



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

Interim Report 2015-2016



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Financial Highlights

- Revenue increased to approximately HK\$1,609.3 million for the six months ended 31 December 2015, representing an increase of approximately 17.1% as compared with approximately HK\$1,374.9 million for the same period in 2014.
- Gross profit increased to approximately HK\$189.1 million for the six months ended 31 December 2015, representing an increase of approximately 15.0% as compared with approximately HK\$164.5 million for the same period in 2014.
- Gross profit margin slightly decreased by approximately 0.2 percentage points to approximately 11.8% for the six months ended 31 December 2015, as compared with approximately 12.0% for the same period in 2014.
- Profit attributable to shareholders of the Company increased to approximately HK\$74.6 million for the six months ended 31 December 2015 after taking into account of the one-off non-recurring listing expenses of approximately HK\$16.8 million incurred during the period, representing an increase of 0.7% as compared with a profit attributable to shareholders of the Company of approximately HK\$74.1 million for the same period in 2014. Without the impact of the one-off non-recurring listing expenses, our profit attributable to shareholders would have increased by approximately 23.3% to approximately HK\$91.4 million for the six months ended 31 December 2015, as compared with approximately HK\$74.1 million for the same period in 2014.
- Net profit margin decreased by approximately 0.8 percentage points to approximately 4.6% for the six months ended 31 December 2015, as compared with that of approximately 5.4% for the same period in 2014. Without the impact of the one-off non-recurring listing expenses, our net profit margin would have increased by approximately 0.3 percentage points to approximately 5.7% for the six months ended 31 December 2015, as compared with approximately 5.4% for the same period in 2014.
- Basic earnings per share for the six months ended 31 December 2015 decreased to approximately HK23.4 cents as compared with that of approximately HK24.7 cents for the six months ended 31 December 2014.
- The Board recommended the declaration of an interim dividend of HK5.0 cents per share for the six months ended 31 December 2015.

Chairman's Statement

To Our Shareholders:

The shares of FSE Engineering Holdings Limited (together with our subsidiaries, the "Group") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing") on 10 December, 2015. The Listing represents a significant milestone for the Group as it provides us with access to a more effective fund-raising platform that supports us in achieving our goals, including, among others, tapping into the Hong Kong, Mainland China and Macau markets — all of which hold immense development potential. The Listing has demonstrated the Group's intrinsic value, which combined with a stronger balance sheet, will allow us to seize opportunities for future ventures and collaboration, particularly on large-scale projects in the regions. It is also worth noticing that the Listing has provided us with fresh impetus to further strengthen and optimize the Group's corporate governance and capital structure, which are core to its sustainable development over the long term.

Looking back over the past year, the Hong Kong economy was able to maintain modest growth, despite the impact from a combination of external factors such as greater global market volatility arising from US monetary policies, recent stock market adjustments, and rising concerns about China's economic growth prospects. Even though GDP expansion slowed down, there has been increasing investments in the public and private sectors, including the infrastructure sector. Consequently, the construction, E&M (*electrical and mechanical*) engineering and environmental engineering industries in Hong Kong, Mainland China and Macau were all able to achieve moderate growth, and that spurred demand for E&M engineering services.

With 40 years under our belt, and a solid reputation that has been built through good time and bad, we are not new to economic and other challenges, such as those we are currently facing. Indicative of our ability is not only our perseverance but also our strong will in continuing to progress, the Group has been able to achieve satisfactory performance during the past year, with profit attributable to shareholders increased by HK\$17.3 million or 23.3%, if the one-off listing expenses were excluded. The Board has consequently elected to declare an interim dividend of HK5.0 cents per share for the six months ended 31 December 2015.

Though the global economic recovery is likely to remain subdued in the near future, the Hong Kong Government is expected to unveil a range of initiatives that will be favorable to the construction and E&M engineering industry. Already, the Policy Address delivered on 13 January 2016 has confirmed the Hong Kong Government's commitment to continue to rezone sites, increase the intensity of land development and conduct reviews to achieve optimal land usage. Such a decision will consequently lead to an upswing in infrastructure, public housing and private housing projects, which in turn will help drive the construction, E&M engineering and environmental engineering industries. To capitalize on the various infrastructure investments that are set to take place in Hong Kong, we will bolster the Group's capabilities in ELV (*extra-low voltage*) system works and increase human resources, specifically for enhancing work quality and engineering design capability. Such efforts will thus strengthen our already extensive capabilities in Hong Kong, and consolidate our presence in this key market.

The Group is no less committed to continuing its presence in Mainland China. True to such commitment, it will continue to take a disciplined approach in its business development towards this market. The management fully recognizes that with ongoing economic integration between Hong Kong and the motherland, any economic momentum that is gathered on the Mainland has the potential for benefiting Hong Kong. Moreover, with the implementation of structural reforms being underway, complemented by prudent fiscal and monetary policies aimed at encouraging long-term sustainable growth, urbanization will gather speed. This will encourage the rebalancing of the local economy, and will result in fresh opportunities for the construction and E&M engineering industry. As the Group is among one of the few Hong Kong-based companies in Mainland China that possesses the Class I Qualification for E&M engineering general contractors, its strategy will be to forge ties with selected partners in order to expand its footprint in this crucial market.

Chairman's Statement

In respect of Macau, the scheduled completion of several casino projects in 2016 will potentially lead to a consolidation phase for members of the construction and E&M engineering industry. Nonetheless, the Macau SAR Government has initiated several initiatives. These initiatives include developing a new urban zone, promoting development of integrated tourism, and reinforcing non-gaming leisure and entertainment, all of which will create opportunities for the Group. Further, the increase in public awareness of environmental issues will raise demand for associated environmental engineering services and projects. The Group fully intends to capitalize on this trend by providing customers with total solutions that combine energy efficient, environmental friendly, and renewable energy technologies.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to all of our shareholders, customers, and business partners for their unwavering support. I wish to also thank the management team and my fellow staff members for their whole-hearted support. We are fully committed to maintaining the Group's long-term development and ensuring fair returns for our shareholders.

Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 26 February 2016

Management Discussion and Analysis

BUSINESS REVIEW

On 10 December 2015, the shares of FSE Engineering Holdings Limited (the "Company", together with its subsidiaries, the "Group", "we" or "us") have been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), which marked a significant milestone for our Group. In view of the immense market development potential in Hong Kong, Mainland China and Macau, the Listing is expected to provide a more effective fund-raising platform to equip the Group with stronger financial capability and flexibility to timely capture greater opportunities for future expansion, especially on large-scale prospective projects in the regions in which the Group operates and complement our sustainable business development in the long term.

For the six months ended 31 December 2015 (the "period under review"), the Group has maintained its market 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 have strong E&M engineering operations in Mainland China and Macau. Coupled with our full range of licenses and qualifications for E&M engineering projects, all of our operations are supported by an integrated management and control system, strong networks of well-established customers and suppliers and an experienced and well-trained workforce, which enable us to secure and undertake integrated E&M engineering projects of the largest scale in Hong Kong, Mainland China and Macau.

Besides, the Group has a strong commitment to creating a greener society. In addition to E&M engineering services, our environmental management service business has continued to provide the Group with a constant income stream through the provision of environmental assessment and improvement services and products to customers to achieve their environmental protection and energy-saving goals.

