

M ECOM

POWER & CONSTRUCTION

澳能建設控股有限公司

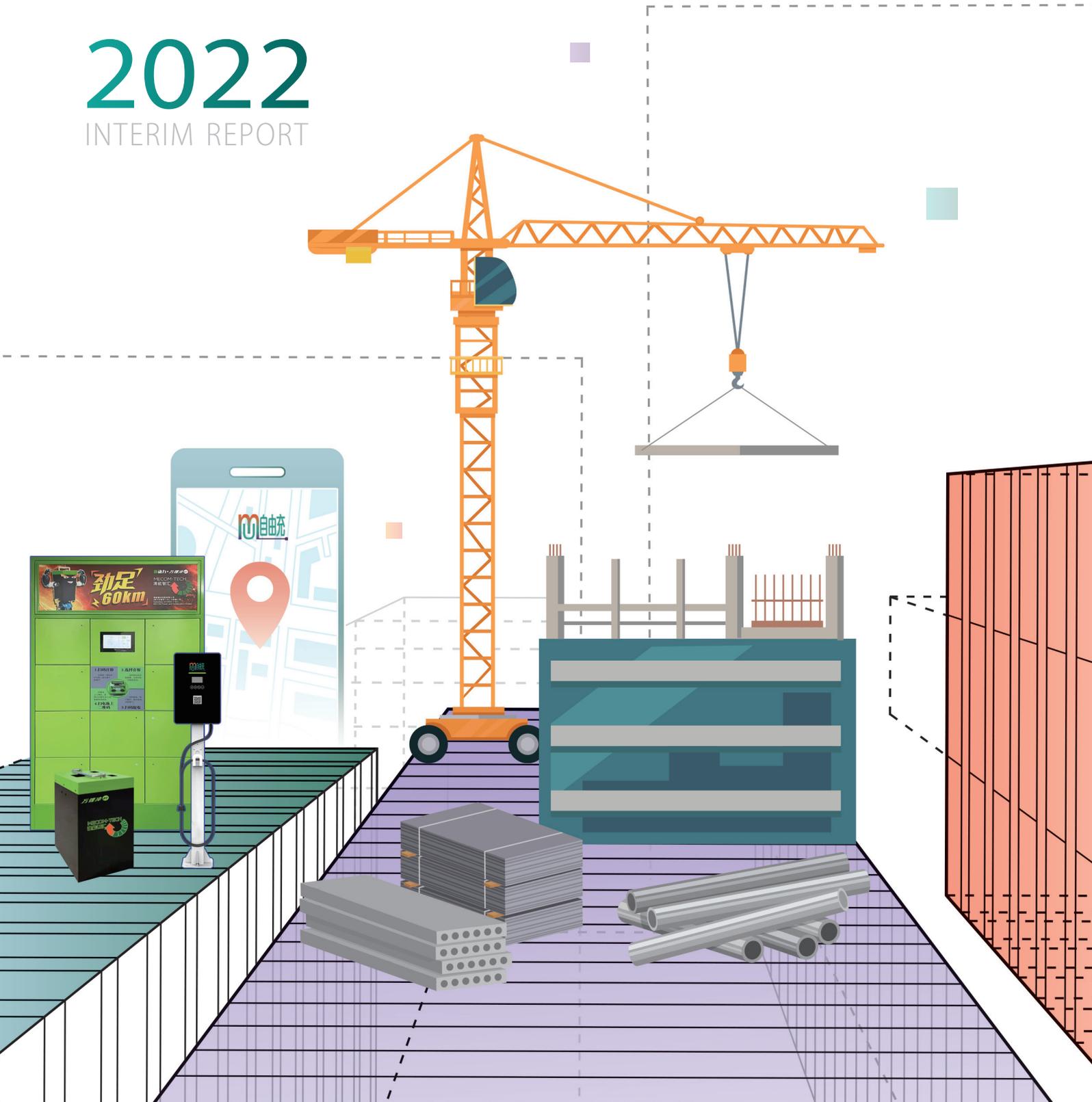
MECOM Power and Construction Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1183

