



**FSE Engineering Announces 2016/17 Annual Results  
Profit Attributable to Equity Holders Increases to HK\$173.8 million**

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**Highlights**

- Revenue increased by 6.6% to HK\$3,700.1 million for the year ended 30 June 2017 (“FY2017” or the “Year”)(FY2016: HK\$3,471.9 million)
- Gross profit increased by 9.4% to HK\$406.9 million (FY2016: HK\$371.9 million)
- Profit attributable to equity holders of the Company increased by 6.5% to HK\$173.8 million (FY2016: HK\$ 163.2 million)
- The Group maintained a strong financial position with cash and bank balances of HK\$978.3 million and zero gearing as of 30 June 2017
- As at 30 June 2017, the Group’s total outstanding contract recorded HK\$5,600.0 million
- The Board recommended the declaration of a final dividend of HK8.1 cents per share for FY2017. The total dividend payout for FY2017 is HK15.5 cents per share, with a payout ratio of 40.1%

(22 September 2017, Hong Kong) — **FSE Engineering Holdings Limited** (“**FSE Engineering**” or the “**Group**”) (stock code: 331), is one of the leading E&M engineering companies in Hong Kong, has today announced its annual results for the Year. The Group achieved a solid financial performance with satisfactory growth of 6.6% and 6.5% respectively for its revenue and profit attributable to equity holders.

During the Year, FSE Engineering has delivered a solid financial performance and recorded revenue amounting to HK\$3,700.1 million, representing an increase of 6.6%, as compared with HK\$3,471.9 million last year. The increase was mostly attributable by E&M engineering segment, which remained as the Group’s key turnover driver and contributed 98.5% of the total revenue (FY2016: 98.5%), with revenue up 6.7% to HK\$3,646.0 million, owing mainly to the increase in revenue from the Group’s installation division through significant progress of a number of major E&M projects in Hong Kong. Revenue of the environmental management services segment increased from HK\$53.6 million to HK\$54.1 million, representing a mild growth of 0.9% as compared with FY2016. The increase was primarily contributed by water treatment projects and bio-technology installation and maintenance services.

The Group maintained its position as one of the leading E&M engineering companies in Hong Kong, capable of providing a comprehensive range of E&M engineering and environmental engineering services. As at 30 June 2017, the Group's projects encompassed a wide range of buildings and facilities, including offices, shopping malls, convention and exhibition centres, hotels, gaming centres, residential properties, universities, hospitals, airport and public transportation facilities buildings with a total outstanding contract sum of HK\$5,600.0 million.

During FY2017, the Group had been awarded new contracts with a total value of HK\$3,031.0 million, which include 111 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\$2,770.0 million. Among these 111 contracts, eight of them are major projects (with net contract sum equal to or more than HK\$100.0 million for each project), included mechanical, ventilation and air-conditioning (MVAC) and electrical installation for midfield expansion at the Hong Kong International Airport, plumbing and drainage installation for residential development in LOHAS Park Package 5 and 6, electrical and fire services installation for public rental housing at Pak Tin Estate Phases 7 and 8, fire services installation for public housing at North West Kowloon Reclamation Site 6 and Fat Tseung Street West, E&M installation for Hong Kong Airlines Aviation Training Centre at Chek Lap Kok, electrical installation for the hotel development at City of Dreams in Macau and heating, ventilation and air-conditioning (HVAC) and electrical installation for a commercial complex development in Kunming. During the Year, the Group submitted tenders for 677 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\$20,880.0 million.

The Group's profit attributable to equity holders for the Year increased by 6.5% to HK\$173.8 million, compared with HK\$163.2 million in FY2016. As at 30 June 2017, the Group had total cash and bank balances of HK\$978.3 million and the gearing ratio was maintained at zero. FSE Engineering has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year.

The Board has resolved to recommend a final dividend of HK8.1 cents per share for the Year (2016: HK9.4 cents). Combined with the interim dividend of HK7.4 cents per share (2016: HK5.0 cents), total distribution of dividend by the Company for the Year will thus be HK15.5 cents per share (2016: HK14.4 cents), representing a dividend payout ratio of 40.1% (2016: 39.7%).

## **Outlook**

Based on its market leadership buttressed by a proven track record, a well-established customer network and ample financial reserves, the Group will be able to continuously seek acquisition opportunities and engage competent professional talent to help it explore new market opportunities and expand geographical coverage in Hong Kong, Macau and Mainland China. Since the establishment of the new Extra Low Voltage ("ELV") division, the Group has secured six new projects. The Group expects that the ELV division can complement the work of the E&M engineering segment and provide valued customers in the property development one-stop ELV service solutions – from concept development to design to commissioning.

In the advent of China's "One Belt, One Road" initiative elaborated in the country's 13<sup>th</sup> Five-Year Plan, the Group is actively seeking to participate in related construction and infrastructure projects backed by the Asian Infrastructure Investment Bank (AIIB) in ten member states of Association of Southeast Asia Nations (ASEAN). In addition, the three rapidly developing Guangdong Pilot Free Trade Zones — Hengqin, Qianhai and Nansha — will bring in new business opportunities to the Group. The Group also firmly believes that due to its high market recognition and armed with strong value-added E&M project management expertise in the areas of, among others, integrated services coordination, coordinated services drawing production, Building Information Modelling (BIM) techniques, project planning, quality assurance and system testing and commissioning, the Group will be a preferred partner of foreign and Hong Kong-based developers of high-end projects in Mainland China. Leveraging its abundant E&M installation experience in Mainland China, the Group plans to extend our E&M project management services to cover high-end projects in Mainland China so as to generate an additional stable source of income.

For environmental engineering service, as increasing public awareness of the importance of a clean environment has fuelled the demand for environmental engineering services and products, the Group continues to invest in state-of-the-art instruments and offers clients reliable analytical testing services including physical, non-metallic, trace metals and microbiological analyses. In addition to its laboratory services, the Group has an automated odour-free food waste processor available in a wide range of size to provide a total solution in converting food waste into environmentally-safe water effluent. Furthermore, the Group had collaborated with Nano and Advanced Materials Institute Limited (NAMI) to invest and develop nano-bubble technology which converts ordinary air and water into a strong oxidising fluid.

In conclusion, as the Group can provide a comprehensive range of E&M engineering and environmental engineering services and run well-established E&M engineering operations in Hong Kong, Mainland China and Macau, it is ready to grasp the ample business opportunities that different infrastructure and large-scale projects are expected to bring.

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### **About FSE Engineering Holdings Limited**

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

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