Leveraging on our competitive strengths described above, the Group has delivered a solid financial performance and recorded a revenue of approximately HK\$1,609.3 million for the period under review, representing an increase of approximately HK\$234.4 million or 17.1%, compared to approximately HK\$1,374.9 million for the same period last year. Profit attributable to shareholders for the period under review was approximately HK\$74.6 million (including one-off non-recurring listing expenses of approximately HK\$16.8 million), representing an increase of approximately HK\$0.5 million or 0.7% as compared to approximately HK\$74.1 million for the same period last year. Without the impact of the listing expenses, the Group would have achieved a profit of approximately HK\$91.4 million, representing a remarkable increase of HK\$17.3 million or 23.3% as compared to approximately HK\$74.1 million for the same period last year.

As at 31 December 2015, our projects have encompassed a wide range of buildings and facilities, including offices, shopping malls, convention and exhibition center, hotels, residential properties, universities, hospitals, and public transportation facility buildings with a total outstanding contract sum of approximately HK\$6,400.0 million. For the period under review, the Group had been awarded 61 E&M engineering and environmental service projects (with a net contract sum equal to or exceeding HK\$1.0 million for each project) with a total net contract sum of approximately HK\$1,764.5 million. These projects included major projects (with net contract sum equal to or more than HK\$100.0 million for each project) within (1) Hong Kong: a residential and commercial development in Tseung Kwan O, a public housing development in Sham Shui Po, a residential development in So Kwun Wat and a government office complex in Yau Ma Tei; and (2) the People's Republic of China (the "PRC"): a hotel development at Wuhan. The Group had also submitted tenders for 298 E&M and environmental service projects (with a contract sum equal to or exceeding HK\$1.0 million for each project, if awarded) with a total tender sum of approximately HK\$6,630.3 million.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the period under review, the Group's revenue rose by approximately HK\$234.4 million or around 17.1% from approximately HK\$1,374.9 million to approximately HK\$1,609.3 million compared to the same period last year which was mostly attributable to the higher revenue of HK\$234.2 million derived from our E&M engineering segment.

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

	For the six months ended			
	31 December			
	2015	2014	Change	% change
	HK\$'000	HK\$'000	HK\$'000	
E&M engineering	1,584,884	1,350,694	234,190	17.3%
Environmental management services*	24,433	24,188	245	1.0%
Total	1,609,317	1,374,882	234,435	17.1%

* 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 approximately 98.5% of the total revenue of the Group (2014: 98.2%). Segmental revenue rose approximately 17.3% from approximately HK\$1,350.7 million to approximately HK\$1,584.9 million for the period under review. 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 started to contribute a sum of approximately HK\$317.8 million turnover in the period under review. The increase was partially offset by the slight decline in revenue contribution from the PRC and the Macau regions.
- *Environmental management services*: During the period under review, revenue contribution of this business segment was stable at approximately HK\$24.4 million (2014: HK\$24.2 million), representing a mild growth of approximately 1.0% as compared to the same period last year. Segment revenue from environmental management services primarily consists of water treatment projects and bio-technology installation and maintenance services.

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

	For the six months ended			
	31 December			
	2015	2014	Change	% change
	HK\$'000	HK\$'000	HK\$'000	
Hong Kong	1,041,404	716,613	324,791	45.3%
PRC	167,020	229,177	(62,157)	-27.1%
Macau	400,893	429,092	(28,199)	-6.6%
Total	1,609,317	1,374,882	234,435	17.1%

Management Discussion and Analysis

- Hong Kong:** Revenue from Hong Kong increased by HK\$324.8 million or approximately 45.3% from HK\$716.6 million to HK\$1,041.4 million for the period under review as compared to the same period last year. The increase was mainly attributable to the substantial turnover contribution from a number of sizeable installation projects which had significant progress during the period under review, including a hotel, service apartments, an office and a shopping arcade complex at Tsim Sha Tsui, a catering facility of an airline company in Chek Lap Kok at Lantau and an university complex and dormitory at Fortress Hill that uplifted Hong Kong's contribution to the Group's total revenue from approximately 52.1% to approximately 64.7%.
- PRC:** Revenue from the PRC decreased by approximately 27.1% from approximately HK\$229.2 million for the six months ended 31 December 2014 to approximately HK\$167.0 million for the period under review with its geographical contribution declining from approximately 16.7% to approximately 10.4%. The decrease of approximately HK\$62.2 million was the combined effect of the reduced revenue contribution from installation projects mitigated by the increase in project management income during the period under review. The decrease in revenue contribution from installation projects was mainly due to the fact that two major projects, namely a five-star hotel in Nanjing and a five-star hotel in Tangshan, were substantially completed in the corresponding period in last year. Moreover, the relatively sizeable contracts in the PRC awarded, including an office building development and a hotel development in Wuhan, were at an early stage and had yet to contribute revenue from the region for the period under review.
- Macau:** Revenue from Macau decreased by approximately 6.6% from approximately HK\$429.1 million for the six months ended 31 December 2014 to approximately HK\$400.9 million for the period under review with the geographical contribution of the region dropping from 31.2% to 24.9%. The slight decline was mostly related to the substantial completion of a five-star hotel and entertainment complex in Cotai (the "Project Cotai Complex"), the single largest revenue-contributing project in last year. The major revenue contributors for the period under review 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 HK\$24.6 million or 15.0% from approximately HK\$164.5 million for the six months ended 31 December 2014 to approximately HK\$189.1 million for the period under review, whereas the overall gross profit margin remained stable at approximately 11.8% (31 December 2014: 12.0%). The increase in gross profit was in line with the overall remarkable growth of the Group's revenue, of which a significant increase in gross profit derived from our E&M engineering business was recorded during the period under review with its segment gross profit margin maintained at approximately 11.5% (31 December 2014: 11.7%). The gross profit margin of the environmental management services segment increased from approximately 25.0% to approximately 26.2%, which was mainly attributable to an increase in revenue from air quality and water treatment maintenance services with relatively higher profit margin.

Management Discussion and Analysis

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

	For the six months ended 31 December			
	2015		2014	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
E&M engineering	182,716	11.5%	158,442	11.7%
Environmental management services	6,393	26.2%	6,037	25.0%
Total	189,109	11.8%	164,479	12.0%

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

	For the six months ended 31 December			
	2015		2014	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
Hong Kong	111,659	10.7%	80,595	11.2%
PRC	34,746	20.8%	36,813	16.1%
Macau	42,704	10.7%	47,071	11.0%
Total	189,109	11.8%	164,479	12.0%

Hong Kong:

The gross profit of this region for the period under review increased by approximately HK\$31.1 million or approximately 38.6% as compared to the same previous period last year. The gross profit margin remained stable at approximately 10.7% which was mainly contributed by key installation projects including the E&M engineering projects for a design-build-operate project for a district cooling system at Kai Tak, a hotel, service apartments, an office and shopping arcade complex at Tsim Sha Tsui, a catering facility of an airline company in Chek Lap Kok at Lantau, a university complex and dormitory at Fortress Hill, a police station in Yau Ma Tei, Kowloon, and a public housing development at Sau Mau Ping, Kowloon coupled with the relatively higher gross profit from trading of building equipment and materials.

PRC:

Despite revenue from the PRC region decreased by approximately 27.1% for the period under review, the gross profit of region decreased only slightly by approximately HK\$2.1 million, or approximately 5.6% as compared to the previous period. This was attributable to the relatively high gross profit margin contributed by our project management services for the newly-awarded contracts of two high-rise building complexes in Tianjin and Guangzhou and the ongoing project management services contract in Shenyang as well as the cost savings from our completed projects in Shanghai upon contract closeout.

