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## **MECOM POWER AND CONSTRUCTION LIMITED**

**澳能建設控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1183)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “Board”) of directors (the “Directors”) of MECOM Power and Construction Limited (“MECOM” or the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 (the “Year” or “FY2021”), together with the comparative results for the year ended 31 December 2020 (“FY2020”) as follows:

#### **FINANCIAL HIGHLIGHTS FOR FY2021**

- Revenue increased by 28.9% to MOP912.0 million (FY2020: MOP707.3 million).
- The Group diversified its existing business by entry into the electric vehicle charging solution and system services business in FY2021.
- Gross margin increased to 19.0% (FY2020: 12.4%). Profit increased by 148.4% to MOP126.5 million (FY2020: MOP50.9 million).
- Gearing ratio was zero (FY2020: zero) with no bank borrowings (FY2020: nil). Total cash and bank balances (including fixed bank deposits) of MOP224.8 million (FY2020: MOP175.3 million).
- Recommended final dividend of HK3.3 cents per share, total dividends of HK6.1 cents per share for FY2021 (HK4.0 cents per share for FY2020).
- Recommended a bonus issue of shares on the basis of one new share for every two existing shares held by the shareholders of the Company (the “Shareholders”) in recognition of the Shareholders’ continual support to the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in Macanese Pataca (“MOP”))

|  | Notes | 2021<br>MOP'000  | 2020<br>MOP'000  |
|--|-------|------------------|------------------|
| <b>Revenue</b>   | 3     | <b>911,982</b>   | 707,313          |
| Cost of services   |       | <u>(738,545)</u> | <u>(619,926)</u> |
| <b>Gross profit</b>  |       | <b>173,437</b>   | 87,387           |
| Other income and loss  |       | <b>1,662</b>     | 3,537            |
| Impairment losses under expected credit loss model,<br>net of reversal     |       | <b>(1,071)</b>   | (1,707)          |
| Administrative expenses  |       | <b>(34,716)</b>  | (33,060)         |
| Share of results of associates   |       | <b>5,192</b>     | 801              |
| <b>Profit before tax</b>   |       | <b>144,504</b>   | 56,958           |
| Income tax expense   | 4     | <b>(18,038)</b>  | (6,038)          |
| <b>Profit for the year</b>   |       | <b>126,466</b>   | 50,920           |
| <b>Other comprehensive income</b>  |       |                  |                  |
| <i>Items that may be reclassified subsequently<br/>to profit and loss:</i> |       |                  |                  |
| Exchange differences arising on translation<br>of foreign operations       |       | <u>377</u>       | <u>–</u>         |
| <b>Total comprehensive income for the year</b>                             |       | <b>126,843</b>   | 50,920           |
| <b>Basic earnings per share (MOP cents)</b>                                | 5     | <b>7.08</b>      | 2.84*            |
| <b>Diluted earnings per share (MOP cents)</b>                              | 5     | <b>7.07</b>      | 2.84*            |

\* The earnings per share of the Group for the year ended 31 December 2020 was adjusted and restated for the bonus shares in June 2021.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|                                    | <i>Notes</i> | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|------------------------------------|--------------|-------------------------------|------------------------|
| <b>Non-current assets</b>          |              |                               |                        |
| Property, plant and equipment      |              | <b>53,260</b>                 | 50,995                 |
| Interests in associates            |              | <b>7,747</b>                  | 1,055                  |
|                                    |              | <u><b>61,007</b></u>          | <u>52,050</u>          |
| <b>Current assets</b>              |              |                               |                        |
| Contract assets                    | 6            | <b>94,460</b>                 | 77,369                 |
| Trade and other receivables        | 7            | <b>256,423</b>                | 225,850                |
| Amounts due from related companies | 8            | <b>14,930</b>                 | 22,840                 |
| Pledged bank deposits              |              | <b>31,158</b>                 | 57,138                 |
| Fixed bank deposits                |              | <b>45,358</b>                 | 22,683                 |
| Bank balances and cash             |              | <b>179,451</b>                | 152,663                |
|                                    |              | <u><b>621,780</b></u>         | <u>558,543</u>         |
| <b>Current liabilities</b>         |              |                               |                        |
| Amounts due to related companies   | 8            | <b>1,258</b>                  | 2,785                  |
| Trade payables and accrued charges | 9            | <b>209,332</b>                | 155,117                |
| Tax liabilities                    |              | <b>24,669</b>                 | 13,659                 |
|                                    |              | <u><b>235,259</b></u>         | <u>171,561</u>         |
| <b>Net current assets</b>          |              | <u><b>386,521</b></u>         | <u>386,982</u>         |
| <b>Net assets</b>                  |              | <u><b>447,528</b></u>         | <u>439,032</u>         |
| <b>Capital and reserves</b>        |              |                               |                        |
| Share capital                      |              | <b>18,358</b>                 | 12,295                 |
| Reserves                           |              | <b>429,170</b>                | 426,737                |
| <b>Total equity</b>                |              | <u><b>447,528</b></u>         | <u>439,032</u>         |

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate and ultimate holding company is MECOM Holding Limited. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Units Q, R and S, 6/F, Praca Kin Heng Long-Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D’Assumpcao, Macau.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in provision of construction services, including (i) construction and fitting out works; (ii) high voltage power substation construction and its system installation works; (iii) electrical and mechanical (“E&M”) engineering services works; and (iv) provision of facilities management services, and provision of electric vehicle (“EV”) charging services including (a) sale of EV charging systems and (b) subscription fee income.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

|   |  |
|---|--|
| Amendment to IFRS 16  | Covid-19-Related Rent Concessions        |
| Amendments to IAS 39, IFRS 4, IFRS 7,<br>IFRS 9 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group’s revenue represents the amount received and receivable for revenue arising on (1) construction and fitting out works, (2) high voltage power substation construction and its system installation works, (3) E&M engineering services works, (4) facilities management services, (5) sale of EV charging systems, and (6) subscription fee income.

Information reported to the executive Directors, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the Year, the Group has diversified its existing business by entry into the EV charging solution and system services business. The Group’s reportable segments under IFRS 8 Operating Segments are therefore as follows:

- (1) Construction business – the provision of construction services, including construction and fitting out works, high voltage power substation construction and its system installation works, E&M engineering services works, and provision of facilities management services; and
- (2) EV charging business – the sale of EV charging systems and subscription fee income.

