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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)

CONTINUING CONNECTED TRANSACTIONS

(1) NWD MASTER SERVICES AGREEMENT

(2) NWS MASTER SERVICES AGREEMENT

(3) NWDS MASTER SERVICES AGREEMENT

(4) CTFJ MASTER SERVICES AGREEMENT

(5) DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT

In the ordinary and usual course of business of the Group, members of the Group regularly entered into continuing connected transactions in relation to the provision of the Services with members of each of the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group and the Doo's Associates Group. In order to streamline these continuing connected transactions in relation to the provision of the Services, the Company entered into the New Master Services Agreements, the principal terms and conditions of which are set out in this Announcement.

As the highest of the applicable Percentage Ratios in respect of Annual Caps of (1) each of the New Master Services Agreements (other than the NWDS Master Services Agreement) is more than 25%; and (2) the NWDS Master Services Agreement is more than 5% and exceeds HK\$10,000,000, each New Master Services Agreement and the Services Transactions contemplated thereunder and their Annual Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

An EGM will be convened and held by the Company to consider and, if thought fit, approve each of the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps.

A circular containing further details relating to the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps and other information as is required to be contained in it under the Listing Rules together with a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or about 9 May 2017 as time is required to prepare the required information for inclusion in the circular.

INTRODUCTION

In the ordinary and usual course of business of the Group, members of the Group regularly entered into continuing connected transactions in relation to the provision of the Services with members of each of the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group and the Doo's Associates Group. In order to streamline these continuing connected transactions in relation to the provision of the Services, the Company entered into the New Master Services Agreements, the principal terms and conditions of which are set out in this Announcement.

NEW MASTER SERVICES AGREEMENTS

1. NWD MASTER SERVICES AGREEMENT

As the initial term of the Former NWD Master Services Agreement is due to expire on 30 June 2017, the Company and NWD entered into the NWD Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the NWD Group. The Group is part of the Services Group and the NWD Master Services Agreement was entered into as a definitive agreement to the NWD Services Group Master Services Agreement.

NWCL has become a wholly-owned subsidiary of NWD since 3 August 2016. As such, the provision of the services as contemplated under the Former NWCL Master Services Agreement now form part of the Services Transactions as contemplated under the NWD Master Services Agreement.

For the purpose of effecting a termination of the Former NWD Master Services Agreement upon expiry of its initial term, the Company, NWD, Mr. Doo and FSE Management entered into a termination agreement on 10 April 2017 to terminate the Former NWD Master Services Agreement with effect from the Effective Date subject to the obtaining of the independent shareholders' approval of NWD to the NWD Services Group Master Services Agreement.

The major terms of the NWD Master Services Agreement are set out below:

- Date** : 10 April 2017
- Parties** : (1) NWD; and
(2) the Company.
- Conditions Precedent** : The NWD Master Services Agreement is conditional upon:
- (1) the obtaining of the approval of the Independent Shareholders at the EGM approving the NWD Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps; and
 - (2) the obtaining of the approval of the independent shareholders of NWD at an extraordinary general meeting

of NWD approving the NWD Services Group Master Services Agreement, the transactions contemplated thereunder and their annual caps.

Duration : Subject to fulfillment of the conditions precedent contained in the NWD Master Services Agreement, the NWD Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2020 (both days inclusive).

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the NWD Master Services Agreement shall be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Services to be provided by the Group to the NWD Group : E&M engineering and Environmental Services, and such other types of services as members of the Group and members of the NWD Group may agree upon from time to time in writing.

Services to be provided by the NWD Group to the Group : Rental Services, and such other types of services as members of the Group and members of the NWD Group may agree upon from time to time in writing.

Definitive Agreements : Members of the Group and members of the NWD Group will, from time to time during the term of the NWD Master Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules, the NWD Master Services Agreement and the NWD Services Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former NWD Master Services Agreement and the Former NWCL Master Services Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the NWD Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

2. NWS MASTER SERVICES AGREEMENT

As the initial term of the Former NWS Master Services Agreement is due to expire on 30 June 2017, the Company and NWS entered into the NWS Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group

and the NWS Group. The Group is part of the Services Group and the NWS Master Services Agreement was entered into as a definitive agreement to the NWS Services Group Master Services Agreement.

For the purpose of effecting a termination of the Former NWS Master Services Agreement upon expiry of its initial term, NWS served a termination notice to Mr. Doo, the Company and FSE Management on 10 April 2017 to terminate the Former NWS Master Services Agreement upon the NWS Services Group Master Services Agreement becoming effective on the Effective Date.

Major terms of the NWS Master Services Agreement are set out below:

- Date** : 10 April 2017
- Parties** : (1) NWS; and
(2) the Company.
- Conditions Precedent** : The NWS Master Services Agreement is conditional upon:
- (1) the obtaining of the approval of the Independent Shareholders at the EGM approving the NWS Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps; and
 - (2) the obtaining of the approval of the independent shareholders of NWS at a special general meeting of NWS approving the NWS Services Group Master Services Agreement, the transactions contemplated thereunder and their annual caps.
- Duration** : Subject to fulfillment of the conditions precedent contained in the NWS Master Services Agreement, the NWS Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2020 (both days inclusive).
- Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the NWS Master Services Agreement may be renewed at the end of its initial term for a further term of three years (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party no later than two months before the end of its initial term to terminate the NWS Master Services Agreement.
- Services to be provided by the Group to the NWS Group** : E&M engineering and Environmental Services, and such other types of services as members of the Group and members of the NWS Group may agree upon from time to time in writing.

Services to be provided by the NWS Group to the Group Contracting Services, and such other types of services as members of the Group and members of the NWS Group may agree upon from time to time in writing.

Definitive Agreements : Members of the Group and members of the NWS Group will, from time to time during the term of the NWS Master Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules, the NWS Master Services Agreement and the NWS Services Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former NWS Master Services Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the NWS Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

3. NWDS MASTER SERVICES AGREEMENT

As the initial term of the Former NWDS Master Services Agreement is due to expire on 30 June 2017, the Company and NWDS entered into the NWDS Master Services Agreement which serves to continue to provide them with a master framework of agreement upon which the Definitive Agreements to be made pursuant thereto are to be entered into between the Group and the NWDS Group. The Group is part of the Services Group and the NWDS Master Services Agreement was entered into as a definitive agreement to the NWDS Services Group Master Services Agreement.