Macau:

The gross profit of the Macau region remained at approximately 10.7% with major gross profit contributed from three major E&M installation projects from the Project Cotai Complex, the Project Cotai Resort and a well-known hotel in Cotai.

Management Discussion and Analysis

Other income/gains, net

For the period under review, other income and net gains of approximately HK\$0.2 million (2014: approximately HK\$0.5 million) included the net exchange gain recognized mainly from settlement of trade payables and partially set off by loss on disposal of property, plant and equipment.

Finance income

The Group recorded finance income of approximately HK\$5.1 million and approximately HK\$8.7 million for the six months ended 31 December in 2015 and 2014 respectively. The decrease was mainly due to the decrease in the market interest rate and the average principal sum on the bank deposit placed in Mainland China.

General and administrative expenses

General and administrative expenses of the Group for the six months ended 31 December 2015 increased 24.5% to approximately HK\$110.4 million, compared to approximately HK\$88.7 million for the same period last year. The increase of approximately HK\$21.7 million was mainly attributable to the one-off non-recurring listing expenses of approximately HK\$16.8 million incurred during the six months ended 31 December 2015.

Taxation

The effective tax rate of the Group decreased from approximately 12.8% to approximately 11.2% as compared to the same period last year resulting from the recognition of deferred tax assets of a joint operation project during the period under review.

Profit attributable to shareholders

As a result of the foregoing, our profit for the period under review increased by around 0.7% or approximately HK\$0.5 million from approximately HK\$74.1 million for the six months ended 31 December 2014 to approximately HK\$74.6 million for the period under review. The increase was the combined result of higher contracting revenue mostly from our core business segment, which was partially offset by the increase in general and administrative expenses due to the one-off non-recurring listing expenses.

The net profit margin decreased from approximately 5.4% for the six months ended 31 December 2014 to approximately 4.6% for the period under review. If the one-off non-recurring listing expenses of HK\$16.8 million was excluded from the general and administrative expenses, the Group would have achieved a profit of approximately HK\$91.4 million, representing a remarkable increase of approximately HK\$17.3 million or approximately 23.3% as compared to approximately HK\$74.1 million for the same period last year.

Other comprehensive loss

The Group recorded other comprehensive loss of approximately HK\$21.9 million for the period under review, comprising mainly the decrease in exchange reserve of approximately HK\$16.4 million resulting from the devaluation of the Renminbi ("RMB") for conversion of the net investments in our PRC operations and the decrease in the asset revaluation reserve of approximately HK\$5.5 million in relation to the decrease in the estimated market price for the Group's properties, especially in the Hong Kong region.

Management Discussion and Analysis

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 31 December 2015, the Group had total cash and bank balances of approximately HK\$1,074.8 million, of which approximately 58%, 39% and 3% were denominated in Hong Kong dollars, RMB and other currencies respectively (30 June 2015: approximately 29%, 70% and 1% respectively). As compared to 30 June 2015, the Group's cash and bank balances increased by approximately HK\$462.3 million from approximately HK\$612.5 million which was primarily due to the receipt of net proceeds of approximately HK\$273.5 million (after deduction of underwriting commission and all related expenses paid during the six months ended 31 December 2015) (the "Net Proceeds Received during the Period") from the Listing and the increase in net cash flow from operating activities. Taking into account of the Net Proceeds Received during the Period and the listing related expenses (i) prepaid prior to 30 June 2015 of approximately HK\$3.8 million and (ii) to be settled after 31 December 2015 of approximately HK\$5.2 million, we recorded an aggregate net proceeds of approximately 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 31 December 2015 (30 June 2015: Nil) and hence the Group's gearing ratio (being our total borrowings divided by our total equity) maintained at zero as at 31 December 2015. As at 31 December 2015, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and/or trade financing of approximately HK\$1,122.8 million (30 June 2015: HK\$1,601.3 million), of which approximately HK\$356.8 million (30 June 2015: HK\$356.4 million) had been utilized for bank guarantees and trade finance. The Group believes it has sufficient committed and unutilized banking facilities to meet 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 exposure should the need arise.

As part of our business was carried in the PRC, part of our assets and liabilities were also denominated in RMB. Majority of these assets and liabilities were arisen from the net investments in the PRC operations with net assets of HK\$295.9 million as at 31 December 2015. The foreign currency translation arising from translation of these PRC operations' financial statements 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 recognized in our other comprehensive income.

During the period under review, the fluctuation of RMB against Hong Kong dollars was approximately 5.0% (by comparing the highest exchange rate of RMB against Hong Kong dollars with the lowest exchange rate of RMB against Hong Kong dollars during the period under review).

As at 31 December 2015, if Hong Kong dollars had strengthened/weakened by another 5.0% against RMB with all other variables unchanged, the Group's other comprehensive income would have been approximately HK\$14.8 million lower/higher.

Management Discussion and Analysis

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 approximately HK\$264.5 million. Based on the net proceeds derived from the Global Offering, 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 (the "Listing Date")) to 31 December 2015, the net proceeds from the Global Offering had not been utilized and are placed in bank accounts maintained with licensed banks and authorised financial institutions in Hong Kong.

Capital commitments

The Group had capital commitments of approximately HK\$3.9 million as at 31 December 2015 in relation to the purchase of property, plant and equipment (as at 30 June 2015: HK\$5.0 million).

Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2015.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had a total of 1,609 employees (31 December 2014: 1,498). Staff costs for the period under review, including salaries and benefits, were approximately HK\$258 million (six months ended 31 December 2014: approximately HK\$228 million). The addition to the total headcount is mainly for the E&M engineering segment in Hong Kong which had been awarded an increased number of projects during the past 12 months ended 31 December 2015.

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 organization and fostering employee loyalty. Our employees are subject to regular job performance reviews which determine their promotion prospects and compensation.

The Company adopted a share option scheme during the period under review, which is to provide incentives to the eligible participants (including the employees of the Group) to contribute to the Group and to enable us to recruit high-calibre employees and attract human resources that are valuable to the Group. Details of the share option scheme are set out in the Prospectus.

OUTLOOK

The successful Listing last year has marked a key milestone for the Group. Our leading market position, proven track record, well-established customer connections and ample financial reserve continue to serve as the valuable assets to the Group. As stated in the Prospectus, from time to time we evaluate acquisition opportunities and engage competent professional talent to explore new markets and expand the Group's market presence in Hong Kong, Macau and the PRC.

Our board of directors believes that, through unwavering efforts, the Group is able to maximize 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. Nonetheless, the Company is striving to continue its presence in the PRC and expand its business in the environmental engineering segment.

Management Discussion and Analysis

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. With major infrastructure projects entering their construction peaks starting from 2013, capital works expenditure has increased to more than HK\$70 billion for each of the next few years. These large infrastructure projects have created a large number of jobs, which are particularly crucial in times of uncertain economic outlook.

According to the Chief Executive's 2016 Policy Address delivered in January 2016, the Hong Kong Government will continue to make vigorous efforts to increase land supply. In line with the Long Term Housing Strategy, the Hong Kong Housing Authority and the Hong Kong Housing Society will produce 76,700 public rental housing units and 20,400 subsidized 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 supply a historically high record of about 87,000 flats since the first release in September 2004 of the quarterly statistics on supply 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 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 and devise an overall hospital development plan by providing 5,000 additional public hospital beds and 94 new operating theatres in the next ten years.