No analysis of the Group’s assets and liabilities is disclosed as such information is not regularly provided to the CODM for review.

(i) **Disaggregation of revenue from contracts with customers**

|  | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|--|------------------------|------------------------|
| <b>Construction business</b>   |                        |                        |
| <b>Revenue from construction contracts</b>                                   |                        |                        |
| Construction and fitting out works   | 636,088                | 465,360                |
| High voltage power substation construction and its system installation works | 16,497                 | 12,098                 |
| E&M engineering services works   | 189,116                | 152,776                |
| Facilities management services   | 70,206                 | 77,079                 |
|  | <u>911,907</u>         | <u>707,313</u>         |
| <b>EV charging business</b>  |                        |                        |
| Sale of EV charging systems  | 46                     | –                      |
| Subscription fee income  | 29                     | –                      |
|  | <u>75</u>              | <u>–</u>               |
|  | <u><b>911,982</b></u>  | <u><b>707,313</b></u>  |
| <b>Timing of revenue recognition</b>   |                        |                        |
| A point in time  | 46                     | –                      |
| Over time  | 911,936                | 707,313                |
|  | <u><b>911,982</b></u>  | <u><b>707,313</b></u>  |

(ii) **Segment information**

**FY2021**

|                                 | <b>Construction<br/>business<br/><i>MOP'000</i></b> | <b>EV<br/>charging<br/>business<br/><i>MOP'000</i></b> | <b>Total<br/><i>MOP'000</i></b> |
|---------------------------------|---|--|---------------------------------|
| Revenue from external customers | 911,907   | 75   | 911,982                         |
| Segment results                 | <u>147,877</u>                                      | <u>(4,426)</u>   | 143,451                         |
| Unallocated other income        |   |  | 5                               |
| Central administration costs    |   |  | (4,144)                         |
| Share of results of associates  |   |  | <u>5,192</u>                    |
| Profit before tax               |   |  | <u><b>144,504</b></u>           |

Segment results represent the profit before tax resulted from each segment without allocation of certain other income and administrative expenses of head office and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

## FY2020

During the year ended 31 December 2020, the executive Directors, being the CODM, for the purpose of resources allocation and performance assessment, reviewed the overall results and financial position of the Group as a whole. Accordingly, the Group had only one single operating and reportable segment regarding construction business and no further discrete financial information nor analysis of this single segment was presented.

### **Geographical information**

The Group's operations are located in Macau, Hong Kong and the People's Republic of China (the "PRC").

Information about the Group's revenue is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

|           | <b>Revenue from external customers</b> |                | <b>Non-current assets</b> |                |
|-----------|--|----------------|---------------------------|----------------|
|           | <b>2021</b>                            | <b>2020</b>    | <b>2021</b>               | <b>2020</b>    |
|           | <i>MOP'000</i>                         | <i>MOP'000</i> | <i>MOP'000</i>            | <i>MOP'000</i> |
| Hong Kong | <b>26</b>                              | –              | –                         | –              |
| Macau     | <b>911,954</b>                         | 707,313        | <b>56,918</b>             | 52,050         |
| The PRC   | <b>2</b>                               | –              | <b>4,089</b>              | –              |
|           | <b>911,982</b>                         | <b>707,313</b> | <b>61,007</b>             | <b>52,050</b>  |

#### **4. INCOME TAX EXPENSE**

|                                       | <b>2021</b>    | <b>2020</b>    |
|---------------------------------------|----------------|----------------|
|                                       | <i>MOP'000</i> | <i>MOP'000</i> |
| Current tax: Macau Complementary Tax  | <b>17,934</b>  | 8,166          |
| Under (over) provision in prior years | <b>104</b>     | (2,128)        |
|                                       | <b>18,038</b>  | <b>6,038</b>   |

The Company was incorporated in the Cayman Islands and is exempted from income tax. No provision for taxation in Hong Kong and PRC have been made as losses are resulted for subsidiaries operating in these jurisdictions.

The Group is subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding MOP600,000 for each of the assessment year.

## 5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

|  | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i>    |
|--|------------------------|---------------------------|
| <b>Earnings</b>  |                        |                           |
| Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to the owners of the Company) | <u>126,466</u>         | <u>50,920</u>             |
|  | <i>'000</i>            | <i>'000</i><br>(Restated) |
| <b>Number of shares</b>  |                        |                           |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share   | 1,787,475              | 1,795,357                 |
| Effect of dilutive potential ordinary shares:<br>Options   | <u>131</u>             | <u>–</u>                  |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share   | <u>1,787,606</u>       | <u>1,795,357</u>          |

For the year ended 31 December 2020, the diluted earnings per share does not assume the effect from the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for that year.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue of shares completed on 29 June 2021. As such, basic earnings per share for the year ended 31 December 2020 have been restated.

## 6. CONTRACT ASSETS

|  | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|--|------------------------|------------------------|
| Contract assets from contract with customers                                 | 96,205                 | 79,847                 |
| Less: Allowance for credit losses  | <u>(1,745)</u>         | <u>(2,478)</u>         |
|  | <u>94,460</u>          | <u>77,369</u>          |
|  | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
| <b>Represented by:</b>   |                        |                        |
| Construction and fitting out works   | 80,252                 | 61,578                 |
| High voltage power substation construction and its system installation works | 2,491                  | 2,519                  |
| E&M engineering services works   | 11,186                 | 12,733                 |
| Facilities management services   | <u>531</u>             | <u>539</u>             |
|  | <u>94,460</u>          | <u>77,369</u>          |

|                       | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|-----------------------|-------------------------------|------------------------|
| Analysed as current   |                               |                        |
| Unbilled revenue      | <b>5,673</b>                  | 16,501                 |
| Retention receivables | <b>88,787</b>                 | 60,868                 |
|                       | <hr/> <b>94,460</b> <hr/>     | <hr/> 77,369 <hr/>     |

At 1 January 2020, contract assets amounted to MOP109,122,000.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

### **Construction contracts**

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits and typically net off the deposits with first payments. Unbilled revenue included in contract assets represents the Group's rights to receive consideration for works completed but not yet billed because the exercise of such rights is conditional upon customers' satisfaction on the contract works completed by the Group, customers' or external surveyors' issuance of certification on the works or the payment milestones being met. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains certification of the completed contract works from customers or external surveyors or meets payment milestones.