For the purpose of effecting a termination of the Former NWDS Master Services Agreement upon expiry of its initial term, the Company, NWDS, Mr. Doo and FSE Management entered into a termination agreement on 10 April 2017 to terminate the Former NWDS Master Services Agreement with effect from the Effective Date.

Major terms of the NWDS Master Services Agreement are set out below:

Date : 10 April 2017

Parties : (1) NWDS; and
(2) the Company.

Conditions Precedent : The NWDS Master Services Agreement is conditional upon:

(1) the obtaining of the approval of the Independent Shareholders at the EGM approving the NWDS Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps; and

(2) (where required) the obtaining of the approval of the independent shareholders of NWDS at an extraordinary general meeting of NWDS approving the NWDS Services Group Master Services Agreement, the transactions contemplated thereunder and their annual caps.

Duration : Subject to fulfillment of the conditions precedent contained in the NWDS Master Services Agreement, the NWDS Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2020 (both days inclusive).

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the NWDS Master Services Agreement shall be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Services to be provided by the Group to the NWDS Group : E&M engineering and Environmental Services, and such other types of services as members of the Group and members of the NWDS Group may agree upon from time to time in writing.

Services to be provided by the NWDS Group to the Group : Rental Services, and such other types of services as members of the Group and members of the NWDS Group may agree upon from time to time in writing.

Definitive Agreements : Members of the Group and members of the NWDS Group will, from time to time during the term of the NWDS Master Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules, the NWDS Master Services Agreement and the NWDS Services Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former NWDS Master Services Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the NWDS Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

4. CTFJ MASTER SERVICES AGREEMENT

The initial term of the Former CTFJ Master Services Agreement is due to expire on 30 June 2018. To tally the term of the Former CTFJ Master Services Agreement with the other New Master Services Agreements such that their initial term shall expire on the same date, i.e. on 30 June 2020, the Company and CTFJ entered into the CTFJ Master Services Agreement (1) to terminate the Former CTFJ Master Services Agreement with effect from the Effective Date and replace it with the CTFJ Master Services Agreement with a term of three years commencing on the Effective Date and ending on 30 June 2020 subject to fulfillment of the conditions precedent contained in the CTFJ Master Services Agreement; and (2) which serves to continue to provide the Company and CTFJ with a master framework of agreement upon which the Definitive Agreements to be made pursuant to the CTFJ Master Services Agreement are to be entered into between the Group and the CTFJ Group.

Major terms of the CTFJ Master Services Agreement are set out below:

- Date** : 10 April 2017
- Parties** : (1) CTFJ; and
(2) the Company.
- Conditions Precedent** : The CTFJ Master Services Agreement is conditional upon the obtaining of the approval of the Independent Shareholders at the EGM approving the CTFJ Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps.
- Duration** : Subject to the fulfillment of the condition precedent of the CTFJ Master Services Agreement, the CTFJ Master Services Agreement shall be for an initial term of three years commencing on the Effective Date and ending on 30 June 2020 (both days inclusive).
- Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the CTFJ Master Services Agreement shall be automatically renewed for a further term of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.
- Services to be provided by the Group to the CTFJ Group** : E&M engineering and Environmental Services, and such other types of services as members of the Group and members of the CTFJ Group may agree upon from time to time in writing.
- Definitive Agreements** : Members of the Group and members of the CTFJ Group will, from time to time during the term of the CTFJ Master Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions

contemplated thereunder which shall always be in compliance with the Listing Rules, and the CTFJ Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former CTFJ Master Services Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the CTFJ Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

5. DOO'S ASSOCIATES GROUP MASTER SERVICES AGREEMENT

The initial term of the Former Doo's Associates Group Master Services Agreement is due to expire on 30 June 2018. To tally the term of the Former Doo's Associates Group Master Services Agreement with the other New Master Services Agreements such that their initial term shall expire on the same date, i.e. on 30 June 2020, the Company and FSE Management entered into the Doo's Associates Group Master Services Agreement (1) to terminate the Former Doo's Associates Group Master Services Agreement with effect from the Effective Date and replace it with the Doo's Associates Group Master Services Agreement with a term of three years commencing on the Effective Date and ending on 30 June 2020 subject to the fulfillment of the conditions precedent contained in the Doo's Associates Group Master Services Agreement; and (2) which serves to continue to provide the Company and FSE Management with a master framework of agreement upon which the Definitive Agreements to be made pursuant to the Doo's Associates Group Master Services Agreement are to be entered into between the Group and the Doo's Associates Group.

As the Fung Seng Group has been and remained as part of the Doo's Associates Group, the provision of the services as contemplated under the Former Property Leasing Master Services Agreement is now grouped as part of the Services Transactions as contemplated under the Doo's Associates Group Master Services Agreement.

Major terms of the Doo's Associates Group Master Services Agreement are set out below:

- Date** : 10 April 2017
- Parties** : (1) FSE Management; and
(2) the Company.
- Conditions Precedent** : The Doo's Associates Group Master Services Agreement is conditional upon the obtaining of the approval of the Independent Shareholders at the EGM approving the Doo's Associates Group Master Services Agreement, the Services Transactions contemplated thereunder and their Annual Caps.
- Duration** : Subject to fulfillment of the condition precedent contained in the Doo's Associates Group Master Services Agreement, the Doo's Associates Group Master Services Agreement shall be for an initial term of three years commencing on to the

Effective Date and ending on 30 June 2020 (both days inclusive).

Subject to re-compliance with the applicable requirements of the Listing Rules at the relevant time, the Doo's Associates Group Master Services Agreement shall be automatically renewed at the end of its initial term for a successive period of three years (or such other period as required under the Listing Rules or by the Stock Exchange) upon expiration of its initial term or any subsequently renewed term.