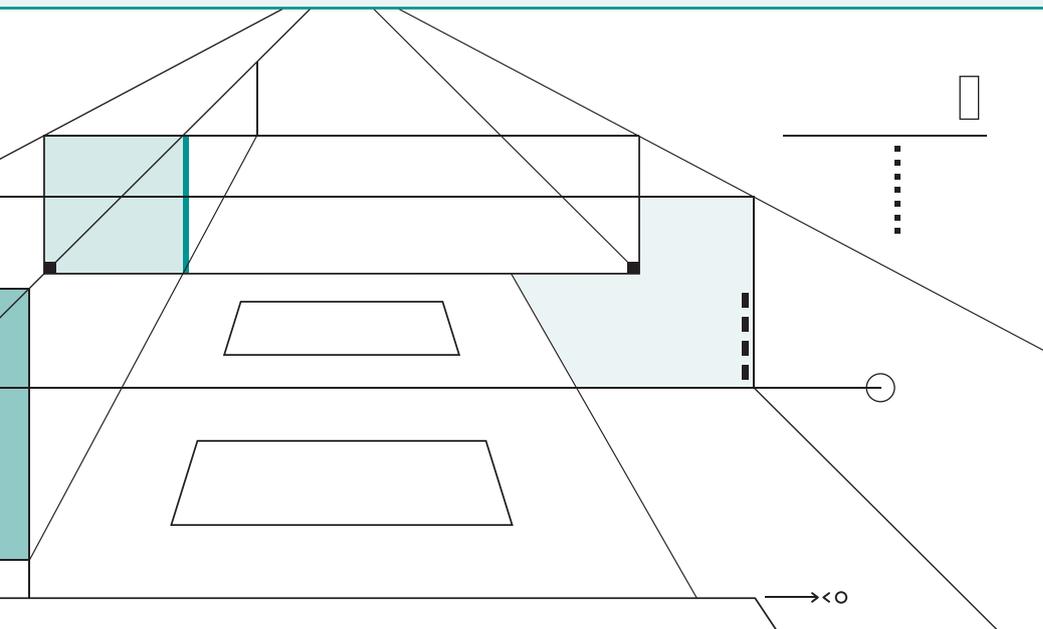
2022

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kuok Lam Sek (*Chairman*)
Mr. Sou Kun Tou

Independent Non-executive Directors

Ms. Chan Po Yi, Patsy
Mr. Cheung Kiu Cho, Vincent
Mr. Lio Weng Tong

AUDIT COMMITTEE

Ms. Chan Po Yi, Patsy (*Chairlady*)
Mr. Cheung Kiu Cho, Vincent
Mr. Lio Weng Tong

REMUNERATION COMMITTEE

Mr. Lio Weng Tong (*Chairman*)
Ms. Chan Po Yi, Patsy
Mr. Cheung Kiu Cho, Vincent

NOMINATION COMMITTEE

Mr. Cheung Kiu Cho, Vincent (*Chairman*)
Mr. Lio Weng Tong
Ms. Chan Po Yi, Patsy

COMPANY SECRETARY

Ms. Tam Wing Yee

AUTHORISED REPRESENTATIVES

Mr. Sou Kun Tou
Ms. Tam Wing Yee

REGISTERED OFFICE

Cricket Square
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PO Box 2681
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

Units Q, R and S, 6/F
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Kin Fu Kuok
No. 258 Alameda Dr. Carlos D'Assumpção
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Infinitus Plaza
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Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
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Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
and Registered Public Interest Entity Auditor
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As to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
Cayman Islands

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Dah Sing Bank, Limited
Tai Fung Bank Limited
China Guangfa Bank Co. Ltd, Macau Branch

STOCK CODE

1183

WEBSITE

www.mecommacau.com

Management Discussion and Analysis

COMPANY OVERVIEW

MECOM Power and Construction Limited (“MECOM” or the “Company”) and its subsidiaries (collectively, 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, electrical and mechanical (“E&M”) engineering services works and provision of facilities management services. The Group is also engaged in provision of electric vehicle (“EV”) charging services. During the six months ended 30 June 2022 (the “Period”), the Group diversified its existing businesses by entering into the steel structures business which involves the sales, trading and processing of metal materials.

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.

By entering into the steel structures business, the Group is also engaged in the supply of reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions to the main contractors and/or construction companies for use in their construction projects, enabling it to cover the upstream industries of its principal construction business.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW

During the Period, the Group's revenue increased by 42.7% year-on-year to MOP592.2 million (six months ended 30 June 2021 (the "Previous Period"): MOP414.8 million). Gross profit was recorded at MOP72.8 million (the Previous Period: MOP79.0 million). Compared with the Previous Period, profit for the Period remained stable at MOP54.0 million (the Previous Period: MOP54.6 million). Gross margin and net margin for the Period were 12.3% (the Previous Period: 19.0%) and 9.1% (the Previous Period: 13.2%), respectively.

Construction Business

As at 30 June 2022, the Group had contracts on hand yet to complete with an aggregate contract value of approximately MOP884 million. During the Period, the Group was awarded a number of projects for construction and fitting-out works and E&M engineering works, including the renewal of the term of services for three facility management services agreements, under which the Group shall provide operation and maintenance services for energy centres and mechanical, electrical and plumbing systems of hotel complexes; the provision of fitting-out and mechanical, electrical and plumbing works for a café and a corridor in a hotel complex; and the provision of air conditioning and ventilation systems for the superstructure works under public housing units in Lot B4 of New Urban Zone Area A. In addition, the Group has been awarded contracts for the provision of structural works for the main structure of the podium, tower and theatre; and supply and installation of fire shutter, smoke curtain, roller shutter and fire door for a hotel complex in a new integrated resort in Cotai. The total contract value of these projects amounted to approximately MOP380 million.