Apart from the above, the construction of the Shatin-Central Link, the investment in the West Kowloon Cultural District, the Mass Transit Railway Corporation Limited's railway property development, the Kai Tak redevelopment, the expansion of the airport, the Lantau development associated with the Hong Kong-Zhuhai-Macao Bridge, and the Energizing Kowloon East Initiative (including Kwun Tong redevelopment and revitalized industrial buildings) will definitely help boost the construction industry in Hong Kong in the coming decade.

Regarding the maintenance section of our E&M engineering services, the Group foresees a steady growth in the term maintenance contracts in view of growing demands from different prestigious commercial buildings, public sectors and education institutions. We anticipate an increase in revenue in respect of the fit-out works, system upgrading works and replacement works. Large scale alteration and addition and system retrofit works are also set to provide a favorable return to the maintenance section.

Currently, the construction and engineering sectors in Hong Kong face a multitude of immense problems and challenges. The severe labour shortage coupled with the aging workforce and the resultant escalated labour costs result in keen competition for labour and raise the construction cost. The awarding of new public works contracts is experiencing a serious delay. The Group is striving to maintain a stable labour workforce and retain our loyal staff members so as to uphold its competitive strength.

PRC — In the midst of a global economic slowdown, China's economic growth is likely facing further downward pressure this year. In line with corporate strategy, the Group will continue 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 playing an active role in Beijing and Shanghai, the Group has also established its presence in other first-tier and second-tier cities in the PRC such as Tianjin, Dalian, Shenyang, Chengdu, Wuhan, Changsha, Nanjing, etc.

Management Discussion and Analysis

With the advent of China's "One Belt, One Road (一帶一路)" initiative and the rapid development of the three Guangdong Pilot Free Trade Zone regions, being Hengqin (橫琴), Qianhai (前海) and Nansha (南沙), the Company will actively seek to participate in related projects in order to seize new business opportunities and achieve higher market penetration.

During recent years, the Company has been actively engaged in project management services in the PRC for an international exhibition centre development in Shenyang, and subsequently two high-rise building complexes in Tianjin and Guangzhou, and has gained market recognition in this field. We firmly believe that our strong value-added E&M project management expertise in the areas of integrated services coordination, coordinated services drawing production, building information modeling techniques, project planning, quality assurance, system testing and commissioning, etc pose strong attractions for 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 such project management services can generate an additional stable source of income for the Group.

Macau — The construction and E&M engineering sectors in Macau performed very well in the past few years. Yet, following the anticipated completion of several casino projects in 2016 and the slowdown of the tourism and gaming industry, the construction engineering sectors in Macau are expected to undergo a stage of consolidation.

Nevertheless, the robust demand for housing, the development of the Light Rapid Transit System, the expansion of the Macao International Airport, and the investment in Islands District Medical Complex are expected to create emerging business opportunities in Macau in the coming few years.

According to the Policy Address for the fiscal year of 2016 of Macau, the Macau SAR Government has initiated the reclamation project for New Urban Zone Area A and the Zhuhai-Macao artificial islands of Hong Kong-Zhuhai-Macao Bridge, which plan to build 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 the current 29,000 units to 44,100 units during 2017 to 2019.

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

As the PRC has designated Hengqin, an island next to Macau, as a tourism, business and cultural zone, it was reported in the media that certain casino and/or listed companies are vigorously considering procuring land in Hengqin to build a hotel-to-office complex, resort and theme park.

Management Discussion and Analysis

Environmental engineering segment

The increasing awareness of the importance of a good environment further raises the 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 highlighted. Thus, the Group recognizes that “going green” is an important growing trend and aims at providing our customers a total solution pertinent to energy saving, renewable energy and environmentally friendly technologies.

The recently implemented Buildings Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong) has 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 potable water quality. The increasing demand for our water treatment and odour abatement products such as electro-chlorination system and biotech deodorization system also support the growth of our environmental engineering segment. The Group currently has a laboratory accredited under the Hong Kong Laboratory Accreditation Scheme (HOKLAS) in operation and is investing in a web-based building energy management system, an advanced lighting solution product and waste water treatment technology involving microalgae, to better capture business opportunities in the potential environmental assessment and improvement services market in the environmental engineering sector.

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

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF FSE ENGINEERING HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 40, which comprises the interim condensed consolidated balance sheet of FSE Engineering Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTER

The condensed consolidated interim financial information includes comparative information as required by Hong Kong Accounting Standard 34, "Interim financial reporting". The comparative information for the interim condensed consolidated balance sheet is based on the audited financial statements as at 30 June 2015. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 31 December 2014 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 February 2016

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Condensed Consolidated Income Statement — Unaudited

	Note	For the six months ended 31 December	
		2015 HK\$'000	2014 HK\$'000
Revenue	5	1,609,317	1,374,882
Cost of sales		(1,420,208)	(1,210,403)
Gross profit		189,109	164,479
Other income/gains, net	6	195	526
General and administrative expenses		(110,423)	(88,706)
Operating profit	7	78,881	76,299
Finance income		5,101	8,701
Profit before income tax		83,982	85,000
Income tax expenses	8	(9,382)	(10,874)
Profit for the period attributable to equity holders of the Company		74,600	74,126
Earnings per share for profit attributable to equity holder of the Company during the period (expressed in HK\$ per share) — basic and diluted	9	0.23	0.25
Dividends	10	22,500	—

Condensed Consolidated Statement of Comprehensive Income — Unaudited

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Profit for the period	74,600	74,126
Other comprehensive income:		
<i>Items that will not be reclassified to condensed consolidated income statement:</i>		
Revaluation loss on property, plant and equipment	(6,538)	—
Deferred income tax on revaluation loss on property, plant and equipment	1,040	—
	(5,498)	—
<i>Item that may be subsequently reclassified to condensed consolidated income statement:</i>		
Currency translation differences	(16,375)	(72)
Other comprehensive income, net of tax	(21,873)	(72)
Total comprehensive income for the period and attributable to equity holders of the Company	52,727	74,054

Condensed Consolidated Balance Sheet — Unaudited

	Note	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	166,205	172,582
Land use rights	11	23,520	24,075
Intangible assets	11	35,506	35,691
Deferred income tax assets		6,920	268
		232,151	232,616
Current assets			
Inventories		17,981	18,074
Amounts due from customers for contract works		166,731	113,818
Trade and other receivables	12	672,606	674,558
Cash and bank balances		1,074,791	612,526
		1,932,109	1,418,976
Total assets		2,164,260	1,651,592
EQUITY			
Share capital	13	45,000	30,000
Reserves		790,378	466,162
Shareholders' funds and total equity		835,378	496,162
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		38,849	36,879
Current liabilities			
Amounts due to customers for contract works		750,579	487,977
Trade and other payables	14	521,555	614,384
Taxation payable		17,899	16,190
		1,290,033	1,118,551
Total liabilities		1,328,882	1,155,430
Total equity and liabilities		2,164,260	1,651,592
Net current assets		642,076	300,425
Total assets less current liabilities		874,227	533,041