Services to be provided by the Group to the Doo's Associates Group : E&M engineering and Environmental Services, and such other types of services as members of the Group and members of the Doo's Associates Group may agree upon from time to time in writing.

Services to be provided by the Doo's Associates Group to the Group : Rental Services and Sundry Services, and such other types of services as members of the Group and members of the Doo's Associates Group may agree upon from time to time in writing.

Definitive Agreements : Members of the Group and members of the Doo's Associates Group will, from time to time during the term of the Doo's Associates Group Master Services Agreement, enter into separate Definitive Agreements in respect of the Services Transactions contemplated thereunder which shall always be in compliance with the Listing Rules, and the Doo's Associates Group Master Services Agreement.

All definitive agreements entered into in respect of the transactions contemplated under the Former Doo's Associates Group Master Services Agreement and the Former Property Leasing Master Services Agreement which are subsisting as at the Effective Date will be treated as Definitive Agreements made pursuant to the Doo's Associates Group Master Services Agreement as from the Effective Date and continue in full force and effect until their termination in accordance with their respective terms.

QUALIFICATIONS OF ENGAGEMENT

The engagement to be made pursuant to each of the New Master Services Agreements is subject to the following qualifications:

- (1) the engagement only applies to services required for businesses, projects and/or premises for which the relevant member(s) of the Group, the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group or the Doo's Associates Group (as the case may be) has (have) the right to select providers of the relevant Services;
- (2) the engagement is not contrary to the terms of contracts governing the relevant

businesses, projects or premises or any applicable laws, regulations or administrative directives promulgated by competent authorities to which the businesses, projects and/or premises of the relevant members of the Group, the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group or the Doo's Associates Group (as the case may be) may relate; and

- (3) in the event that the provider of a particular Service is required to be selected through auction or tender or other similar process, the engagement shall only become effective as and when the relevant member(s) of the Group, the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group or the Doo's Associates Group (as the case may be) has (have) been selected by the relevant member(s) of the Group, the NWD Group, the NWS Group, the NWDS Group, the CTFJ Group or the Doo's Associates Group (as the case may be) as the service provider as a result of the relevant auction or tender or other similar process.

The engagement to be made pursuant to the CTFJ Master Services Agreement is also subject to the following qualifications apart from the above:

- (1) CTFJ and each member of the CTFJ Group shall have the sole and absolute right and discretion to decide whether to engage any member of the Group to provide the E&M engineering and Environmental Services, and neither CTFJ nor any member of the CTFJ Group shall be under any obligation or commitment to engage or procure the engagement of any member of the Group to provide the E&M engineering and Environmental Services; and
- (2) the Company shall have no claim or right whatsoever against CTFJ and/or any member of the CTFJ Group in the event that any member(s) of the CTFJ Group does/do not engage any member(s) of the Group to provide the E&M engineering and Environmental Services.

PRICING POLICIES

General principle

As a general principle, the prices and terms of the Definitive Agreements with respect to the Services Transactions to be entered into pursuant to each of the New Master Services Agreements shall be determined in the ordinary and usual course of business of the Group and members of the counterparties to the New Master Services Agreements, on normal commercial terms and negotiated on arm's length basis and at prices and on terms no less favourable to the Group or the relevant members of the counterparties to the New Master Services Agreement (as the case may be) than those charged and provided to independent third party customers of the Group or members of the counterparties to the New Master Services Agreements (as the case may be) (or than those available to and from independent third parties).

Pricing policy and procedures

Subject to the general principle above, the pricing policy and procedures adopted and applied by the Group in setting the contract prices and terms of the Services Transactions with members of the counterparties to the New Master Services Agreements are as follows:

(1) as regards the electrical & mechanical engineering services to be provided by the Group as part of the E&M engineering and Environmental Services, members of the Group are typically engaged as subcontractor, contractor, management contractor or project manager of the E&M engineering and Environmental Services of the relevant projects after having been selected from participating tenderers or contractors by members of the counterparties to the New Master Services Agreements:

- where a member of the Group participates in a tender with all bidders (including independent third parties in the market), the winning bid of which will usually be the one with the lowest tender amount in accordance with the employer's tender procedures on the condition that the bidder conformed to all the essential requirements (including but not limited to relevant experience, capability and historical relationship) as set out in the bid invitation from the employer. For each potential project, the tender information is submitted to the Group's tender department for review. The preparation of tenders is a very important aspect of the Group's E&M engineering operations and requires considerable experience in pricing the tender so that it is competitive while remaining profitable. The tender preparation process includes tender wrap-up meeting to perform a thorough analysis of the project to be undertaken including contract requirements and possible risks, followed by the collection of cost data. Such data include quotations from suppliers for materials to be used in the project, estimates on management resources, and material and labour costs;
- in pricing a tender, the Group also make references to recent job quotations, such as tender record, major material and equipment costs and subcontractor's labour costs, quotations, resources availability of the Group's projects completed or in progress which are stored in the Group's data system. In addition, related market information, such as material price trend and potential contract opportunities are also retrieved for reference. Before submission, each tender has to be reviewed by the Group's contract managers and approved by the Group's project director in accordance with the Group's pricing policy and limits of authority;
- if the tender is from any connected person of the Company, the preparation and submission of the quotation should follow the same procedure as that with third party customer under a fair basis;
- in essence, the tender prices and terms of the Group's electrical & mechanical engineering services are project specific and will be at a fixed monetary amount and on terms assessed by the Group's contract managers, reviewed and approved by the Group's project director in charge of the relevant project in accordance with the Group's approved pricing policy which takes into account factors like the nature and complexity of the relevant project, the estimate of the costs and expenses of the Group, the requirements of the employer or main contractor of the relevant project;
- for non-tendering contracts of the Group's electrical & mechanical engineering services, the Group's contract sum and terms will be assessed and determined by adopting the same pricing policy and procedures as in the determination of the Group's tender prices and terms; and