The Group also typically agrees to a retention period ranging from one year to two years for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on satisfying the defect liability period of individual contracts. The Group typically reclassifies contract assets to trade receivables when defect liability period expires.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

As at 31 December 2021, retention money held by customers for contract works amounted to MOP88,787,000 (FY2020: MOP60,868,000), of which MOP2,324,000 (FY2020: MOP11,425,000) represented the retention money held by related companies. Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contract, ranging from one year to two years from the date of the completion of the respective projects.

The following is an aging analysis of retention money which is to be settled, based on the expiry of defect liability period, at the end of the reporting period.

|                 | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|-----------------|-------------------------------|------------------------|
| Within one year | <b>8,329</b>                  | 11,685                 |
| After one year  | <b>80,458</b>                 | 49,183                 |
|                 | <hr/> <b>88,787</b> <hr/>     | <hr/> 60,868 <hr/>     |

At 31 December 2021, included in the Group's contract assets are retention money with a carrying amount of MOP2,893,000 (2020: MOP2,789,000), which are past due but not impaired as there has not been a significant change in credit quality and amounts are still considered as recoverable based on historical experience. The Group does not hold any collateral over these balances.



## 7. TRADE AND OTHER RECEIVABLES

|   | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|---|------------------------|------------------------|
| Trade receivables from contracts with customers | 234,763                | 215,433                |
| Less: Allowance for credit losses               | <u>(6,982)</u>         | <u>(3,066)</u>         |
|   | 227,781                | 212,367                |
| Other receivables, deposits and prepayments     |                        |                        |
| – Deposits                                      | 1,258                  | 1,214                  |
| – Prepayments                                   | 24,251                 | 6,986                  |
| – Others  | <u>3,133</u>           | <u>5,283</u>           |
|   | <u>256,423</u>         | <u>225,850</u>         |

At 1 January 2020, trade receivables from contracts with customers amounted to MOP138,793,000.

The Group allows a credit period of 0 to 90 days to its customers. The aging analysis of the Group's trade receivables, net of allowance for credit losses, based on invoice date at the end of the reporting period are as follows:

|              | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|--------------|------------------------|------------------------|
| 0-90 days    | 214,907                | 204,423                |
| 91-365 days  | 11,270                 | 6,296                  |
| 1-2 year     | 300                    | 377                    |
| Over 2 years | <u>1,304</u>           | <u>1,271</u>           |
|              | <u>227,781</u>         | <u>212,367</u>         |

As at 31 December 2021, included in the Group's trade receivables balance are debtors with carrying amounts of MOP28,160,000 (FY2020: MOP75,385,000) which are past due as at the reporting date. Out of the past due balances, MOP5,329,000 (FY2020: MOP4,386,000) has been past due more than 90 days and is not considered as in default. Majority of the Group's trade receivables that are past due but not impaired are from customers with good credit quality with reference to respective settlement history and forward-looking information. The Group does not hold any collateral over these balances.

## 8. AMOUNTS WITH RELATED COMPANIES

### (a) Amounts due from related companies (trade receivables)

At 1 January 2020, amounts due from related companies (trade receivables) amounted to MOP27,161,000.

The Group typically allows a credit period of 30 to 45 days to its related companies. The following is an aging analysis of the amounts due from related companies (trade receivables), presented based on invoice date at the end of the reporting period.

|             | 2021<br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|-------------|------------------------|------------------------|
| 0-90 days   | 342                    | 20,506                 |
| 91-365 days | <u>11,617</u>          | <u>–</u>               |
|             | <u>11,959</u>          | <u>20,506</u>          |

As at 31 December 2021, included in the Group's amounts due from related companies (trade receivables) are receivables with a carrying amount of MOP11,736,000 (FY2020: MOP10,167,000) which are past due as at the reporting date and is not considered as in default. The Group does not hold any collateral over these balances.

**(b) Amounts due to related companies (trade payables)**

The credit period on the trade payables is 0 to 90 days. The following is an aging analysis of the trade payables from related companies presented based on invoice date at the end of the reporting period.

|                | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|----------------|-------------------------------|------------------------|
| Within 90 days | –                             | 2,594                  |

**9. TRADE PAYABLES AND ACCRUED CHARGES**

|                                    | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|------------------------------------|-------------------------------|------------------------|
| Trade payables                     | <b>68,742</b>                 | 44,228                 |
| Retention payables                 | <b>33,033</b>                 | 13,622                 |
| Other payables and accrued charges |                               |                        |
| – Accrued staff costs              | <b>15,164</b>                 | 9,877                  |
| – Accrued construction costs       | <b>71,303</b>                 | 70,558                 |
| – Receipt in advance               | <b>13,674</b>                 | 13,674                 |
| – Other accruals                   | <b>7,416</b>                  | 3,158                  |
|                                    | <b>209,332</b>                | 155,117                |

**Trade payables**

The credit period on trade purchases is 0 to 90 days. Aging analysis of the Group's trade payables based on invoice date at the end of the reporting period is as follows:

|             | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|-------------|-------------------------------|------------------------|
| 0-90 days   | <b>68,526</b>                 | 39,372                 |
| 91-365 days | <b>216</b>                    | 4,856                  |
|             | <b>68,742</b>                 | 44,228                 |

**Retention payables**

Retention payables are interest-free and payable at the end of the defect liability period of individual contracts, ranging from one to two years from the date of completion of the respective project.