Condensed Consolidated Statement of Changes in Equity — Unaudited

	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000
At 1 July 2015	30,000	466,162	496,162
Profit for the period	–	74,600	74,600
Other comprehensive income:			
Currency translation differences	–	(16,375)	(16,375)
Revaluation loss on property, plant and equipment	–	(6,538)	(6,538)
Deferred income tax on revaluation loss on property, plant and equipment	–	1,040	1,040
Total comprehensive income	–	52,727	52,727
Transactions with owners:			
Issuance of shares	15,000	271,489	286,489
At 31 December 2015	45,000	790,378	835,378
At 1 July 2014	–	539,546	539,546
Profit for the period	–	74,126	74,126
Other comprehensive income:			
Currency translation differences	–	(72)	(72)
Total comprehensive income	–	74,054	74,054
Transactions with owners:			
Issuance of shares	30,000	(30,000)	–
At 31 December 2014	30,000	583,600	613,600

Condensed Consolidated Statement of Cash Flows — Unaudited

	Note	For the six months ended 31 December	
		2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Cash generated from operations	16	221,969	78,547
Hong Kong profits tax paid		(5,330)	(4,750)
Mainland China and Macau income tax paid		(8,841)	(20,092)
Net cash generated from operating activities		207,798	53,705
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,678)	(2,871)
Proceeds from disposal of property, plant and equipment and land use rights		244	73
Interest received		5,101	8,701
Net cash (used in)/generated from investing activities		(333)	5,903
Cash flows from financing activities			
Proceeds from borrowings		–	40,000
Listing expenses paid		(35,846)	–
Gross proceeds from public offer of shares		309,375	–
Net cash generated from financing activities		273,529	40,000
Net increase in cash and cash equivalents during the period		480,994	99,608
Cash and cash equivalents at beginning of period			
Exchange differences		(18,729)	–
Cash and cash equivalents at end of period		1,074,791	833,845
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,074,791	833,845

Notes to the Condensed Consolidated Interim Financial Statements

1 GENERAL INFORMATION

FSE Engineering Holdings Limited (the "Company") is a limited liability company incorporated in Cayman Islands on 22 June 2015. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in provision of mechanical and engineering services, trading of building materials, and trading of environmental products and provision of related engineering and consultancy services in Hong Kong, Mainland China and Macau. The ultimate holding company of the Company is FSE Holdings Limited incorporated in the Cayman Islands. The directors consider Mr. Doo Wai Hoi, William to be the ultimate controlling shareholder (the "Ultimate Controlling Shareholder").

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated.

This condensed consolidated interim financial information was approved for issue by the board of directors of the Company (the "Board") on 26 February 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

In preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited, the Company and other companies 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. Details of the Reorganisation are set out under the section headed "Group reorganisation" in Appendix IV of the prospectus of the Company dated 26 November 2015 (the "Prospectus"). Accordingly, the interim financial information presented for the six months ended 31 December 2014 was prepared under the principles of merger accounting as if the current group structure had been in existence throughout the period presented.

This unaudited condensed interim financial information for the six months ended 31 December 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS 34"), "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the Prospectus, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies applied are consistent with those described in the Prospectus.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the Condensed Consolidated Interim Financial Statements

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(a) Adoption of improvements to existing standards

For the six months ended 31 December 2015, the Group adopted the following improvements to existing standards which are effective for the accounting periods beginning on or after 1 January 2015 and relevant to the Group's operations:

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 results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements.

(b) New standards and amendments and improvements to standards that are not yet effective

HKICPA has issued certain new standards, amendments and improvements which are relevant to the Group's operation but not yet effective as at 31 December 2015 and the Group has not early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Disclosure initiative	1 January 2016
HKFRS 11 Amendment	Accounting for acquisition of interests in joint operations	1 January 2016
HKFRS 10 and HKAS 28 Amendments	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 16 and HKAS 38 Amendments	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012–2014 cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of making an assessment of the likely impact of these new or revised standards, amendments to standards and interpretations to the Group's results and financial position in the period of initial application. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

Notes to the Condensed Consolidated Interim Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and foreign exchange risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the Prospectus, and should be read in conjunction with the Prospectus.

There have been no changes in the risk management policies since year end.

3.2 Fair value estimation

The carrying amounts of other financial assets and liabilities approximate their fair values due to the short-term maturities of these assets and liabilities.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2015 in the Prospectus.

5 REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 31 December	
	2015	2014
Turnover		
Contracting	1,496,053	1,275,820
Maintenance services	46,694	44,205
Sales of goods	66,570	54,857
	1,609,317	1,374,882

Notes to the Condensed Consolidated Interim Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 changes in fair value of properties, unallocated corporate expenses and non-recurring events. In addition, finance income and costs and share of gains or losses of joint ventures 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 corporate expenses.

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 allowances that are reported as direct offsets in the balance sheet. Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, deferred income tax assets, inventories, receivables, amounts due from related companies 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 purposes unless the segment is engaged in financing activities.

As at 31 December 2015, unallocated assets and unallocated liabilities represented cash of net proceeds received from listing and trade and other payables of the Company respectively.

Capital expenditure comprises mainly additions to land use rights, and property, plant and equipment (Note 11).

Notes to the Condensed Consolidated Interim Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) As at and for the six months ended 31 December 2015

The segment results for the six months ended 31 December 2015 and other segment items included in the condensed 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	1,584,884	24,433	–	1,609,317
Revenue — internal	6,473	2,917	(9,390)	–
Total revenue				1,609,317
Operating profit before unallocated corporate expenses	96,854	2,310		99,164
Unallocated corporate expenses				(20,283)
Operating profit				78,881
Finance income, net				5,101
Profit before income tax				83,982
Income tax expenses				(9,382)
Profit for the period				74,600
Other items				
Depreciation	4,081	776	–	4,857
Amortisation of intangible assets	185	–	–	185
Amortisation of land use rights	285	–	–	285

The segment assets and liabilities as at 31 December 2015 and capital expenditure for the six months ended 31 December 2015 are as follows:

	E&M engineering HK\$'000	Environmental management services HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
Segment assets	1,858,651	32,080	–	1,890,731
Unallocated assets				273,529
Total assets				2,164,260
Segment liabilities	1,308,390	11,292	–	1,319,682
Unallocated liabilities				9,200
Total liabilities				1,328,882
Capital expenditure	2,547	3,131		5,678
Unallocated capital expenditure				–
Total capital expenditure				5,678

Notes to the Condensed Consolidated Interim Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) For the six months ended 31 December 2014 and as at 30 June 2015

The segment results for the six months ended 31 December 2014 and other segment items included in the condensed 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	1,350,694	24,188	–	1,374,882
Revenue — internal	4,110	3,259	(7,369)	–
Total revenue				1,374,882
Operating profit before unallocated corporate expenses	73,603	2,696	–	76,299
Unallocated corporate expenses				–
Operating profit				76,299
Finance income, net				8,701
Profit before income tax				85,000
Income tax expenses				(10,874)
Profit for the period				74,126
Other items				
Depreciation	3,515	458	–	3,973
Amortisation of intangible assets	185	–	–	185
Amortisation of land use rights	289	–	–	289

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	Inter-segment elimination 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

Notes to the Condensed Consolidated Interim Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) For the six months ended 31 December 2014 and as at 30 June 2015 *(Continued)*

Turnover from external customers by geographical areas is based on the geographical location of the customers.