- for other services which form part of the Group's electrical & mechanical engineering services, which are mainly in respect of the supply of E&M engineering equipment and building materials, the Group's contract sums will be at a fixed monetary amount based primarily on the Group's purchase costs with a reasonable mark-up and on terms assessed on the Group's standard terms in general;
- (2) as regards the environmental engineering services to be provided by the Group as part of the E&M engineering and Environmental Services:
- in essence, the Group's contract sum and terms will be at a fixed monetary amount and on terms assessed by the Group's managers, reviewed and approved by the Group's general manager taking into account factors like the nature and complexity of the relevant project, the estimated costs and expenses of the Group, and the requirements of the property owner or main contractor of the relevant project; and
 - if the job is from any connected person of the Company, the preparation and submission of the quotation should follow the same procedure as that with third party customer under a fair basis;
- (3) as regards the Rental Services to be provided by members of the NWD Group, the NWDS Group and the Doo's Associates Group pursuant to the relevant New Master Services Agreements:
- the existing rental paid by us under each existing lease agreement was determined by reference to the market rental of the property concerned current at or close to the lease commencement date; and
 - the rental payable by us under each new lease agreement, whether or not in relation to property currently leased by us from members of the counterparties to the relevant New Master Services Agreements, will be determined by reference to the market rental of the property concerned current at or close to the lease commencement date by reference to rentals comparables of similar properties in similar locations and where applicable, with comparable facilities, obtained from independent property agencies or parties; and
- (4) as regards Contracting Services to be provided by members of the NWS Group pursuant to the NWS Master Services Agreement:
- comparables of a sufficient number of fee quotations will be obtained by the Group from other independent service providers upon which the fairness and reasonableness of the prices and terms as may be offered by members of the NWS Group can be compared and assessed by the Group in determining if they are fair and reasonable and comparable to those offered by independent third parties, taking into account factors like reputation, quality and reliability of the counterparty concerned as compared to independent service providers. If a member of the NWS Group offers the price and terms equal to or better than those offered by the independent service providers and conforms to all the essential requirements (including but not limited to relevant experience, compliance with

specifications, capability and historical relationship) of the services to be provided, the Group may award the contract to such member of the NWS Group.

(5) as regards the Sundry Services to be provided by members of the Doo's Associates Group pursuant to the Doo's Associates Group Master Services Agreement:

- comparables of a sufficient number of fee quotations will be obtained by the Group from other independent service providers upon which the fairness and reasonableness of the prices and terms as may be offered by members of the Doo's Associates Group can be compared and assessed by the Group in determining if they are fair and reasonable and comparable to those offered by independent third parties, taking into account factors like reputation, quality and reliability of the counterparty concerned as compared to independent service providers.

HISTORICAL AGGREGATE TRANSACTION AMOUNTS

Historical aggregate transaction amounts in respect of the Services Transactions for the FY2015, FY2016 and the six months ended 31 December 2016 respectively are set out below:

Former NWD Master Services Agreement

Categories	Aggregate transaction amount		
	FY2015 (HK\$'000)	FY2016 (HK\$'000)	Six months ended 31 December 2016 (HK\$'000)
Services provided by the Group	78,882	239,690	134,649
Services provided by the NWD Group	<u>Nil</u>	<u>117</u>	<u>62</u>
Total	<u><u>78,882</u></u>	<u><u>239,807</u></u>	<u><u>134,711</u></u>

Note: NWCL has become a wholly-owned subsidiary of NWD and it and its subsidiaries have become part of the NWD Group since 3 August 2016. The above historical aggregate transaction amounts therefore included the historical aggregate transaction amounts attributable to the transactions contemplated under the Former NWCL Master Services Agreement.

Former NWS Master Services Agreement

Categories	Aggregate transaction amount		
	FY2015 (HK\$'000)	FY2016 (HK\$'000)	Six months ended 31 December 2016 (HK\$'000)
Services provided by the Group	599,915	1,365,411	734,367
Services provided by the NWS Group	<u>2,060</u>	<u>Nil</u>	<u>Nil</u>
Total	<u><u>601,975</u></u>	<u><u>1,365,411</u></u>	<u><u>734,367</u></u>

Former NWDS Master Services Agreement

Aggregate transaction amount

Categories	FY2015 (HK\$'000)	FY2016 (HK\$'000)	Six months ended 31 December 2016 (HK\$'000)
Services provided by the Group	26,233	15,140	6,436
Services provided by the NWDS Group	<u>185</u>	<u>176</u>	<u>70</u>
Total	<u>26,418</u>	<u>15,316</u>	<u>6,506</u>

Former CTFJ Master Services Agreement

Aggregate transaction amount

Categories	FY2015 (HK\$'000)	FY2016 (HK\$'000)	Six months ended 31 December 2016 (HK\$'000)
Services provided by the Group	<u>6,996</u>	<u>44,829</u>	<u>21,131</u>
Total	<u>6,996</u>	<u>44,829</u>	<u>21,131</u>

Former Doo's Associates Group Master Services Agreement

Aggregate transaction amount

Categories	FY2015 (HK\$'000)	FY2016 (HK\$'000)	Six months ended 31 December 2016 (HK\$'000)
Services provided by the Group	37,973	48,590	20,718
Services provided by the Doo's Associates Group	<u>4,458</u>	<u>7,090</u>	<u>4,390</u>
Total	<u>42,431</u>	<u>55,680</u>	<u>25,108</u>

Note: The above historical aggregate transaction amounts included the historical aggregate transaction amounts attributable to the transactions contemplated under the Former Property Leasing Master Services Agreement.

ANNUAL CAPS

The expected Annual Caps in respect of the Services Transactions contemplated under each of the New Master Services Agreements for the FY2018, FY2019 and FY2020 respectively are as follows:

NWD Master Services Agreement

Categories	Annual Caps		
	FY2018 (HK\$'000)	FY2019 (HK\$'000)	FY2020 (HK\$'000)
Services to be provided by the Group	660,833	693,393	847,079
Services to be provided by the NWD Group	<u>1,591</u>	<u>1,750</u>	<u>1,925</u>
Total	<u><u>662,424</u></u>	<u><u>695,143</u></u>	<u><u>849,004</u></u>

A significant portion of the Annual Caps for the E&M engineering and Environmental Services to be provided by members of the Group to members of the NWD Group under the NWD Master Services Agreement is expected to be largely attributable to the provision of electrical & mechanical engineering services arising from certain potential sizable upcoming and/or ongoing commercial development projects in various provinces in the People's Republic of China. The surge in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to the works relating to a hotel development project in Qingyuan and a commercial building in Beijing which the Group has been engaged as service provider by the NWD Group and the estimated future demand of the Group's services for certain potential projects of the NWD Group in Beijing City, Ningbo City, Wuhan City, Yangzhou City and Qianhai City.