The following is an aging analysis of retention payables which are to be settled, based on the expiry of the defect liability period, at the end of the reporting period.

|                              | <b>2021</b><br><i>MOP'000</i> | 2020<br><i>MOP'000</i> |
|------------------------------|-------------------------------|------------------------|
| On demand or within one year | <b>477</b>                    | 477                    |
| After one year               | <b>32,556</b>                 | 13,145                 |
|                              | <b>33,033</b>                 | 13,622                 |

## 10. DIVIDENDS

|  | <b>2021</b><br><b>MOP'000</b> | 2020<br><i>MOP'000</i> |
|--|-------------------------------|------------------------|
| 2021 Interim – HK2.8 cents (equivalent to MOP2.88 cents)<br>(FY2020: 2020 Interim – HK1.0 cent (equivalent to MOP1.03 cents))<br>per share | <b>51,499</b>                 | 12,321                 |
| 2020 Final – HK3.0 cents (equivalent to MOP3.09 cents)<br>(FY2020: 2019 Final – HK4.5 cents (equivalent to MOP4.64 cents))<br>per share    | <u><b>36,817</b></u>          | <u>55,443</u>          |
|  | <u><b>88,316</b></u>          | <u>67,764</u>          |

Subsequent to the end of the reporting period, the Board has recommended a final dividend of HK3.3 cents (FY2020: HK3.0 cents) per share, totalling HK\$58,814,000 (equivalent to MOP60,578,000) (FY2020: HK\$35,744,000 (equivalent to MOP36,817,000)) for the year ended 31 December 2021, to the Shareholders. The payment of the final dividend is subject to the Shareholders' approval at the forthcoming annual general meeting (the "AGM") of the Company.

The Board has also recommended a bonus issue of shares on the basis of one new share with a par value of HK\$0.01 each of the Company ("Shares", each a "Share") credited as fully paid for every two existing Shares held by the Shareholders, subject to the Shareholders' approval at the AGM.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I present to you the audited consolidated annual results of the Group for the year ended 31 December 2021.

During the Year, Macau, where the Group's core business is located, hopped on the trajectory of recovery. According to the Macau Gaming Inspection and Coordination Bureau, as of 31 December 2021, the accumulated gaming revenue of Macau for the Year was MOP86.863 billion, representing a year-on-year increase of 43.7%. The number of tourists to Macau increased to 7.71 million for FY2021, up by 30.7% over FY2020. These figures demonstrate that the economy of Macau has been gradually stepping out of the shadow of the COVID-19 pandemic.

In the Policy Address for the Fiscal Year 2022, the Chief Executive of Macau, Mr. Ho Iat Seng, expressed that the general principles of administration for Macau in 2022 are to prevent the pandemic, stabilise economic recovery, protect livelihoods, promote diversification, strengthen cooperation, and explore development opportunities. He also emphasised the commitment to "mutual discussions, joint construction, joint administration, and shared benefits for the pragmatic development of Hengqin" and "perfect urban planning, to build a smart and liveable city". These principles are greatly favourable to the development of the Group's construction business, because wherever it is New Urban Zone Area A or Hengqin, building a new-era city needs to engage capable and experienced construction companies.

The Chinese President Xi Jinping has announced that China is striving to peak carbon emissions by 2030 and realise carbon neutrality by 2060. These targets give confidence to the Group about its EV charging and lithium-ion phosphate battery swapping system businesses. During the Year, the EV charging business made a number of breakthroughs and its development was not negatively affected by the pandemic. The Group secured various contracts for the provision of EV charging systems for around 5,100 private and public parking spaces in Guangdong Province, Macau and other places in the Greater Bay Area, and the scope of work includes provision of design, supply, installation, operation and maintenance services of EV charging facilities.

On the other hand, the lithium-ion phosphate battery swapping system has become a problem solver in the Greater Bay Area cities. At present, there are around 300 million electric bikes in use in the PRC. As the demand for convenient and safe charging has been increasing, the application of the Group's lithium-ion phosphate batteries is expected to have a large potential. Our battery-swapping systems are expected to be launched into around 1,000 EV charging stations operated by Guangzhou Dianmeng Technology Development Co., Ltd. (廣州電盟科技發展有限公司) in Guangzhou, Guangdong Province, the PRC, which would allow us to substantially expand our coverage.

The Group is honoured to receive the Best Information Disclosure Award (最佳信息披露公司獎) for FY2021 from Gelonghui (格隆匯) in recognition of our high transparency for disclosing updates on the development of new businesses such as the EV charging business and the awards of new construction projects on the website of the Stock Exchange from time to time. The Group will continue to embrace our openness by being more transparent to international institutional investors and our Shareholders in order to achieve mutual benefits for both sides.

Lastly, on behalf of the Board and management of the Group, I would like to express my gratitude to all our employees for their valuable contributions and dedication to high-quality services. I would also like to extend my sincere gratitude to our Shareholders, investors, customers, suppliers and business associates for their strong support. MECOM will continue to strive for sustainable growth with an aim to generate satisfactory returns for our Shareholders.

**Kuok Lam Sek**

*Executive Director and Chairman*

Hong Kong, 28 March 2022

## MANAGEMENT DISCUSSION & ANALYSIS

### COMPANY OVERVIEW

The Group is a leading company in both the civil engineering industry and the high voltage power substation construction industry in Macau. It undertakes highly challenging and complex construction projects in four major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, E&M engineering services works and provision of facilities management services. During the Year, the Group has diversified its existing business by entering into the EV charging solution and system services business.

The Group's construction and fitting out works comprise structural steelworks services, civil engineering construction services and fitting out and improvement works. Structural steelworks services generally involve the provision of customised and target-oriented steel structure erection services including structural steelworks, concreting and builder works, and the integration of these constructional methods for building highly efficient structures. Civil engineering construction services generally cover demolition, ground field investigation, site formation and foundation works, as well as substructures and superstructures, roads and drainage. Fitting out and improvement works generally involve alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal and installation of equipment and general improvement works.

High voltage power substation construction and its system installation works involve the provision of planning, scheduling, project management and construction services for customised high-voltage substations and complex power transmission infrastructures installed with high voltage power systems.

E&M engineering services works generally involve a combination of the supply and/or installation of (i) low voltage ("LV") systems works; (ii) heating, ventilation and air-conditioning ("HVAC") systems works; and (iii) extra low voltage ("ELV") systems works, and the relevant testing and commissioning thereof as well as management and monitoring of quality and delivery of our E&M engineering services works. LV systems works include the supply and installation of cables, earthing, lighting systems, power cables, electrical wiring, switchboards, power outlets and other related electrical equipment that relates to the power supply and distribution within a building. HVAC systems works include the supply and installation of variable refrigerant volume units, ventilation and exhaust air systems for buildings, as well as the supply and installation of related pipes, ducts, air-conditioning units, ventilation fans and other related equipment. ELV systems works include the procurement and installation of telephones, closed-circuit television (used for security video surveillance purposes) and any other systems within a building that require a transmission signal.