Steel Structures Business

According to market estimates, China may stage a strong rebound in the growth of fixed asset investments in infrastructure ranging from 9% to 10% this year, as compared to 1.8% for the period between 2020 and 2021, which will support a gradual growth recovery in the second half of 2022 and is expected to benefit the steel, cement, aluminum industries and those with substantial investments in infrastructure in China. In the first half of 2022, MECOM International New Materials Technology (Guangdong) Co., Ltd.* (澳能國際新材料科技(廣東)有限公司) ("MECOM International") and Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司) ("Ao Gang Construction"), indirect non-wholly owned subsidiaries of the Company, have already secured order contracts for the supply of approximately 83,140.7 tons of reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions which are to be delivered from April 2022 to May 2023 to business partners for use in their construction projects, unlocking a new milestone for the new business of the Group. During the Period, MECOM International and Ao Gang Construction delivered approximately 26,859.3 tons of steel materials and contributed MOP209.3 million to the Group's revenue. Customers include subsidiaries of large-scale state-owned enterprises (serving as the main contractors of integrated entertainment resort projects and government works projects), and construction companies in Macau and Hong Kong, etc. The Group will endeavour to keep abreast of the evolving market dynamics and complement China's national infrastructure strategy in the Greater Bay Area and grasp the huge business opportunities arising therefrom.

Management Discussion and Analysis (Continued)

EV Charging Business

During the Period, MUCharging (Macau) Limited (“MUCharging”), an indirect wholly-owned subsidiary of the Company, entered into contracts for undertaking EV charging projects in Macau Fisherman’s Wharf and several residential and commercial buildings, under which separate contracts are entered into with landlords and/or tenants of parking spaces for the provision of EV charging services. In addition, MUCharging has entered into memorandums of understanding with several real estate management companies in Macau with the intention of providing EV charging systems for residential and/or commercial buildings and/or shopping centres in Macau that are managed by them.

As at the date of this report, taking into account the memorandums of understanding entered into by the Group, the Group is under discussion and negotiation for potential EV charging projects covering around 12,850 private and public parking spaces in Macau. In addition, the Group has secured contracts for the provision of EV charging systems in residential property projects, commercial buildings and entertainment complex covering around 6,100 private and public parking spaces in Guangdong Province and Macau.

During the Period, MUCharging achieved a great breakthrough – it was appointed as the sole and exclusive distributor of I-Charging, Mobilidade Eléctrica, S.A. (“I-Charging”) for product promotion, sale and distribution in Hong Kong, Macau and the Greater Bay Area of China. The brand, “blueberry”, was presented by I-Charging to the market in three product family configurations, namely “blueberry”, “blueberry PLUS” and “blueberry CLUSTER”, with patented dynamicblue technology, providing ultra-fast charging solutions. Subsequent to entering into the distribution agreement, the Group will have access to a more comprehensive range of EV charging infrastructure and technical know-how in high power EV chargers, laying an important cornerstones for a more extensive geographical coverage of charging piles of the Group.

Electric Bike Battery-Swapping System Business

The charging cabinet service for lithium-ion phosphate batteries offered by MECOM Zhihui Energy Technology (Guangzhou) Co., Ltd.* (澳能智匯能源科技(廣州)有限公司) (“MECOM Zhihui”), an indirect non-wholly owned subsidiary of the Company, in Guangzhou, Guangdong Province, the PRC has been widely used by food delivery riders since its launch. In March 2022, MECOM Zhihui entered into a strategic cooperation memorandum with Guangzhou Shijia Technology Co., Ltd.* (廣州視加科技有限公司) (“Guangzhou Shijia”), under which Guangzhou Shijia shall exclusively operate the project for the provision of battery charging and swapping services at convenience service stations in the people’s communities of People’s Daily in Guangzhou (Rural Vitalization Service Stations for Party Building and Promotion)* (黨建黨宣鄉村振興服務站). Under this project, more than 2,000 electric charging stations will be set up in 2022 and 2023. Subject to discussion and negotiation and the signing of definitive agreement(s), MECOM Zhihui’s battery-swapping systems are expected to be launched into the electric charging stations of Guangzhou Shijia.