The Annual Caps for the Services to be provided by members of the NWD Group to members of the Group under the NWD Master Services Agreement are attributable to the provision of the Rental Services. The increase in the Annual Caps as compared with their historical transaction amounts is mainly due to the expected surge in the Group's demand in floor spaces for office and site office premises and other business uses of the Group to cope with the Group's business development and growth in its electrical & mechanical engineering business.

NWS Master Services Agreement

Categories	Annual Caps		
	FY2018 (HK\$'000)	FY2019 (HK\$'000)	FY2020 (HK\$'000)
Services to be provided by the Group	1,834,149	2,217,261	2,619,833
Services to be provided by the NWS Group	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total	<u><u>1,854,149</u></u>	<u><u>2,237,261</u></u>	<u><u>2,639,833</u></u>

A significant portion of the Annual Caps for the E&M engineering and Environmental Services to be provided by members of the Group to members of the NWS Group under the NWS Master Services Agreement is expected to be largely attributable to the provision of electrical & mechanical engineering services arising from certain potential sizable upcoming and/or ongoing projects which include, but not limited to, certain public sector development projects as well as various private sector development projects (including residential and commercial development projects). The surge in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to the works relating to a construction project for a government building in Yau Ma Tei and a commercial redevelopment project of a complex comprising hotel, serviced apartment, shopping arcade and offices in Tsim Sha Tsui, both are of considerable size in Hong Kong undertaken by the NWS Group of which the Group has been engaged as the service provider.

The Annual Caps for the Services to be provided by members of the NWS Group to members of the Group under the NWS Master Services Agreement are largely attributable to the provision of the Contracting Services. The increase in the Annual Caps as compared with their historical transaction amounts is mainly due to the estimated future demand of Contracting Services from NWS Group in respect of certain potential sizable upcoming projects, which include, but not limited to, certain public sector development projects.

NWDS Master Services Agreement

Categories	Annual Caps		
	FY2018 (HK\$'000)	FY2019 (HK\$'000)	FY2020 (HK\$'000)
Services to be provided by the Group	79,535	88,077	90,071
Services to be provided by the NWDS Group	334	368	405
Total	79,869	88,445	90,476

A significant portion of the Annual Caps for the E&M engineering and Environmental Services to be provided by members of the Group to members of the NWDS Group under the NWDS Master Services Agreement is expected to be largely attributable to the provision of electrical & mechanical engineering services. The surge in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to the estimated future demand of the projects of the NWDS Group for our electrical & mechanical engineering services, particularly for renovation, fitting out and decoration works of the existing department stores in various provinces and cities of the People's Republic of China.

The Annual Caps for the Services to be provided by members of the NWDS Group to members of the Group under the NWDS Master Services Agreement are attributable to the provision of the Rental Services. The increase in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to the estimated future demand in floor spaces for office and site office premises, warehouse, car parking spaces and other business uses of the Group to cope with the Group's business growth.

CTFJ Master Services Agreement

Categories	Annual Caps		
	FY2018 (HK\$'000)	FY2019 (HK\$'000)	FY2020 (HK\$'000)
Services to be provided by the Group	<u>157,351</u>	<u>302,561</u>	<u>299,995</u>
Total	<u>157,351</u>	<u>302,561</u>	<u>299,995</u>

A significant portion of the Annual Caps for the E&M engineering and Environmental Services to be provided by members of the Group to members of the CTFJ Group under the CTFJ Master Services Agreement is expected to be largely attributable to the provision of electrical & mechanical engineering services. The surge in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to the estimated future demand for the Group's electrical & mechanical engineering services by the CTFJ Group for two potential commercial construction projects in Wuhan City and Ningbo City in the People's Republic of China.

Doo's Associates Group Master Services Agreement

Categories	Annual Caps		
	FY2018 (HK\$'000)	FY2019 (HK\$'000)	FY2020 (HK\$'000)
Services to be provided by the Group	188,440	165,527	289,108
Services to be provided by the Doo's Associates Group	<u>13,034</u>	<u>8,044</u>	<u>8,371</u>
Total	<u>201,474</u>	<u>173,571</u>	<u>297,479</u>

A significant portion of the Annual Caps for the E&M engineering and Environmental Services to be provided by members of the Group to members of the Doo's Associates Group under the Doo's Associates Group Master Services Agreement is expected to be largely attributable to the provision of electrical & mechanical engineering services. The surge in the Annual Caps as compared with their relevant historical transaction amounts is mainly due to (1) the increase in projects to which the Group's engagement has been confirmed and which are ongoing or will commence in the coming three financial years mainly including electrical and mechanical systems' replacement and upgrading works arising from various commercial and residential buildings and shopping centres in Hong Kong; and (2) the estimated future demand of the projects of the Doo's Associates Group particularly for the electrical & mechanical engineering services for various prospective commercial development projects in Shanghai City in the People's Republic of China.

The Annual Caps for the Services to be provided by members of the Doo's Associates Group to members of the Group under the Doo's Associates Group Master Services Agreement are attributable to the provision of the Rental Services and the Sundry Services. To cope with the Group's business growth and to facilitate centralisation of the Group's major operations and management in the Group's head office in Kowloon Bay, the future demand for floor spaces of office premises of the Group will increase and cause the increase in the Annual Caps for the Rental Services and the Sundry Services to be provided by the Doo's Associates Group.