The Group also undertakes facilities management services, which involve the provision of facilities operation and maintenance management, alteration, upgrading, maintenance works and emergency repairs of various buildings, properties and their components (especially for hotels and resorts), high voltage power substations and their respective systems.

EV charging solution and system services business is a new sustainable business opportunity which involves supplying EV charging integrated solution, including supply and installation of EV chargers, and developing EV charging-enabling infrastructure, central management system and hub for e-payment for electric vehicles.

## **BUSINESS REVIEW**

During the Year, the Group's revenue increased by 28.9% year-on-year to MOP912.0 million (FY2020: MOP707.3 million). Driven by the overall increase in revenue, the Group recorded a significant increase of 148.4% in net profit to MOP126.5 million (FY2020: MOP50.9 million). Gross profit increased by 98.5% to MOP173.4 million (FY2020: MOP87.4 million). Gross margin and net margin were 19.0% (FY2020: 12.4%) and 13.9% (FY2020: 7.2%), respectively.

### **Construction Business**

During the Year, by further leveraging on its proven track record and good customer relationship, the Group was awarded certain projects for large-scale construction and fitting-out works, E&M engineering works and facilities management services, including the supply and installation of metal fire doors and fire shutters, the supply and delivery of luminaries and wiring accessories for heating, ventilation and air-conditioning systems and wet fire system, the installation of water park slides, and façade lighting works for a new hotel complex. The Group also successfully tendered for the refurbishment of external walls of the customer's building for a public utility company with the sole concession to provide electricity in Macau, the provision of design, supply, installation, operation and maintenance services for a solar photovoltaic system at Taipa Ferry Terminal, Macau; and projects for hotel-related facilities management services, with an aggregate contract value of over MOP400 million.

During the Year, revenue of the Group significantly increased as the Group made substantial construction progress for major construction contracts to meet the project schedule of customers, which included the construction works regarding the phase 2 development of a new hotel complex in Cotai, Macau with a total contract value of approximately HK\$6.5 billion, and the construction works for a residential development project at Nos. 1 and 8-10 Rua de António Basto (巴士度街) and Nos. 38-40 Rua de Alves Roçadas (羅沙達街), Macau. As at 31 December 2021, the Group had contracts on hand yet to complete with an aggregate contract value of approximately MOP873.6 million. Taking into account the renewal of term of services for three facility management services agreements and the successful tender for an approximately MOP31.3 million worth project for fitting-out and mechanical, electrical and plumbing works in January 2022, the Group had contracts on hand yet to complete with an aggregate contract value of approximately MOP1 billion in the first quarter of 2022. Meanwhile, the Group strived to overcome the impacts of the COVID-19 pandemic. As a result of exercising disciplined cost control and taking initiatives to enhance construction performance and operating efficiency, gross margin of the construction business increased from 12.4% in FY2020 to 19.0% in FY2021.

## **EV Charging Business**

The development of the Group's another key business advanced rapidly. During the Year, the Company was awarded EV charging projects in residential properties and public parking spaces in Guangdong Province, the PRC and Macau for the provision of design, supply, installation, operation and maintenance services for EV charging facilities that cover approximately 5,100 private and public parking spaces. The EV charging business resulted in a gross loss for the Year as it is still in the phase of business planning and investment for the time being. The Group believes that EV popularisation will accelerate the business to enter into the phase of development and investment payback.

In February 2021, a subsidiary of the Group completed the acquisition of 49% equity interest in Moreira Dos Santos Mobilidade Eléctrica Lda. ("MS E.Mobi"), a company incorporated in Macau with limited liability which is engaged in EV business. MS E.Mobi is the exclusive distributor of EV charging products developed and manufactured by EFACEC Electric Mobility, S.A. ("EFACEC") for Macau and Hong Kong. Apart from acting as an EV charger seller, MS E.Mobi is also responsible for the provision of technical and maintenance services for EFACEC infrastructure since 2017. The Group has been constantly exploring new business opportunities for new power-related projects and further broadens its business scale. The acquisition of MS E.Mobi allowed the Group to have access to more comprehensive range of EV charging infrastructure and technical know-how in high power EV chargers.

## **Electric Bike Battery-Swapping System Business**

On 15 June 2021, MUCharging (Macau) Limited, a subsidiary of the Group, together with Guangdong Zhihui Technology Development Co., Ltd. (廣東智匯技術發展有限公司) formed a joint venture company, namely MECOM Zhihui Energy Technology (Guangzhou) Co., Ltd. (澳能智匯能源科技(廣州)有限公司) ("MECOM Zhihui"), which is a 70%-owned subsidiary of the Group. MECOM Zhihui is engaged in the research and development, manufacture, assembly and sales services of lithium-ion phosphate batteries for the electric mobility industry, with its current focus on the business of supplying and operating battery-swapping systems for electric bikes. MECOM Zhihui successfully launched its battery-swapping systems in the fourth quarter of 2021. During the Year, 2,070 sets of lithium-ion phosphate batteries were assembled and available for users in Tianhe District, Baiyun District, Zhuhai District and Huangpu District of Guangzhou City, mainly for serving food delivery riders.



## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue in FY2021 and FY2020:

|  | 2021           |              | 2020           |          |
|--|----------------|--------------|----------------|----------|
|  | <i>MOP'000</i> | <i>%</i>     | <i>MOP'000</i> | <i>%</i> |
| <b><i>Construction business</i></b>  |                |              |                |          |
| Construction and fitting out works   | <b>636,088</b> | <b>69.7</b>  | 465,360        | 65.8     |
| High voltage power substation construction and its system installation works | <b>16,497</b>  | <b>1.8</b>   | 12,098         | 1.7      |
| E&M engineering services works   | <b>189,116</b> | <b>20.7</b>  | 152,776        | 21.6     |
| Facilities management services   | <b>70,206</b>  | <b>7.8</b>   | 77,079         | 10.9     |
|  | <b>911,907</b> | <b>100.0</b> | 707,313        | 100.0    |
| <b><i>EV charging business</i></b>   | <b>75</b>      | <b>0.0</b>   | –              | –        |
| Total  | <b>911,982</b> | <b>100.0</b> | 707,313        | 100.0    |

The Group's revenue for the Year increased by MOP204.7 million or 28.9%, which was attributable to the increase in revenue from construction and fitting out works and E&M engineering services works by MOP170.7 million or 36.7% and MOP36.3 million or 23.8%, respectively.