Other Corporate Initiatives

During the Period, the Group issued bonus shares on the basis of one bonus share for every two existing shares, followed by a bonus issue of warrants to shareholders on the basis of one warrant for every ten shares. The purposes of these two initiatives by the Board were to reward the institutional investors and public shareholders for their long-term trust and support to the Group. Please refer to “Bonus issue of shares” and “Bonus warrants issue” below for details.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue during the six months ended 30 June 2022 and 2021:

	Six months ended			
	30.6.2022		30.6.2021	
	MOP'000	%	MOP'000	%
Construction business				
Construction and fitting out works	261,970	44.2	278,595	67.2
High voltage power substation construction and its system installation works	243	0.0	12,185	2.9
E&M engineering services works	80,298	13.6	90,892	21.9
Facilities management services	39,988	6.8	33,149	8.0
	382,499	64.6	414,821	100.0
EV charging business	357	0.1	28	0.0
Steel structures business	209,312	35.3	–	–
Total	592,168	100.0	414,849	100.0

The Group's revenue for the Period increased by MOP177.3 million or 42.7% to MOP592.2 million, in which MOP209.3 million was contributed from the sales, trading and processing of metal materials for steel structures business.

Revenue from construction business decreased by MOP32.3 million or 7.8%, which was mainly due to the fact that the Group had made substantial construction progress in various large-scale projects regarding the phase 2 development of a new hotel complex in Cotai, Macau during the year ended 31 December 2021.

Management Discussion and Analysis (Continued)

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during the six months ended 30 June 2022 and 2021:

	Six months ended			
	30.6.2022		30.6.2021	
	Gross profit/(loss) MOP'000	Gross margin %	Gross profit/(loss) MOP'000	Gross margin %
Construction business				
Construction and fitting out works	37,837	14.4	55,511	19.9
High voltage power substation construction and its system installation works	5	2.1	929	7.6
E&M engineering services works	12,630	15.7	17,235	19.0
Facilities management services	14,487	36.2	6,107	18.4
	64,959	17.0	79,782	19.2
EV charging business	(1,314)	(368.1)	(754)	(2,692.9)
Steel structures business	9,182	4.4	–	–
Total	72,827	12.3	79,028	19.0

The Group recorded a gross profit of MOP72.8 million for the Period, which represented a year-on-year decrease of 7.8%. Our gross margin decreased from 19.0% for the Previous Period to 12.3% for the Period.

Due to the outbreak of COVID in Macau in mid-June 2022, part of the construction and fitting out works progress were interrupted, which accounted for the surge in costs.

EV charging business generated gross loss for the Period because the Group incurred (i) costs for installation of EV charger facilities and charging cabinets for lithium-ion phosphate batteries in Macau and the Guangdong Province, the PRC; and (ii) depreciation costs.

Steel structures business generated gross profit of MOP9.2 million, or 4.4% gross margin for the Period.

Other income and loss

Other income and loss decreased by MOP442,000 or 47.0% during the Period, which was attributable to (i) the Group's recognition of exchange loss arising from its PRC operations; and (ii) the decrease in bank interest income due to the drop of the Group's fixed bank deposits balances.

Management Discussion and Analysis (Continued)

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

The Group reversed MOP812,000 impairment losses of trade receivables, trade-nature amounts due from related companies and contract assets during the Period (Previous Period: impairment losses of MOP1,264,000). 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 MOP1.9 million or 12.1% mainly due to salaries, consultancy fee and other advertising costs incurred for the EV charging business and sales, trading and processing of metal materials for steel structures business.

Income tax expense

Income tax expense decreased by MOP3.4 million or 39.2% primarily due to (i) a decrease in gross profit; and (ii) reversal of over-provision of MOP1.8 million in prior years.

Profit for the Period

There was no significant change in profit for the Period as compared with the Previous Period.

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 Period were mainly funded by cash generated from its operations.

In the management of liquidity risk, 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 30 June 2022, the Group had net current assets of MOP408.0 million (31 December 2021: MOP386.5 million). The current ratio of the Group as at 30 June 2022 was 1.9 (31 December 2021: 2.6).

The Group continued to maintain a healthy liquidity position. As at 30 June 2022, the Group had total cash and bank balances (including fixed bank deposits) of MOP145.8 million (31 December 2021: MOP224.8 million).

As at 30 June 2022, the Group’s unutilised credit facilities was MOP187.5 million (31 December 2021: MOP187.8 million).

As at 30 June 2022, the Group had no bank borrowings (31 December 2021: nil) and the Group’s gearing ratio (calculated by dividing total debts with total equity) was zero (31 December 2021: zero).

Management Discussion and Analysis (Continued)

CAPITAL STRUCTURE

As at 30 June 2022, the Company's share capital and equity amounted to MOP27.5 million and MOP473.9 million, respectively (31 December 2021: MOP18.4 million and MOP447.5 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 the 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 will continue 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

The Group had no significant investments and no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

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 30 June 2022.

Management Discussion and Analysis (Continued)

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 (the "Global Offering") 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 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 30 June 2022:

	Revised applications (HK\$ million)	Actual usage up to 30 June 2022 (HK\$ million)
Financing the issuance of performance bonds when undertaking new projects ^(Note 1)	112.4	97.8
Establishing storage facilities ^(Note 2)	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 ^(Note 2)	16.7	16.7
General working capital	26.2	26.2
	261.6	247.0

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 report, the Group has utilised HK\$97.9 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 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.