Bases of determination of the Annual Caps

The Annual Caps in respect of the Services Transactions contemplated under each New Master Services Agreement are determined on the following bases:

- (1) in relation to the E&M engineering and Environmental Services to be provided by the Group to members of the counterparty to the New Master Services Agreement:
 - (a) the historical annual or annualised amounts in respect of the E&M engineering and Environmental Services provided by members of the Group to members of the counterparty to the New Master Services Agreement during the FY2015, FY2016 and the six months ended 31 December 2016;
 - (b) the existing projects in progress;
 - (c) the potential projects that may be undertaken by the Group; and
 - (d) the projected annual or annualised amounts in respect of the E&M engineering and Environmental Services to be provided by the members of the Group to members of the counterparty to the New Master Services Agreement in the next three FY2018, FY2019 and FY2020, having taken into account the following major factors:
 - the business growth and need of the Group and members of the counterparty to the New Master Services Agreement;
 - the estimated future demand for the E&M engineering and Environmental Services of the Group by members of the counterparty to the New Master Services Agreement; and
 - the expected increase in the Group's costs in providing the E&M engineering and Environmental Services taking into account various factors like inflation.
- (2) in relation to the Rental Services to be provided by members of the counterparty to the New Master Services Agreement:
 - (a) the existing rentals paid by the Group under the existing lease agreements;
 - (b) the expected rentals as may be paid by the Group at the time of entering into the new lease agreements or upon renewal of the existing lease agreements taking into account the current rentals and expected market rentals of similar properties in similar locations; and

- (c) the Group's demand in floor spaces for office and site office premises, warehouse, car parking spaces and other business uses of the Group to cope with the Group's business growth.
- (3) in relation to the Sundry Services to be provided by members of the counterparty to the New Master Services Agreement:
- (a) the historical annual or annualised amounts in respect of the Sundry Services provided to the Group by members of the counterparty to the New Master Services Agreement during the FY2015, FY2016 and the six months ended 31 December 2016; and
 - (b) the projected annual or annualised amounts in respect of the Sundry Services to be provided to the Group by members of the counterparty to the New Master Services Agreement in the next three FY2018, FY2019 and FY2020, having taken into account the following major factors:
 - the business growth and need of the Group and members of the counterparty to the New Master Services Agreement; and
 - the estimated market prices of such services by reference to the current market prices after factoring into the expected increase in service costs as well as inflation.
- (4) in relation to the Contracting Services to be provided by members of the counterparty to the New Master Services Agreement:
- (a) the historical annual or annualised amounts in respect of the Contracting Services provided to the Group by members of the counterparty to the New Master Services Agreement during the FY2015, FY2016 and the six months ended 31 December 2016;
 - (b) the potential projects that may be undertaken by the Group assuming the Group is able to secure them; and
 - (c) the projected annual or annualised amounts in respect of the Contracting Services to be provided to the Group by members of the counterparty to the New Master Services Agreement in the next three FY2018, FY2019 and FY2020, having taken into account the following major factors:
 - the business growth and need of the Group and members of the counterparty to the New Master Services Agreement; and
 - the estimated market prices of such services by reference to the current market prices after factoring into the expected increase in service costs as well as inflation.

Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW MASTER SERVICES AGREEMENTS

The Services Transactions contemplated under the New Master Services Agreements are of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, as well as the relevant members of the counterparties to the New Master Services Agreements.

The New Master Services Agreements serve to streamline the Services Transactions between members of the Group and members of the counterparties to the New Master Services Agreements by providing a single basis upon which the Company could comply with the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules and thereby reducing the administrative burden and costs of the Company in complying with these requirements.

The relevant members of the counterparties to the New Master Services Agreements are with profound experience and reputation in their respective areas of services and solid financial standing and have demonstrated themselves as reliable services providers or customers of the Group over the years. The Directors believe that the maintenance of the strategic business relationships with them will not only allow the realisation of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's growth in the long run.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into consideration the advice from the Independent Financial Adviser) are of the views that the terms of each of the New Master Services Agreements and the proposed Annual Caps in respect of the Services Transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONNECTION BETWEEN THE PARTIES

As at the date of this announcement:

- Dr. Cheng, the chairman and non-executive Director, is a connected person of the Company. Dr. Cheng is also the brother-in-law of Mr. Doo (one of the controlling shareholders of the Company), the uncle of Mr. Doo William Junior Guilherme (an executive Director) and is also the cousin of the spouse of Mr. Poon Lock Kee, Rocky (an executive Director and Chief Executive Officer). Each of the NWD Group, the NWS Group, the NWDS Group and the CTFJ Group is the family business of Dr. Cheng and is therefore treated as a connected person of the Company.
- Mr. Doo is one of the controlling shareholders of the Company and is a connected person of the Company. The Doo's Associates Group are 30%-controlled companies of Mr. Doo, his "immediate family members" and/or "family members" (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies. Members of the Doo's Associates Group are therefore connected persons of the Company.

REQUIREMENTS OF THE LISTING RULES

As the highest of the applicable Percentage Ratios in respect of Annual Caps of (1) each of the New Master Services Agreements (other than the NWDS Master Services Agreement) is more than 25%; and (2) the NWDS Master Services Agreement is more than 5% and exceeds HK\$10,000,000, each New Master Services Agreement and the Services Transactions contemplated thereunder and their Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

An EGM will be convened and held by the Company to consider and, if thought fit, approve each of the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps. The voting at the EGM will be taken by poll.

At the EGM, any Shareholders with a material interest in all or any of the New Master Services Agreements and the Services Transactions contemplated thereunder are required to abstain from voting on the proposed resolutions to be put forwarded to the Independent Shareholders at the EGM for approving the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps. In view of the interests of CTFJ, NWD, NWDS, NWS and Mr. Doo in the CTFJ Master Services Agreement, the NWD Master Services Agreement, the NWDS Master Services Agreement, the NWS Master Services Agreement and the Doo's Associates Group Master Services Agreement respectively, and the relation between Mr. Doo and Dr. Cheng as mentioned above, each of CTFJ, NWD, NWDS, NWS and Mr. Doo and their respective associates are required to abstain from voting at the EGM as aforesaid. As at the date of this Announcement, amongst these persons who are required to abstain from voting at the EGM as aforesaid, FSE Holdings, being an associate of Mr. Doo and one of controlling shareholders of the Company, is holding 75% of the issued Shares. FSE Holdings will therefore abstain from voting at the EGM as aforesaid. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from FSE Holdings, no other Shareholders are materially interested in all or any of the New Master Services Agreements and the Services Transactions contemplated thereunder who are required to abstain from voting at the EGM as aforesaid.