Growth in revenue from construction and fitting out works and E&M engineering services works was mainly due to the fact that the Group had substantial construction progress in various large-scale projects regarding the phase 2 development of a new hotel complex in Cotai, Macau during the Year.

During the Year, the Group had diversified its existing business by entry into the EV charging solution and system services business. Revenue from this segment was contributed by the sale of EV charging systems and the fixed monthly subscription fee income from customers.

## Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during FY2021 and FY2020:

|   | 2021                    |                      | 2020                    |                      |
|---|-------------------------|----------------------|-------------------------|----------------------|
|   | Gross profit<br>MOP'000 | Gross<br>margin<br>% | Gross profit<br>MOP'000 | Gross<br>margin<br>% |
| <b><i>Construction business</i></b>   |                         |                      |                         |                      |
| Construction and fitting out works  | 124,889                 | 19.6                 | 58,516                  | 12.6                 |
| High voltage power substation construction<br>and its system installation works | 1,449                   | 8.8                  | 4,993                   | 41.3                 |
| E&M engineering services works  | 34,788                  | 18.4                 | 9,707                   | 6.4                  |
| Facilities management services  | 13,856                  | 19.7                 | 14,171                  | 18.4                 |
|   | <u>174,982</u>          | 19.2                 | <u>87,387</u>           | 12.4                 |
| <b><i>EV charging business</i></b>  | <u>(1,545)</u>          | (2,064.6)            | <u>–</u>                | –                    |
| Total/overall   | <u>173,437</u>          | 19.0                 | <u>87,387</u>           | 12.4                 |

Our gross margin increased from 12.4% for FY2020 to 19.0% for FY2021. The favorable comparison was driven by (i) a substantial construction progress completed during the Year, which was initially impacted by the outbreak of COVID-19 epidemic in 2020; (ii) certification of variation works completed in FY2020 during the Year; and (iii) improvement in cost efficiency as the global COVID-19 pandemic has been brought under control to some extent during the Year.

The gross margin of E&M engineering services works was 18.4% for the Year. The significant improvement compared with FY2020 was due to the relatively high set up cost of new business at the initial stage for the FY2020.

EV charging business generated gross loss during the Year because the Group incurred costs of approximately MOP1.1 million for installation of EV charger facilities at residential and/or commercial buildings and/or hotel complex in Guangdong Province and Macau.

## Other income and loss

Other income and loss decreased by MOP1.9 million or 53.0%, which was attributable to (i) the Group's recognition of government grants of MOP600,000 in respect of the COVID-19 pandemic related subsidy for business provided by the Macau government during FY2020; and (ii) the decrease in bank interest income from the Group's fixed bank deposits for the Year due to the drop of time deposit interest rates.

## **Impairment losses under expected credit loss (“ECL”) model, net of reversal**

The Group’s impairment losses of trade receivables, trade-nature amounts due from related companies and contract assets were MOP1.1 million (FY2020: MOP1.7 million). The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, trade-nature amounts due from related companies and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables, the trade-nature amounts due from related companies and the contract assets on the same basis.

## **Administrative expenses**

Administrative expenses increased by MOP1.7 million or 5.0% mainly due to salaries, consultancy fee and other advertising costs incurred for the EV charging business.

## **Income tax expense**

Income tax expense increased by MOP12.0 million or 198.7% primarily due to (i) increase in gross profit during the Year; and (ii) reversal of over-provision of MOP2.1 million in prior years during FY2020.

## **Profit for the Year**

The Group’s profit for the Year increased by MOP75.5 million or 148.4% primarily attributable to the combined effect of the abovementioned items.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts a prudent approach in cash management to minimise financial and operational risks. The Group’s capital expenditure and daily operations during the Year were mainly funded by cash generated from its operations.

In the management of liquidity risks, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of unexpected fluctuations in cash flows.

As at 31 December 2021, the Group had net current assets of MOP386.5 million (FY2020: MOP387.0 million). The current ratio of the Group as at 31 December 2021 was 2.6 (FY2020: 3.3).

The Group continued to maintain a healthy liquidity position. As at 31 December 2021, the Group had total cash and bank balances (including fixed bank deposits) of MOP224.8 million (FY2020: MOP175.3 million).

As at 31 December 2021, the Group’s unutilised credit facilities was MOP187.8 million (FY2020: MOP367.4 million).

As at 31 December 2021, the Group had no bank borrowings (FY2020: nil) and the Group’s gearing ratio (calculated by dividing total debts with total equity) was zero (FY2020: zero).

## **CAPITAL STRUCTURE**

As at 31 December 2021, the Company's share capital and equity amounted to MOP18.4 million and MOP447.5 million, respectively (FY2020: MOP12.3 million and MOP439.0 million, respectively).

## **FOREIGN EXCHANGE EXPOSURE**

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risks primarily through purchase of raw materials and sale proceeds received from the customers that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily Hong Kong dollars and Renminbi.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group continues to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

On 9 February 2021, the Group entered into an equity transfer agreement for the acquisition of 49% equity interest in MS E.Mobi at a cash consideration of MOP1,500,000. Please refer to the announcement of the Company dated 15 March 2021 for details.

Save as disclosed above, the Group had no significant investments and no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

On 13 December 2021, the Group entered into a joint venture agreement for the formation of a joint venture for the potential acquisition of the land use rights in Xinhui District, Jiangmen City, Guangdong Province, the PRC and the potential investment in and development of manufacturing and research and development facilities thereon by the Group. Please refer to the announcements of the Company dated 25 October and 13 December 2021 for details.

Save as disclosed above and in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plan for material investments or capital assets as at 31 December 2021.