Management Discussion and Analysis (Continued)

PLEDGE OF ASSETS

As at 30 June 2022, the Group had pledged bank deposits of MOP35.9 million (31 December 2021: MOP31.2 million), that were pledged with banks as security of credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022 (31 December 2021: nil).

COMMITMENTS

As at 30 June 2022, the Group did not have any significant capital commitments (31 December 2021: 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, positions 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 30 June 2022, the Group had 301 (31 December 2021: 295) employees in Hong Kong, Macau and the PRC, comprising 116 Macau residents and 185 non-Macau residents (31 December 2021: 92 Macau residents and 203 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. During the Period, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

PROSPECTS

According to data from the Statistics and Census Service of Macau, there were 3.465 million visitor arrivals in the first half of 2022, representing a decrease of 11.8% year-on-year. The border control between Zhuhai and Macau was tightened upon the occurrence of a confirmed COVID case in Macau in mid-June 2022, which resulted in a sharp plunge in the number of visitor arrivals in that month. The Macau government subsequently adopted stringent anti-pandemic measures by requiring all non-essential industrial and commercial companies and venues in Macau to suspend operations. As at the date of this report, with the number of COVID cases under control, industrial and commercial activities have resumed and the border control has been relaxed to the effect that all inbound visitors from China, except for certain places, are exempted from quarantine.

Management Discussion and Analysis (Continued)

In the beginning of 2022, the International Monetary Fund projected that Macau's GDP would grow by 15.5% in 2022 driven by the gradual return of foreign tourists and the recovery of domestic demand. Although Macau has been hit by a new wave of COVID outbreak since mid-June 2022, its anti-pandemic measures have shown positive outcomes and it is believed that Macau will get its economy back on track in the near term. Morgan Stanley estimates that China will reopen its borders to Hong Kong and Macau in the second quarter of 2023, and the relaxation of the Individual Visit Scheme and the resumption of group tours will be carried out in the third or fourth quarter of the same year.

Under the framework of the Urban Master Plan of the Macau Special Administration Region (2020-2040) 《澳門特別行政區城市總體規劃(2020-2040)》, the Macau government has been promoting major urban infrastructure projects with a view to accommodating the traffic demand arising from the development of new reclaimed areas. It is also accelerating the legislative progress of the Legal System Governing Urban Renewal 《都市更新法律制度》 and pressing ahead of the reconstruction of the Lao Hon Estate (祐漢七棟樓群). Macau's future strong demand for infrastructure facilities benefits the entire construction industry, and companies having the ability of undertaking difficult and sophisticated projects will be able to attract a myriad of customers.

The existing six casino licences in Macau, which were due to expire on 26 June 2022, have been extended to 31 December this year according to the renewal contracts signed earlier by the Chief Executive of Macau, Mr. Ho Iat Seng. All of the licensed gaming operators and large-scale integrated resort operators have continued their efforts in facility upgrade and enrichment amid the pandemic in a bid to increase their chances for licence renewal and to attract visitors travelling to Macau from all over the world. This presents direct benefits to the Group's businesses of construction and fitting-out works and facilities management services.

The Macau government has conducted a public consultation on the Macau Road Traffic and Transport Planning Study (2021-2030) 《澳門陸路整體交通運輸規劃(2021-2030)》, in which the development of EV charging piles will become one of the most important topics, which is in line with the Group's growth direction and strategy. Achieving the "dual-carbon" goals, specifically carbon peak and carbon neutrality, is a national policy of China, which will be conducive to the development of the new-energy electric vehicle industry in the long run. The Group is developing charging systems with different speeds, namely slow, medium and fast, and a smart charging network, to meet the diverse demands of drivers in Macau and the Greater Bay Area of China. For lithium-ion phosphate batteries developed with our joint venture partner, Guangdong Zhihui Technology Development Co., Ltd.* (廣東智匯技術發展有限公司), with its outstanding performance in safety, efficiency and competitiveness, the product offering is expected to extend its market reach to cover other cities in the Greater Bay Area of China. In order to unleash a greater potential for product promotion, the Group is identifying approaches for developing its EV charging business and battery-swapping system business into additional cities in China, with an aim to generate reasonable returns for the shareholders from global topical green issues such as carbon neutrality and environment, social and governance (ESG).