Turnover is allocated based on the countries in which the customers are located as follows:

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Turnover		
Hong Kong	1,041,404	716,613
Mainland China	167,020	229,177
Macau	400,893	429,092
	1,609,317	1,374,882

The non-current assets excluding deferred tax assets are allocated based on the countries in which the non-current assets are located as follows:

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
	Non-current assets	
Hong Kong	148,103	153,007
Mainland China	31,260	32,854
Macau	45,868	46,487
	225,231	232,348

Notes to the Condensed Consolidated Interim Financial Statements

6 OTHER INCOME/GAINS, NET

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Exchange gain, net	366	297
(Loss)/gain on disposal of property, plant and equipment and land use rights, net	(184)	71
Sundries	13	158
	195	526

7 OPERATING PROFIT

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Operating profit is stated after charging/(crediting):		
Changes in inventories of finished goods and work in progress	37,741	32,301
Raw materials and consumables used	496,339	517,085
Subcontracting fees	631,332	468,040
Write back of provision for inventories	(722)	(1,595)
Amortisation of land use rights	285	289
Amortisation of intangible assets	185	185
Depreciation of property, plant and equipment	4,857	3,973
Operating lease rental for land and buildings	14,234	15,241
Less: Operating lease rental capitalised under contracts in progress	(1,766)	(2,382)
	12,468	12,859
Staff costs (including Directors' emoluments)		
Salaries and allowances	245,471	216,960
Pension cost on defined contribution schemes	12,632	11,524
Listing expenses	16,760	–

Notes to the Condensed Consolidated Interim Financial Statements

8 INCOME TAX EXPENSES

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Current income tax		
Hong Kong profits tax	7,863	4,171
Mainland China taxation	7,989	6,652
Macau taxation	297	35
Over-provision in prior years	(3,125)	(4,091)
Deferred income tax (credit)/expense	(3,642)	4,107
	9,382	10,874

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit. Taxation on Mainland China and Macau profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates. These rates range from 12% to 25% for the six months ended 31 December 2014 and 2015 respectively. 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.

Notes to the Condensed Consolidated Interim Financial Statements

9 EARNINGS PER SHARE

(a) Basic

For the purpose of computing earnings per share for the six months ended 31 December 2014 and 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 relevant period.

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 six months ended 31 December 2015 and 2014.

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Profit attributable to owners of the Company	74,600	74,126
Weighted average number of ordinary shares in issue (shares in thousands)	318,750	300,000
Basic earnings per share (HK\$)	0.23	0.25

(b) Diluted

As the Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2015 and 2014, the diluted earnings per share equals the basic earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements

10 DIVIDENDS

The Board has resolved to declare an interim dividend of HK5.0 cents per share for the six months ended 31 December 2015 (2014: Nil). The interim dividend will be paid in cash.

11 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS, AND INTANGIBLE ASSETS

	Property, plant and equipment HK\$'000	Land use rights HK\$'000	Other intangible assets HK\$'000
Six months ended 31 December 2015			
Opening net book amount as at 1 July 2015	172,582	24,075	35,691
Additions	5,678	–	–
Disposals	(74)	–	–
Exchange differences	(232)	(270)	–
Depreciation and amortisation charges	(4,857)	(285)	(185)
Adjustment on revaluation	(6,892)	–	–
Closing net book amount as at 31 December 2015	166,205	23,520	35,506
Six months ended 31 December 2014			
Opening net book amount as at 1 July 2014	165,051	24,654	36,061
Additions	2,871	–	–
Disposals	(3)	–	–
Exchange differences	4	–	–
Depreciation and amortisation charges	(3,972)	(289)	(185)
Closing net book amount as at 31 December 2014	163,951	24,365	35,876

Notes to the Condensed Consolidated Interim Financial Statements

12 TRADE AND OTHER RECEIVABLES

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
Trade receivables		
Third parties	213,947	151,050
Related companies	59,596	41,803
	273,543	192,853
Less: provision for impairment		
Third parties	(6,713)	(6,752)
	266,830	186,101
Retention receivables		
Third parties	182,006	191,170
Related companies	135,521	102,917
	317,527	294,087
Accrued contract revenue	38,196	156,288
Other receivables and prepayments	50,053	38,082
	672,606	674,558

Generally, no credit period was granted to retail customers for trading of building materials. The credit periods generally granted to other customers within different business segment are summarised as follows:

	Credit period
E&M engineering	30-60 days
Environmental	30-60 days

The ageing analysis of the Group's trade receivables, based on the invoice date, and net of provision for impairment, is as follows:

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
Current to 3 months	240,073	170,303
4 to 6 months	15,133	7,756
Over 6 months	11,624	8,042
	266,830	186,101

Notes to the Condensed Consolidated Interim Financial Statements

13 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 22 June 2015. At the date of incorporation, an authorised share capital of HK\$100,000 comprising 1,000,000 ordinary shares of HK\$0.1 each and 1 share was allotted and issued nil paid to Sharon Pierson which was transferred to FSE Holdings Limited on the same date. On 30 June 2015, the remaining 999,999 shares in the authorised share capital of Company were allotted and issued nil paid to FSE Holdings Limited. On 30 June 2015, the authorised share capital of the Company has been increased from HK\$100,000 to HK\$100,000,000 by the creation of 999,000,000 new shares of HK\$0.1 each. On 30 June 2015, the entire share capitals in Building Material Supplies Limited, FSE Engineering Group Limited and FSE Environmental Technologies Limited held by FSE Management Company Limited were transferred to the Company, in consideration of the issue and allotment of 299,000,000 shares by the Company to FSE Holdings Limited, each credited as fully paid, as the initial capital of the Company for the acquisition of the entire interest and control of the listing businesses.

On 9 December 2015, 37,500,000 shares were allotted and issued, credited as fully paid at par.

On 9 December 2015, 112,500,000 shares were allotted and issued as fully paid for cash at HK\$2.75 per share.

The numbers of the Company's shares authorised and issued are as follows:

	Number of shares	HK\$'000
Ordinary shares, authorised:		
As at 30 June 2015 and 31 December 2015	1,000,000,000	100,000
Ordinary shares, issued and fully paid:		
As at 30 June 2015	300,000,000	30,000
Capitalisation issues	37,500,000	3,750
Issues of shares	112,500,000	11,250
As at 31 December 2015	450,000,000	45,000

Notes to the Condensed Consolidated Interim Financial Statements

14 TRADE AND OTHER PAYABLES

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
Trade payables		
Third parties	19,975	99,666
Related companies	–	1
	19,975	99,667
Bills payable		
Third parties	12,473	4,678
Retention payables		
Third parties	167,245	151,850
Related companies	–	201
	167,245	152,051
Accrued expenses	113,277	129,686
Provision for contracting costs	193,077	198,871
Other creditors and accruals	15,508	29,431
	521,555	614,384

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:

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
Current to 3 months	16,222	94,930
4 to 6 months	2,263	2,264
Over 6 months	1,490	2,473
	19,975	99,667

Notes to the Condensed Consolidated Interim Financial Statements

15 CAPITAL COMMITMENTS

	At 31 December 2015 HK\$'000	At 30 June 2015 HK\$'000
Authorised but not contracted for	972	5,000
Contracted but not provided for	2,919	–
	3,891	5,000

16 NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of operating profit to cash generated from operations:

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Profit before income tax	83,982	85,000
Interest income	(5,101)	(8,701)
Amortisation of land use rights (Note 11)	285	289
Amortisation of intangible assets (Note 11)	185	185
Depreciation of property, plant and equipment (Note 11)	4,857	3,973
Write back of provision for inventories	(722)	(1,595)
Listing expenses	16,760	–
Loss/(gain) on disposal of property, plant and equipment (Note 6)	184	(71)
Exchange differences	(1,114)	(76)
Operating cash flows before changes in working capital	99,316	79,004
Change in working capital:		
— Inventories	815	(945)
— Net amounts due to customers for contract works	211,438	(29,363)
— Trade and other receivables	(3,672)	100,990
— Trade and other payables	(86,710)	(74,647)
— Balances with related companies	782	3,508
Cash generated from operations	221,969	78,547

Notes to the Condensed Consolidated Interim Financial Statements

17 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial information, the Group undertook the following transactions with related parties, which in the opinion of the Directors of the Company, were carried out in the normal course of business during the six months ended 31 December 2014 and 2015.