ADDITIONAL INFORMATION ON THE PARTIES

NWD Group

To the best knowledge of the Directors, the principal businesses of NWD and its subsidiaries include property development and investment in the area of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology.

NWS Group

To the best knowledge of the Directors, the principal businesses of NWS and its subsidiaries include: (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

NWDS Group

To the best knowledge of the Directors, the principal business of NWDS and its subsidiaries is the business of operating department stores and other related business and property investment operations in the People's Republic of China.

CTFJ Group

To the best knowledge of the Directors, the principal businesses of CTFJ and its subsidiaries include manufacturing and selling of mass luxury and high-end luxury jewellery, including gem-set products, gold products and platinum/karat gold products, and provision of related services; and distributing watches of various brands.

Doo's Associates Group

To the best knowledge of the Directors, the principal businesses of the Doo's Associates Group are property investment, the provision of property leasing, cleaning and laundry, landscaping, property and facility management, project management, insurance consultancy and brokerage, and security and guarding services.

The Group

The principal businesses of the Group include the provision of electrical and mechanical engineering and environmental engineering services.

GENERAL

The Independent Board Committee (comprising Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung and Dr. Tong Yuk Lun, Paul, all of them are independent non-executive Directors) has been established to consider the terms of the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps and to advise and provide recommendation to the Independent Shareholders as to whether the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Ballas Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other matters, the fairness and reasonableness of the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps.

A circular containing further details relating to the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps and other information as is required to be contained in it under the Listing Rules together with a notice of the EGM and a form of proxy is expected to be despatched to the Shareholders on or about 9 May 2017 as time is required to prepare the required information for inclusion in the circular.

DEFINITIONS

Unless the context otherwise requires, the following expressions used in this announcement have the following meanings:

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Annual Caps”	with respect to any New Master Services Agreement, the estimated maximum aggregate annual amounts in respect of the Services Transactions contemplated thereunder for each of the FY2018, FY2019 and FY2020
“associate”	has the meaning ascribed to it under the Listing Rules
“Ballas Capital” or “Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Services Transactions contemplated under each of the New Master Services Agreements and their Annual Caps
“Board”	the board of Directors
“Company”	FSE Engineering Holdings Limited (豐盛機電控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 331)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CTFJ”	Chow Tai Fook Jewellery Group Limited (周大福珠寶集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1929)
“CTFJ Group”	CTFJ, its subsidiaries and associates from time to time but excluding the NWD Group, the NWDS Group and the NWS Group
“Definitive Agreements”	with respect to any New Master Services Agreement, the individual definitive agreements in respect of the Services Transactions which may from time to time be entered into in pursuant thereto
“Director”	the director of the Company

“Doo’s Associates Group”	companies, other than members of the Group, which are the 30%-controlled companies of Mr. Doo, his “immediate family members” and/or “family members” (as defined in the Listing Rules), individually or together, and the subsidiaries of such companies
“Dr. Cheng”	Dr. Cheng Kar Shun, Henry, the chairman and non-executive Director of the Company
“Effective Date”	1 July 2017
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and approve the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps
“Former Master Services Agreement(s)”	<p>the following former master services agreements collectively:</p> <ol style="list-style-type: none"> (1) the master services agreement dated 20 November 2015 (“Former NWCL Master Services Agreement”) entered into between, inter alia, the Company and NWCL in relation to the provision of, inter alia, the E&M engineering and Environmental Services, and the Rental Services, to supplement the master services agreement dated 30 June 2014 entered into between Mr. Doo and NWCL in relation to the provision of services as contemplated thereunder between the Services Group and the NWCL Group; (2) the master services agreement dated 20 November 2015 (“Former NWD Master Services Agreement”) entered into between, inter alia, the Company and NWD in relation to the provision of, inter alia, the E&M engineering and Environmental Services, and the Rental Services, to supplement the master services agreement dated 11 April 2014 entered into between Mr. Doo and NWD in relation to the provision of services as contemplated thereunder between the Services Group and the NWD Group; (3) the master services agreement dated 20 November 2015 (“Former NWDS Master Services Agreement”) entered into between, inter alia, the Company and NWDS in relation to the provision of, inter alia, the E&M engineering and Environmental Services, and the Rental Services, to supplement the master services agreement dated 11 April 2014 entered into between Mr. Doo and NWDS in relation to the provision of services as contemplated thereunder between the Services Group and the NWDS Group;

- (4) the master services agreement dated 20 November 2015 (“**Former NWS Master Services Agreement**”) entered into between, inter alia, the Company and NWS in relation to the provision of, inter alia, the E&M engineering and Environmental Services, and the Contracting Services, to supplement the master services agreement dated 11 April 2014 entered into between Mr. Doo and NWS in relation to the provision of services as contemplated thereunder between the Services Group and the NWS Group;
- (5) the master services agreement dated 20 November 2015 (“**Former CTFJ Master Services Agreement**”) entered into between the Company and CTFJ in relation to the provision of, inter alia, the E&M engineering and Environmental Services by the Group to the CTFJ Group;
- (6) the master services agreement dated 20 November 2015 (“**Former Doo’s Associates Group Master Services Agreement**”) entered into between the Company and FSE Management in relation the provision of, inter alia, the E&M engineering and Environmental Services, the Rental Services and the Sundry Services between the Group and the Doo’s Associates Group; and
- (7) the master services agreement dated 20 November 2015 (“**Former Property Leasing Master Services Agreement**”) entered into between the Company and Fung Seng in relation to the provision of, inter alia, the Rental Services by the Fung Seng Group to the Group