In July 2022, MECOM International successfully won the bid for the land use rights of a piece of land in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC, on which it will set up and operate manufacturing facilities in order to expand the Group's business presence to cover the field of production and manufacturing. The production business is an extension of the Group's industrial chain, which can serve the future business development of the Group in a better way and enhance its competitiveness. Through vertical extension (including the research and development and manufacturing of new materials and equipment for the new energy business), the production business provides a manufacturing base for the Group's expansion out of Macau and exploration of other domestic and overseas markets such as the Guangdong-Hong Kong-Macao Greater Bay Area, Southeast Asia and Australia. This will enhance the Group's business scale, market competitiveness, brand influence and industry status.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

**TO THE BOARD OF DIRECTORS OF
MECOM POWER AND CONSTRUCTION LIMITED**

(incorporated in the Cayman Islands with limited liability)

德勤

INTRODUCTION

We have reviewed the condensed consolidated financial statements of MECOM Power and Construction Limited (the "Company") and its subsidiaries set out on pages 15 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2022

	NOTES	Six months ended	
		30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Revenue	3	592,168	414,849
Cost of services		(519,341)	(335,821)
Gross profit		72,827	79,028
Other income and loss	4	498	940
Impairment losses under expected credit loss model, net of reversal	6	812	(1,264)
Administrative expenses		(17,735)	(15,822)
Share of profit of associates		2,893	353
Profit before tax		59,295	63,235
Income tax expense	5	(5,269)	(8,669)
Profit for the period	6	54,026	54,566
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translation of foreign operations		(6,500)	-
Total comprehensive income for the period		47,526	54,566
Profit for the period attributable to:			
Owners of the Company		51,910	54,566
Non-controlling interests		2,116	-
		54,026	54,566
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		47,704	54,566
Non-controlling interests		(178)	-
		47,526	54,566
Basic earnings per share (MOP cents)	7	1.94	2.03*
Diluted earnings per share (MOP cents)	7	1.94	2.03*

* The earnings per share of the Group for the six months ended 30 June 2021 was adjusted and restated for the bonus issue of shares in June 2022.

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Non-current assets			
Property, plant and equipment	9	55,290	53,260
Interests in associates		10,640	7,747
		65,930	61,007
Current assets			
Inventories	10	45,806	–
Contract assets	11	91,322	94,460
Trade and other receivables	12	517,619	256,423
Amounts due from related companies	13	15,259	14,930
Pledged bank deposits	14	35,895	31,158
Fixed bank deposits	14	–	45,358
Bank balances and cash	14	145,751	179,451
		851,652	621,780
Current liabilities			
Amounts due to related companies	13	226	1,258
Trade payables and accrued charges	15	382,859	209,332
Tax liabilities		29,938	24,669
Dividend payable		30,650	–
		443,673	235,259
Net current assets		407,979	386,521
Net assets		473,909	447,528
Capital and reserves			
Share capital	16	27,533	18,358
Reserves		405,438	429,170
Equity attributable to owners of the Company		432,971	447,528
Non-controlling interests		40,938	–
Total equity		473,909	447,528

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2022

	Share capital MOP'000	Share premium MOP'000	Share options reserve MOP'000	Legal reserve MOP'000 (Note a)	Other reserve MOP'000 (Note b)	Translation reserve MOP'000	Retained earnings MOP'000	Sub-total MOP'000	Non-controlling interests MOP'000	Total MOP'000
At 1 January 2021 (audited)	12,295	419,748	623	45	(147,114)	-	153,435	439,032	-	439,032
Profit and total comprehensive income for the period	-	-	-	-	-	-	54,566	54,566	-	54,566
Shares repurchased and cancelled (note 16)	(30)	(13,610)	-	-	-	-	-	(13,640)	-	(13,640)
Exercise of share options	8	2,089	(623)	-	-	-	-	1,474	-	1,474
Bonus issue of shares	6,136	(6,136)	-	-	-	-	-	-	-	-
Transaction costs attributable to issue of bonus shares	-	(108)	-	-	-	-	-	(108)	-	(108)
Dividends (note 8)	-	-	-	-	-	-	(36,816)	(36,816)	-	(36,816)
At 30 June 2021 (unaudited)	18,409	401,983	-	45	(147,114)	-	171,185	444,508	-	444,508
At 1 January 2022 (audited)	18,358	384,277	-	45	(147,114)	377	191,585	447,528	-	447,528
Profit for the period	-	-	-	-	-	-	51,910	51,910	2,116	54,026
Other comprehensive expense for the period	-	-	-	-	-	(4,206)	-	(4,206)	(2,294)	(6,500)
Total comprehensive income (expense) for the period	-	-	-	-	-	(4,206)	51,910	47,704	(178)	47,526
Shares repurchased and cancelled (note 16)	(3)	(1,234)	-	-	-	-	-	(1,237)	-	(1,237)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	41,116	41,116
Exercise of bonus warrants	-*	282	-	-	-	-	-	282	-	282
Bonus issue of shares	9,178	(9,178)	-	-	-	-	-	-	-	-
Transaction costs attributable to issue of bonus warrants	-	(625)	-	-	-	-	-	(625)	-	(625)
Transaction costs attributable to issue of bonus shares	-	(108)	-	-	-	-	-	(108)	-	(108)
Dividends (note 8)	-	-	-	-	-	-	(60,573)	(60,573)	-	(60,573)
At 30 June 2022 (unaudited)	27,533	373,414	-	45	(147,114)	(3,829)	182,922	432,971	40,938	473,909

Note a: In accordance with provision of the Macau Commercial Code, the subsidiaries incorporated in Macau Special Administrative Region ("Macau") are required to transfer a minimum of 25% of the profit after taxation each year to the legal reserve until the balance meet 50% of their registered capital. The reserve is not distributable to shareholders.