- (a) The directors of the Company are of the view that the principal related parties that had transactions with the Group are listed below:

Name	Relationship
DMI Development Limited	Note i
FSE Management Company Limited	Note i
Fung Seng Enterprises Limited	Note i
General Security (H.K.) Limited	Note i
International Property Management Limited	Note i
Kenbase Engineering Limited	Note i
Kiu Lok Service Management Company Limited	Note i
New China Laundry Limited	Note i
Nova Insurance Consultants Limited	Note i
Onglory International Limited	Note i
Urban Property Management Limited	Note i
Waihong Environmental Services Limited	Note i
Waihong Pest Control Services Limited	Note i
上海實業南洋大酒店有限公司	Note i
上海豐昌物業管理有限公司	Note i
上海豐順置業有限公司	Note i
上海豐濤置業有限公司	Note i
Anway Limited	Note ii
AOS Management Ltd	Note ii
ATL Logistic Centre Hong Kong Ltd	Note ii
Bright Link Engineering Limited	Note ii
Broadway-Nassau Investments Limited	Note ii
Chow Tai Fook Jewellery and Watch (Macau) Limited	Note ii
Chow Tai Fook Jewellery Company Limited	Note ii
Direct Profit Development Ltd	Note ii
Discovery Park Commercial Services Limited	Note ii
East Concept Investments Ltd	Note ii
Ever Light Limited	Note ii
Gammon — Hip Hing Joint Venture	Note ii
GH Hotel Company Limited (Formerly known as Grand Hyatt Hong Kong Company Limited)	Note ii
Hip Hing Builders Company Limited	Note ii
Hip Hing Construction Company Limited	Note ii
Hip Hing Engineering Company Limited	Note ii
Hip Hing Joint Venture	Note ii
Hip Seng Construction Company Limited (Formerly known as Waking Builders Limited)	Note ii
HK Convention & Exhibition Centre	Note ii

Notes to the Condensed Consolidated Interim Financial Statements

17 RELATED PARTY TRANSACTIONS (Continued)

- (a) The directors of the Company are of the view that the principal related parties that had transactions with the Group are listed below:

Name	Relationship
Hong Kong Island Development Limited	Note ii
K11 Concepts Limited	Note ii
Markson Limited	Note ii
New Town Project Management Limited	Note ii
New World China Land Ltd	Note ii
New World Construction Company Limited	Note ii
New World Development Company Limited	Note ii
New World Facilities Management Company Limited	Note ii
New World Property Management Company Limited	Note ii
New World Strategic Investment Ltd	Note ii
New World TMT Ltd	Note ii
NW Project Management Limited	Note ii
NWS Holdings Limited	Note ii
Pridemax Ltd	Note ii
Renaissance Harbour View Hotel HK	Note ii
The Automall Ltd	Note ii
Vibro (HK) Ltd	Note ii
大連僑樂物業服務有限公司	Note ii
天津新世界百貨有限公司	Note ii
天津新世界環渤海房地產開發有限公司	Note ii
北京京廣中心有限公司	Note ii
北京祥和物業管理有限公司	Note ii
北京僑樂房地產管理服務有限公司	Note ii
成都心怡房地產開發有限公司	Note ii
協興建築(中國)有限公司	Note ii
周大福鐘錶(香港)有限公司	Note ii
深圳拓勁房地產開發有限公司	Note ii
湖南成功新世紀投資有限公司	Note ii
湖南梓山湖置業有限公司	Note ii
湖南新城新世界物業服務有限公司	Note ii
新世界(瀋陽)房地產開發有限公司	Note ii
新世界安信(天津)發展有限公司	Note ii
新世界百貨集團上海匯雅百貨有限公司	Note ii
新世界發展(武漢)有限公司	Note ii
新世界嘉業(武漢)有限公司	Note ii
廣州市新御房地產開發有限公司	Note ii
鹽城新世界百貨有限公司	Note ii

Notes:

- (i) These companies are commonly controlled by the Ultimate Controlling Shareholder.
- (ii) These related companies include companies of which the key management personnel are close relatives of the family of the Ultimate Controlling Shareholder.

Notes to the Condensed Consolidated Interim Financial Statements

17 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transaction with related parties

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Contract revenue (Note i)		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note iii)	35,422	19,875
Other related companies (Note iv)	686,099	300,999
	721,521	320,874
Contract expenses		
Other related companies (Note iv)	–	2,060
Insurance broking service expenses		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note iii)	12,394	9,132
Rental expenses (Note ii)		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note iii)	2,219	2,219
Other related companies (Note iv)	90	92
	2,309	2,311
General expenses		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note iii)	72	–
Other related companies (Note iv)	117	106
	189	106
Management fee		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note iii)	–	6,300

Notes:

- (i) Revenue from provision of contracting work is principally charged in accordance with respective contracts.
- (ii) Rental expenses were recharged based on fixed amounts agreed by the parties.
- (iii) These related companies include companies which are commonly controlled by the Ultimate Controlling Shareholder.
- (iv) These related companies include companies of which the key management personnel are close member of the family of the Ultimate Controlling Shareholder.

Notes to the Condensed Consolidated Interim Financial Statements

17 RELATED PARTY TRANSACTIONS (Continued)

(b) Transaction with related parties (Continued)

Balances with related parties

	As 31 December 2015 HK\$'000	As 30 June 2015 HK\$'000
Accounts receivables		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note i)	8,861	6,975
Other related companies (Note ii)	50,735	34,828
	59,596	41,803
Accounts payable		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note i)	–	1
Amounts due from customers for contract works		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note i)	3,872	5,618
Other related companies (Note ii)	92,731	49,245
	96,603	54,863
Amounts due to customers for contract works		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note i)	3,164	5,393
Other related companies (Note ii)	277,580	120,177
	280,744	125,570
Retention receivables		
Related companies commonly controlled by the Ultimate Controlling Shareholder (Note i)	724	–
Other related companies (Note ii)	134,797	102,917
	135,521	102,917
Retention payables		
Other related companies (Note ii)	–	201
Advance received for contract works		
Other related companies (Note ii)	–	1,061

Notes:

- (i) These related companies include companies which are commonly controlled by the Ultimate Controlling Shareholder.
- (ii) These related companies include companies of which the key management personnel are close member of the family of the Ultimate Controlling Shareholder.