## **USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 13 February 2018 (the "Listing").

The net proceeds from the global offering of the Company were HK\$261.6 million (equivalent to approximately MOP269.4 million) after deducting underwriting fees and commissions and all related expenses. Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 31 December 2021:

|   | <b>Revised<br/>applications</b><br><i>(HK\$ million)</i> | <b>Actual usage<br/>up to<br/>31 December<br/>2021</b><br><i>(HK\$ million)</i> |
|---|--|---|
| Financing the issuance of performance bonds when undertaking new projects <i>(Note 1)</i> | 112.4  | 90.7  |
| Establishing storage facilities <i>(Note 2)</i>   | 44.3   | 44.3  |
| Recruiting additional staff   | 45.2   | 45.2  |
| Acquiring additional machinery  | 16.8   | 16.8  |
| Financing the upfront costs for new projects <i>(Note 2)</i>                              | 16.7   | 16.7  |
| General working capital   | 26.2   | 26.2  |
|   | <u>261.6</u>   | <u>239.9</u>  |

*Notes:*

1. The Group experienced delay in several new projects since 2018 due to delays in obtaining construction project approval, construction work licensing and work permits for foreign workers from the relevant regulatory and supervisory authorities in Macau. Project approval resumed normality in the second half of 2019. To the best knowledge and belief of the Directors and based on currently available information, the unutilised amounts of the net proceeds are expected to be fully utilised by 31 December 2022.

Up to the date of this announcement, the Group has utilised HK\$94.0 million of the total net proceeds for financing the issuance of performance bonds.

2. With reference to the Company's announcement dated 28 February 2019, as the Company had already acquired an industrial unit in Macau to serve as a permanent base for the Group's centralised warehouse, the Board had resolved to reallocate the then remaining unutilised balance of the net proceeds of approximately HK\$16.7 million that was earmarked for the purpose of strengthening the Group's storage facilities for equipment and materials towards the financing of upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects. Please refer to the aforesaid announcement for further information.

## **PLEDGE OF ASSETS**

As at 31 December 2021, the Group had pledged bank deposits of MOP31.2 million (FY2020: MOP57.1 million) that were pledged with banks as security of credit facilities.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2021 (FY2020: nil).

## **COMMITMENTS**

As at 31 December 2021, the Group did not have any significant capital commitments (FY2020: nil).

## EMPLOYEES AND REMUNERATION POLICY

The remuneration package offered to employees generally includes salaries, allowances, benefits-in-kind, fringe benefits including medical insurance and contributions to pension funds and bonuses. In general, the Group determines salaries of its employees based on their performance, qualifications, position and the prevailing industry practice.

As a main contractor for some of the projects we undertake, we apply for work permits for our non-Macau resident workers on a project-by-project basis. As at 31 December 2021, the Group had 295 (FY2020: 355) employees in Hong Kong, Macau and the PRC, comprising 92 Macau residents and 203 non-Macau residents (FY2020: 73 Macau residents and 282 non-Macau residents).

The Company has adopted a share option scheme (the “Share Option Scheme”) on 23 January 2018, which was effective upon the Listing. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the eligible participants had or may have made to the Group.

Details of movements in the share options granted under the Share Option Scheme during the Year and options outstanding as at 31 December 2021 are as follows:

| Name of grantees            | Date of grant | Number of share options held as at 1 January 2021 | Changes during the Year |                  |          |           | Number of share options held as at 31 December 2021 | Exercise price per share HK\$ | Exercisable period (Note)    |
|-----------------------------|---------------|---|-------------------------|------------------|----------|-----------|---|-------------------------------|------------------------------|
|                             |               |   | Granted                 | Exercised        | Lapsed   | Cancelled |   |                               |                              |
| <b>Directors</b>            |               |   |                         |                  |          |           |   |                               |                              |
| Ms. Chan Po Yi, Patsy       | 3 April 2018  | 200,000   | -                       | (200,000)        | -        | -         | -   | 1.8                           | 3 April 2018 to 2 April 2028 |
| Mr. Cheung Kiu Cho, Vincent | 3 April 2018  | 50,000  | -                       | (50,000)         | -        | -         | -   | 1.8                           | 3 April 2018 to 2 April 2028 |
| <b>Employees</b>            | 3 April 2018  | 250,000   | -                       | (250,000)        | -        | -         | -   | 1.8                           | 3 April 2018 to 2 April 2028 |
| <b>Consultants</b>          | 3 April 2018  | 300,000   | -                       | (300,000)        | -        | -         | -   | 1.8                           | 3 April 2018 to 2 April 2028 |
|                             |               | <u>800,000</u>                                    | <u>-</u>                | <u>(800,000)</u> | <u>-</u> | <u>-</u>  | <u>-</u>  |                               |                              |

*Note:* These share options are exercisable in four tranches, namely: (a) 25% shall be exercisable at any time during the period commencing from 3 April 2018 and ending on 2 April 2028; (b) 25% shall be exercisable at any time during the period commencing from 3 April 2019 and ending on 2 April 2028; (c) 25% shall be exercisable at any time during the period commencing from 3 April 2020 and ending on 2 April 2028; and (d) 25% shall be exercisable at any time during the period commencing from 3 April 2021 and ending on 2 April 2028.

## PROSPECTS

The overall economy of Macau has been on the trajectory of gradual recovery since 2021, as benefited by the Macau government's announcement on relaxation of border control in February 2021 to the effect that all Chinese inbound arrivals are exempted from quarantine, together with the launch of COVID-19 vaccination programme in early February 2021. Despite the impact of the COVID-19 pandemic on the economy, the Macau government introduced a number of new construction projects. To address the needs of the general public, the current administration of Macau government is committed to building more infrastructural facilities and housing units. This year, the government is expected to invest MOP20 billion in construction works, which tops the investment amount for casino construction of approximately MOP10 billion. Macau now has 5 new land reclamation areas yet to be developed, which provide potentials for the growth of the construction engineering industry. In particular, for the first construction phase regarding the New Urban Zone Area A in Macau, is planned to commence construction of approximately 15,400 public and affordable housing units from 2022 to 2024. Such construction targets will translate an unprecedentedly strong demand for the entire construction industry in Macau.

The Macau government has entered into the joint administration of Hengqin since October 2021. In September 2021, the CPC Central Committee and the State Council issued the Master Plan of the Development of the Guangdong-Macao Intensive Cooperation Zone in Hengqin (《橫琴粵澳深度合作區建設總體方案》), outlining the roadmap for the construction of Guangdong-Macao In-Depth Cooperation Zone in Hengqin. The plan proposes to construct a cooperation demonstration zone in Hengqin island with a total area of approximately 106 square kilometres, for which the Macau government intends to invest MOP400 billion in the infrastructural development in Hengqin in the coming decade. In light of this, the Group has formed a joint venture company with a subsidiary of an established state-owned enterprise to undertake a development project in Cotai, Macau with a contract value of HK\$6.5 billion. In the future, the Group will actively explore opportunities to get involved in infrastructure projects in Hengqin with that state-owned enterprise and/or other central enterprises or state-owned enterprises. In addition, following the intention to grant new gambling licences by the Macau government in 2022, casino operators would increase their investments to upgrade their existing casino facilities in a short period of time in a bid to attract players. The construction industry therefore will see greater demand.