Note b: The balance of other reserve represents the difference between the aggregate share capital of MOP90,000 of EHY Construction and Engineering Company Limited ("EHY"), and Sun Hung Yip Engineering Construction Company Limited ("SHY") and the consideration of MOP147,204,000 satisfied by way of issue of shares by the Company for the acquisition of EHY and SHY by MECOM EHY Limited and MECOM Sun Hung Yip Limited respectively, pursuant to the reorganisation which was completed on 31 May 2017 in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

* less than MOP1,000

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2022

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	59,295	63,235
Adjustments for:		
Depreciation of property, plant and equipment	2,722	3,404
Bank interest income	(670)	(836)
Share of profit of associates	(2,893)	(353)
Impairment losses under expected credit loss model, net of reversal	(812)	1,264
Operating cash flows before movements in working capital	57,642	66,714
Decrease (increase) in contract assets	3,216	(31,012)
Increase in trade and other receivables	(260,594)	(40,327)
Decrease (increase) in amounts due from related companies	351	(2,803)
Increase in inventories	(45,806)	–
Decrease in amounts due to related companies	–	(2,136)
Increase in trade payables and accrued charges	173,527	45,891
Income tax paid	–	(28)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(71,664)	36,299
INVESTING ACTIVITIES		
Interest received	668	930
Purchases of property, plant and equipment	(4,933)	(3,183)
Acquisition of investment in an associate	–	(1,500)
Advances to related companies	(18,338)	(185)
Repayments from a related company	17,792	16
Withdrawal of fixed bank deposits	45,682	–
Placement of fixed bank deposits	(324)	(25,328)
Placement of pledged bank deposits	(4,737)	(491)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	35,810	(29,741)
FINANCING ACTIVITIES		
Advance from a related company	4,431	70
Repayment to related companies	(5,463)	(105)
Capital contribution from non-controlling shareholders of subsidiaries	41,116	–
Dividends paid	(29,923)	(18,239)
Proceeds from exercise of bonus warrants	282	–
Transaction costs attributable to issue of bonus warrants	(625)	–
Proceeds from exercise of share options	–	1,474
Transaction costs attributable to issue of bonus shares	(108)	(108)
Payment on repurchase and cancellation of shares	(1,237)	(10,305)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	8,473	(27,213)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,381)	(20,655)
Effect of exchange rate changes	(6,319)	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	179,451	152,663
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	145,751	132,008

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Company is incorporated in the Cayman Islands with limited liability.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the consolidated financial statements for the year ended 31 December 2021 of the Company and its subsidiaries (collectively referred to as the “Group”).

Application of amendments to IFRSs

In the current interim period, the Group has applied the amendments to International Financial Reporting Standards (“IFRSs”) issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

The application of the amendments to IFRSs in the current interim period 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 condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

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) electrical and mechanical ("E&M") engineering services works, (4) facilities management services, (5) sale of electric vehicle ("EV") charging systems, (6) subscription fee income; and (7) sales, trading and processing of metal materials.

Information reported to the executive directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance is focused on the category of services provided. During the current period, the Group has diversified its existing business by entering into the steel structures 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;
- (2) EV charging business – the sale of EV charging systems and subscription fee income; and
- (3) Steel structures business – the sale, trading and processing of metal materials.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(i) Disaggregation of revenue from contracts with customers

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Construction business		
Construction and fitting out works	261,970	278,595
High voltage power substation construction and its system installation works	243	12,185
E&M engineering services works	80,298	90,892
Facilities management services	39,988	33,149
	382,499	414,821
EV charging business		
Sale of EV charging systems	245	26
Subscription fee income	112	2
	357	28
Steel structures business		
Sale, trading and processing of metal materials	209,312	–
	592,168	414,849
Timing of revenue recognition		
A point in time	209,557	26
Over time	382,611	414,823
	592,168	414,849

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(ii) Segment information

	Six months ended 30 June 2022			
	Construction business MOP'000 (Unaudited)	EV charging business MOP'000 (Unaudited)	Steel structures business MOP'000 (Unaudited)	Total 2022 MOP'000 (Unaudited)
Revenue from external customers	382,499	357	209,312	592,168
Segment results	54,121	(2,690)	6,222	57,653
Unallocated other income				8
Central administration costs				(1,259)
Share of profit of associates				2,893
Profit before tax				59,295

	Six months ended 30 June 2021		
	Construction business MOP'000 (Unaudited)	EV charging business MOP'000 (Unaudited)	Total 2021 MOP'000 (Unaudited)
Revenue from external customers	414,821	28	414,849
Segment results	64,410	(1,611)	62,799
Unallocated other income			128
Central administration costs			(45)
Share of profit of associates			353
Profit before tax			63,235

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(iii) 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 from external customers 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.