“Fung Seng”	Fung Seng Enterprises Limited (豐盛創建企業有限公司), a company incorporated in Hong Kong with limited liability, which is indirectly wholly-owned by Mr. Doo
“Fung Seng Group”	Fung Seng and its subsidiaries from time to time
“FSE Holdings”	FSE Holdings Limited (豐盛創建控股有限公司), a company incorporated in the Cayman Islands and a controlling shareholder of the Company holding 75% of the issued Shares carrying the right to vote at general meetings of the Company as at the date of this Announcement
“FSE Management”	FSE Management Company Limited (豐盛創建管理有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of FSE Holdings
“FY” or “financial year”	financial year of the Company ended or ending 30 June
“Group”	the Company and its subsidiaries from time to time

“Independent Board Committee”	an independent committee of the Board, which comprises three independent non-executive Directors, namely Mr. Hui Chiu Chung, Stephen, Mr. Lee Kwan Hung and Dr. Tong Yuk Lun, Paul, established to advise the Independent Shareholders on, among other matters, the fairness and reasonableness of the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps
“Independent Shareholders”	the Shareholders, other than FSE Holdings, CTFJ, NWD, NWDS, NWS, Mr. Doo and their respective associates, who do not have any material interest in the matters to be considered at the EGM (namely, the New Master Services Agreements and the Services Transactions contemplated thereunder and their Annual Caps)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Doo”	Mr. Doo Wai Hoi, William, one of the controlling shareholders of the Company
“New Master Services Agreements”	<p>the following new master services agreements collectively:</p> <ol style="list-style-type: none"> (1) the new master services agreement dated 10 April 2017 (“CTFJ Master Services Agreement”) entered into between the Company and CTFJ in relation to the provision of the E&M engineering and Environmental Services by the Group to the CTFJ Group; (2) the new master services agreement dated 10 April 2017 (“Doo’s Associates Group Master Services Agreement”) entered into between the Company and FSE Management in relation to (a) the provision of the E&M engineering and Environmental Services by the Group to the Doo’s Associates Group; and (b) the provision of the Rental Services and the Sundry Services by the Doo’s Associates Group to the Group; (3) the new master services agreement dated 10 April 2017 (“NWD Master Services Agreement”) entered into between the Company and NWD in relation to (a) the provision of the E&M engineering and Environmental Services by the Group to the NWD Group; and (b) the provision of the Rental Services by the NWD Group to the Group as a definitive agreement to the NWD Services Group Master Services Agreement; (4) the new master services agreement dated 10 April 2017 (“NWDS Master Services Agreement”) entered into

between the Company and NWDS in relation to (a) the provision of the E&M engineering and Environmental Services by the Group to the NWDS Group; and (b) the provision of the Rental Services by the NWDS Group to the Group as a definitive agreement to the NWDS Services Group Master Services Agreement; and

- (5) the new master services agreement dated 10 April 2017 (“**NWS Master Services Agreement**”) entered into between the Company and NWS in relation to (a) the provision of the E&M engineering and Environmental Services by the Group to the NWS Group; and (b) the provision of the Contracting Services by the NWS Group to the Group as a definitive agreement to the NWS Services Group Master Services Agreement

“ NWCL ”	New World China Land Limited (新世界中國地產有限公司), a company incorporated in the Cayman Islands with limited liability and whose shares were formerly listed on the Main Board of the Stock Exchange (stock code: 917) until they ceased to be so listed on 4 August 2016. NWCL had become a wholly-owned subsidiary of NWD since 3 August 2016
“ NWCL Group ”	NWCL and its subsidiaries from time to time
“ NWD ”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 17)
“ NWD Group ”	NWD and its subsidiaries from time to time but excluding the NWDS Group and the NWS Group
“ NWD Services Group Master Services Agreement ”	the master services agreement dated 10 April 2017 made between Mr. Doo and NWD in relation to the provision of services as contemplated thereunder by the Services Group to the NWD Group and vice versa
“ NWDS ”	New World Department Store China Limited (新世界百貨中國有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 825)
“ NWDS Group ”	NWDS and its subsidiaries from time to time
“ NWDS Services Group Master Services Agreement ”	the master services agreement dated 10 April 2017 made between Mr. Doo and NWDS in relation to the provision of services as contemplated thereunder by the Services Group to the NWDS Group and vice versa

“NWS”	NWS Holdings Limited, a company incorporated in Bermuda, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 659)
“NWS Group”	NWS and its subsidiaries from time to time
“NWS Services Group Master Services Agreement”	the master services agreement dated 10 April 2017 made between Mr. Doo and NWS in relation to the provision of services as contemplated thereunder by the Services Group to the NWS Group and vice versa
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“Services”	<p>the provision of the following services collectively:</p> <ol style="list-style-type: none"> (1) provision of services as contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, building and property fitting out and decoration work, construction management and the supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installation of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, electrical systems, system design and consultancy, computer aided drafting services and related services (“E&M engineering and Environmental Services”); (2) leasing of properties, including without limitation, spare spaces, office spaces and car parking spaces, and related services (“Rental Services”); (3) cleaning and landscaping, laundry, property and facility management, security and guarding, project management (“Sundry Services”); and (4) provision of services as main contractors, management contractors and project managers, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance consultancy and other services, demolition, building and property fitting out and decoration work, construction management, supply of construction and building equipment and materials, system design and consultancy, computer aided drafting services and related services (“Contracting Services”)

“Services Group”	Mr. Doo and any company in the equity capital of which Mr. Doo is or will be directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time or to control the composition of a majority of the board of directors, and the subsidiaries of such companies. The Doo’s Associates Group and the Group are members of the Services Group
“Services Transactions”	with respect to any New Master Services Agreement, the provision of the Services as contemplated thereunder (as more particularly set out under the paragraph headed “New Master Services Agreements” of this announcement above)
“Share”	ordinary share of par value HK\$0.10 in the share capital of the Company
“Shareholder”	the holder of any Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
FSE Engineering Holdings Limited
Lam Wai Hon, Patrick
Vice-Chairman

Hong Kong, 10 April 2017

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