Notes to the Condensed Consolidated Interim Financial Statements

17 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management includes directors and senior managements of the Group. The compensation paid or payable to key management for employee services is show below:

	For the six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Fees	108	380
Salaries and other emoluments	13,559	8,870
Contributions to defined contribution schemes	756	705
	14,423	9,955

Interim Dividend

The Board has resolved to declare an interim dividend of HK5.0 cents per share for the six months ended 31 December 2015 (2014: Nil). The interim dividend will be paid in cash to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 8 April 2016. The ex-dividend date for the interim dividend will be on Friday, 1 April 2016. It is expected that the dividend warrants will be posted to shareholders on or about Friday, 15 April 2016.

Closure of Register of Members

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time to lodge transfer documents for registration	4:30 pm on 5 April 2016
Closure of register of members	6 to 8 April 2016 (both days inclusive)
Record date	8 April 2016
Interim dividend payment date	on or about 15 April 2016

During the above closure period, no transfer of shares will be registered. In order to qualify for the interim 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 latest time specified above.

Other Information

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was established by the Board for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises three independent non-executive directors of the Company. The Audit Committee had reviewed the Group's unaudited interim financial statements for the period under review and discussed financial related matters with the management and the external auditors of the Company.

The unaudited interim financial statements of the Group for the period under review had been reviewed by the Company's external auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 Listing Date to 31 December 2015, 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 (the "Listing Rules").

DIRECTORS' DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted its own Securities Dealing Code, which is no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, as the code for dealing in securities of the Company by the Directors. All Directors confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Securities Dealing Code adopted by the Company throughout the period from the Listing Date to 31 December 2015.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since 16 November 2015, being the latest practicable date prior to the printing of the Prospectus are set out below:

- Mr. Lee Kwan Hung ("Mr. Lee") was appointed on 23 November 2015 as an independent non-executive director ("INED"), chairman of the remuneration committee, and a member of the audit committee, the nomination committee and the risk management committee of Ten Pao Group Holdings Limited (stock code: 1979), a company listed on the Main Board of the Stock Exchange of Hong Kong. Mr. Lee was then appointed on 27 November 2015 as an INED and a member of the nomination committee of China Goldjoy Group Limited (stock code: 1282), a company listed on the Main Board of the Stock Exchange of Hong Kong.

Except as mentioned above, there is no change in information of each Director that is required to be disclosed under Rules 13.51B(1) and 13.51(2) of the Listing Rules since 16 November 2015.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in ordinary shares of FSE Holdings Limited, an associated corporation of the Company

Name	Number of shares		Percentage of shareholding
	Beneficial interests	Interest of a controlled corporation	
Dr. Cheng Kar Shun, Henry	90,000,000 ⁽¹⁾	–	18%
Mr. Wong Kwok Kin, Andrew	–	45,000,000 ⁽²⁾	9%
Mr. Doo William Junior Guilherme	–	45,000,000 ⁽³⁾	9%
Mr. Lee Kwok Bong	–	5,000,000 ⁽⁴⁾	1%

Notes:

1. The shares are held by Chow Tai Fook Nominee Limited ("CTF Nominee") for Dr. Cheng Kar Shun, Henry.
2. The shares are held by Frontier Star Limited ("Frontier Star"), the entire issued share capital of which is solely and beneficially owned by Mr. Wong Kwok Kin, Andrew.
3. The shares are held by Master Empire Group Limited ("Master Empire") as to 25,000,000 shares and Supreme Win Enterprises Limited ("Supreme Win Enterprises") as to 20,000,000 shares, the entire issued share capital of each of which is solely and beneficially owned by Mr. Doo William Junior Guilherme.
4. The shares are held by Lagoon Treasure Limited ("Lagoon Treasure"), the entire issued share capital of which is solely and beneficially owned by Mr. Lee Kwok Bong.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2015.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in ordinary shares of the Company

Name	Number of shares			Percentage of shareholding
	Beneficial interests	Interest of a controlled corporation	Interest of a spouse	
FSE Holdings Limited ("FSE Holdings")	337,500,000 ⁽¹⁾	–	–	75%
Sino Spring Global Limited ("Sino Spring")	–	337,500,000 ^(1&2)	–	75%
Mr. Doo Wai Hoi, William ("Mr. Doo")	–	337,500,000 ^(1&2)	–	75%
Mrs. Doo Cheng Sau Ha, Amy ("Mrs. Doo")	–	–	337,500,000 ^(1&2&3)	75%

Notes:

1. FSE Holdings is beneficially owned as to 63% by Sino Spring, 9% by Frontier Star, 5% by Master Empire, 4% by Supreme Win Enterprises, 18% by Dr. Cheng Kar Shun, Henry (through CTF Nominee) and 1% by Lagoon Treasure. By virtue of Part XV of the SFO, Sino Spring is deemed to be interested in all Shares held by FSE Holdings. Mr. Wong Kwok Kin, Andrew and Mr. Doo William Junior Guilherme are the directors of FSE Holdings, which is in turn solely and beneficially owned Mr. Doo. By virtue of Part XV of the SFO, Sino Spring and Mr. Doo are deemed to be interested in all the shares held by FSE Holdings.
2. Sino Spring is an investment holding company incorporated on 3 January 2014 in the BVI with limited liability and is wholly owned by Mr. Doo. By virtue of Part XV of the SFO, Mr. Doo is deemed to be interested in all Shares in which Sino Spring is interested. Mr. Doo is the sole shareholder of Sino Spring.
3. Mrs. Doo is the spouse of Mr. Doo and is therefore taken to be interested in all the shares in which Mr. Doo is interested by virtue of Part XV of the SFO.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 31 December 2015.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Option Scheme") on 20 November 2015. No share options had been granted under the Option Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2015.

Corporate Information

BOARD OF DIRECTORS

Non-executive Director

Dr. Cheng Kar Shun, Henry (*Chairman*)

Executive Directors

Mr. Wong Kwok Kin, Andrew (*Vice-Chairman*)

Mr. Poon Lock Kee, Rocky (*Chief Executive Officer*)

Mr. Doo William Junior Guilherme

Mr. Lee Kwok Bong

Mr. Soon Kweong Wah

Independent Non-executive Directors

Mr. Kwong Che Keung, Gordon

Mr. Hui Chiu Chung, Stephen

Mr. Lee Kwan Hung

AUDIT COMMITTEE

Mr. Kwong Che Keung, Gordon (*Chairman*)

Mr. Hui Chiu Chung, Stephen

Mr. Lee Kwan Hung

REMUNERATION COMMITTEE

Mr. Hui Chiu Chung, Stephen (*Chairman*)

Mr. Lee Kwan Hung

Mr. Poon Lock Kee, Rocky

NOMINATION COMMITTEE

Mr. Lee Kwan Hung (*Chairman*)

Mr. Hui Chiu Chung, Stephen

Mr. Poon Lock Kee, Rocky

JOINT COMPANY SECRETARIES

Mr. Lee Kwok Bong

Mr. Chan Ju Wai

AUDITOR

PricewaterhouseCoopers

22/F Prince's Building

Central

Hong Kong

COMPLIANCE ADVISER

Halcyon Capital Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

BNP Paribas Hong Kong Branch

Crédit Agricole Corporate and Investment Bank
Hong Kong Branch

The Hongkong and Shanghai Banking Corporation Limited

Nanyang Commercial Bank, Ltd.

Standard Chartered Bank (Hong Kong) Limited

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Quarry Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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