Apart from this, driving EV is strongly promoted everywhere with governments rolling out policies on EV popularisation. The Chief Executive of Macau, Mr. Ho Iat Seng stated that the government will push forward the preparation of master plan and zoning plan of Macau to promote urban infrastructure construction, and, in the meantime, work conscientiously in line with the national development strategy in environmental protection towards peaking carbon emissions (to reduce carbon emissions from the peak) and carbon neutrality through gradual replacement with clean energy sources, with a view to peaking carbon emissions by 2030. The Group is also making its all-out efforts to develop the businesses of EV charging piles and lithium-ion phosphate batteries, with current focus on the expansion of charging network. Our target is to provide customers with long-term power supply and maintenance services for a fee to be charged on a monthly basis, in anticipation of generating a strong and stable cash flow for the Group. We believe that when EVs gradually become a mainstream of the market, the Group will enjoy continuous revenue growth from the EV charging business.

Looking forward into 2022, the business presence of the Group will expand to the field of production and manufacturing serving the Group's principal businesses of construction and new energy. In December 2021, a subsidiary of the Group entered into a joint venture agreement with Chang Tsuo Heavy Equipment Technology (Macau) Co., Ltd. (將作重工裝備科技(澳門)有限公司) to establish a joint venture company in Jiangmen City, Guangdong Province. Its scope of business is intended to include setting up and operating manufacturing facilities for the fabrication and/or processing of structural steel components that are generally used in the Group's construction and fitting-out works in its ordinary and usual course of business, and the research and manufacturing base for developing new materials and equipment for other new energy businesses.



## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK3.3 cents per Share for the year ended 31 December 2021 to the Shareholders whose names appear on the register of members of the Company on 7 June 2022. The payment of the proposed final dividend is subject to the Shareholders' approval at the AGM. The proposed dividend is expected to be paid on or about 29 June 2022.

## **BONUS SHARES**

For the year ended 31 December 2020, the Board recommended a bonus issue of 595,741,000 new Shares to the existing Shareholders on the basis of one bonus Share for every two existing Shares held by the shareholders of the Company on 4 June 2021, and the bonus issue was completed on 29 June 2021. Please refer to the Company's announcement dated 30 March 2021 and the Company's circular dated 27 April 2021 for details.

For the year ended 31 December 2021, the Board has also recommended to issue bonus Shares (the "Bonus Shares", each a "Bonus Share") on the basis of one new Bonus Share credited as fully paid for every two existing Shares held by the Shareholders whose names appear on the register of members of the Company on 7 June 2022 (the "Bonus Issue"). The Bonus Issue is subject to, among others, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares and the Shareholders' approval at the AGM, and if all necessary approvals are obtained, the share certificate of the Bonus Shares will be posted on or about 29 June 2022.

A further announcement and a circular containing, among other things, further details of the Bonus Issue (including a detailed timetable) will be despatched to the Shareholders as soon as possible.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The AGM of the Company is scheduled to be held on Monday, 30 May 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 May 2022.

## **CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND BONUS SHARES**

The payment of the proposed final dividend for the year ended 31 December 2021 and the Bonus Issue are subject to the Shareholders' approval at the AGM. For determining the entitlement to the proposed final dividend and the Bonus Issue, the register of members of the Company will be closed from Monday, 6 June 2022 to Tuesday, 7 June 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final dividend and the Bonus Issue, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 June 2022.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as the basis of the Company's corporate governance practices.

The Board is of the opinion that the Company has complied with all the code provisions in the CG Code throughout the Year.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all the Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code throughout the Year.

Pursuant to Rule B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company repurchased 7,836,000 Shares on the Stock Exchange during the Year. The total consideration (including transaction costs) of the repurchases was approximately HK\$30,482,000. All of the repurchased Shares were cancelled during the Year. Particulars of the repurchases are as follows:

| Month          | Number<br>of Shares<br>repurchased | Purchase price per Share |                | Aggregate<br>consideration<br>HK\$ |
|----------------|------------------------------------|--------------------------|----------------|------------------------------------|
|                |                                    | Highest<br>HK\$          | Lowest<br>HK\$ |                                    |
| March 2021     | 250,000                            | 4.55                     | 4.45           | 1,136,000                          |
| April 2021     | 2,380,000                          | 4.73                     | 4.17           | 10,664,000                         |
| May 2021       | 330,000                            | 4.40                     | 4.30           | 1,443,000                          |
| July 2021      | 1,548,000                          | 3.83                     | 3.55           | 5,676,000                          |
| September 2021 | 1,408,000                          | 3.63                     | 3.30           | 4,888,000                          |
| October 2021   | 1,346,000                          | 3.66                     | 3.32           | 4,689,000                          |
| November 2021  | 150,000                            | 3.52                     | 3.36           | 528,000                            |
| December 2021  | 424,000                            | 3.52                     | 3.32           | 1,458,000                          |
|                | <u>7,836,000</u>                   |                          |                | <u>30,482,000</u>                  |

The Board considered that the repurchases enhanced the earnings per Share and benefited the Company and its Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **AUDIT COMMITTEE**

The Company has established the audit committee of the Company (the “Audit Committee”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong, all being independent non-executive Directors. The Audit Committee is chaired by Ms. Chan Po Yi, Patsy who has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group, as well as the risk management and internal control system of the Group.

## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 31 December 2021 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE**

This announcement is published on the Company’s website at [www.mecommacau.com](http://www.mecommacau.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 Annual Report will be despatched to the Shareholders and will be made available on the above websites in due course in accordance with the Listing Rules.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the Shareholders, business associates and other professional parties for their continuous support to the Group throughout the Year.

By Order of the Board  
**MECOM Power and Construction Limited**  
**Kuok Lam Sek**  
*Chairman*

Hong Kong, 28 March 2022

*As at the date of this announcement, the executive Directors are Mr. Kuok Lam Sek and Mr. Sou Kun Tou, and the independent non-executive Directors are Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong.*