2019.

The positioning of Macau as a world exemplary tourism and leisure centre addresses its need for adequate economic diversification and sustainable development. The Macau SAR Government is expected to continue to monitor the pace of development of the gaming industry while actively fostering the growth of integrated tourism and reinforcing non-gaming elements.

PRC

In the midst of the slowdown of the global economy and the over-supply of residential housing in the PRC, China's economic growth is likely to experience a further downward trend and the pace of property construction in China is shrinking significantly this year. In line with our corporate strategy, the Group has continued to take a disciplined approach in its business development towards this market. Our business target remains focused on E&M services for major property developments initiated by both Hong Kong and foreign investors. Apart from the two important bases in Beijing and Shanghai, the Group has also established its presence in other first and second-tier cities in the PRC such as Tianjin, Dalian, Shenyang, Chengdu, Wuhan, Changsha, Nanjing.

In the 1990s and 2000s, the Company has completed several projects in South East Asia including Singapore, Thailand, Malaysia, Vietnam, Philippines etc. With the advent of China's "One Belt, One Road (一帶一路)" initiative addressed in the 13th Five-Year Plan, the Company is actively striving to participate in related construction and infrastructure projects in other South East Asia regions such as Myanmar, Laos and Indonesia.

In addition, the rapid development of the three Guangdong Pilot Free Trade Zone regions – Hengqin (橫琴), Qianhai (前海) and Nansha (南沙) will bring in new business opportunities to the Company.

During recent years the Company has been actively engaged in project management services in the PRC for an international exhibition center development in Shenyang, two high-rise building complexes in Tianjin and Guangzhou, and one commercial office in Beijing. We firmly believe that our market recognition and strong value-added E&M project management expertise in the areas of, among others, integrated services coordination, coordinated services drawing production, building information modeling (BIM) techniques, project planning, quality assurance and system testing and commissioning, are strong attractions for enticing foreign and Hong Kong-based developers of high-end projects in the PRC. With our accumulated E&M installation experience in the PRC sector, we plan to extend our E&M project management services to high-end projects developed in the PRC. We believe these project management services can generate an additional stable source of income for the Group.

Environmental management services

The increasing awareness of the importance of a good environment has raised demand for environmental engineering services and products. As mentioned in the Hong Kong 2016 Policy Address, promotion of energy efficiency and renewable energy for buildings are being emphasized. Thus, the Group recognises that "*going green*" is an important growing trend that can provide our customers a total solution pertinent to energy saving, renewable energy and environmentally-friendly technologies.

The recently implemented Building Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong) may offer immense potential for further development in our environmental consultancy services. Strict control of water pollution helps increase the market demand for the services of our environmental testing laboratory to run tests to ensure water quality. The increasing demand for seawater and fresh water treatment and odour abatement products such as electro-chlorination and biotech deodorisation systems also support the growth of our environmental engineering segment.

The Group is currently operating a laboratory accredited under the Hong Kong Laboratory Accreditation Scheme (HOKLAS) which aims to provide 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. This laboratory service is complementary to our Group's E&M engineering and environmental engineering segments. In addition, we are continuing our evaluation of possible investment in a web-based building energy management system and waste water treatment technology involving microalgae, to better capture business opportunities in the potential environmental assessment and improvement services market within the environmental engineering sector.

In conclusion, as the Group provides a comprehensive range of E&M engineering and environmental engineering services and has well-established E&M engineering operations in Hong Kong, the PRC and Macau, the above infrastructure, large-scale and/or high-end projects or potential projects are expected to bring ample additional business opportunities.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK9.4 cents per share for the year ended 30 June 2016 (2015: Nil) to the shareholders whose names appear on the register of members of the Company on 8 December 2016. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be paid on or about 15 December 2016. Together with the interim dividend of HK5.0 cents per share (2015: Nil) paid in April 2016, total distribution of dividend by the Company for the year ended 30 June 2016 will thus be HK14.4 cents per share (2015: Nil), representing a dividend payout ratio of 40.2%.

CLOSURE OF REGISTER OF MEMBERS

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

(i) For the purpose of determining shareholders' eligibility to attend and vote at the 2016 annual general meeting ("AGM"):

- Latest time to lodge transfer documents for registration	4:30 pm on 25 November 2016
- Closure of register of members	28 to 30 November 2016
- Record date	30 November 2016
- AGM date	30 November 2016

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

- Ex-dividend date	2 December 2016
- Latest time to lodge transfer documents for registration	4:30 pm on 5 December 2016
- Closure of register of members	6 to 8 December 2016
- Record date	8 December 2016
- Dividend payment date	on or about 15 December 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 corporate value. Throughout the period from the date of its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), that is, 10 December 2015 (the "Listing Date"), to 30 June 2016, the Company had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

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 2016, including the accounting principles and practices adopted by the Group.

The figures in respect of the preliminary announcement of the Group for the year ended 30 June 2016 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's 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 period from the Listing Date to 30 June 2016.

On behalf of the Board of
FSE Engineering Holdings Limited
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 22 September 2016

As at the date of this announcement, the Board comprises Dr. Cheng Kar Shun, Henry (Chairman) as Non-executive Director, Mr. Wong Kwok Kin, Andrew (Vice-Chairman), Mr. Poon Lock Kee, Rocky (Chief Executive Officer), Mr. Lam Wai Hon, Patrick, Mr. Doo William Junior Guilherme, Mr. Lee Kwok Bong and Mr. Soon Kweong Wah 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.