	Revenue from external customers		Non-current assets	
	Six months ended			
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Macau	569,303	414,849	58,514	56,918
The PRC	22,865	–	7,416	4,089
	592,168	414,849	65,930	61,007

4. OTHER INCOME AND LOSS

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Bank interest income	670	836
Government grants	8	–
Others	(180)	104
	498	940

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Current tax		
– Macau Complementary Tax	7,018	8,641
– PRC Enterprise Income Tax	4	–
	7,022	8,641
(Over) under provision in prior year	(1,753)	28
	5,269	8,669

The Company was incorporated in the Cayman Islands and is exempted from income tax.

Subsidiaries in Macau are subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding MOP600,000 for each of both periods.

Subsidiaries in the PRC are subject to PRC Enterprise Income Tax at a rate of 25% on the assessable income for the six months ended 30 June 2022.

No provision for taxation in Hong Kong has been made as losses are resulted for subsidiaries operating in this jurisdiction.

At the end of the current interim period, the Group has unused tax losses of MOP7,131,000 (31 December 2021: MOP4,432,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of MOP3,048,000, MOP999,000, MOP1,374,000 and MOP1,685,000 (31 December 2021: MOP3,048,000, nil, MOP1,374,000 and nil) that will expire in 2024, 2025, 2026 and 2027, respectively. Other losses may be carried forward indefinitely.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	4,464	4,442
Other staff costs:		
Salaries and other allowances	55,417	41,204
Retirement benefit scheme contributions	511	145
Total staff costs	60,392	45,791
Less: amounts included in cost of services	(49,940)	(35,886)
	10,452	9,905
Impairment (reversed) losses recognised on:		
– Trade receivables	(600)	478
– Contract assets	(78)	492
– Trade-nature amounts due from related companies	(134)	294
	(812)	1,264
Depreciation of property, plant and equipment	2,722	3,404
Expense relating to short-term leases	4,110	2,150

7. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	51,910	54,566

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

7. EARNINGS PER SHARE *(continued)*

	'000	'000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,673,269	2,685,077
Effect of dilutive ordinary shares - share options	-	396
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,673,269	2,685,473

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue of shares on 29 June 2022. As such, basic and diluted earnings per share for the six months ended 30 June 2021 have been restated.

8. DIVIDENDS

	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
2021 Final – HK\$3.3 cents (equivalent to MOP3.40 cents) (2021: 2020 Final – HK\$3.0 cents (equivalent to MOP3.09 cents)) per share	60,573	36,817

The directors of the Company have determined that an interim dividend for the six months ended 30 June 2022 of HK\$1.5 cents (equivalent to MOP1.55 cents) per share, representing a total amount of approximately HK\$40,097,000 (equivalent to approximately MOP41,300,000), shall be paid to the shareholders of the Company whose names appear in the register of members on 15 September 2022 (30 June 2021: 2021-Interim dividend of HK\$2.8 cents (equivalent to MOP2.88 cents) per share, representing a total amount of approximately HK\$49,999,000 (equivalent to approximately MOP51,499,000)).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired approximately MOP4,933,000 (six months ended 30 June 2021: MOP5,030,000) property, plant and equipment, mainly including plant and machinery and computer equipment.

10. INVENTORIES

The inventories represent finished goods from the steel structures business and are stated at the lower of cost or net realisable value. No write-down of inventories was recognised for the six months ended 30 June 2022.

11. CONTRACT ASSETS

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Contract assets from contract with customers	92,989	96,205
Less: Allowance for credit losses	(1,667)	(1,745)
	91,322	94,460

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
<i>Represented by:</i>		
Construction and fitting out works	76,971	80,252
High voltage power substation construction and its system installation works	2,491	2,491
E&M engineering services works	11,329	11,186
Facilities management services	531	531
	91,322	94,460

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Analysed as current		
Unbilled revenue	3,587	5,673
Retention receivables	87,735	88,787
	91,322	94,460

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

11. CONTRACT ASSETS (continued)

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 netoffs 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 asset 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 30 June 2022, retention money held by customers for contract works amounted to MOP87,735,000 (31 December 2021: MOP88,787,000) of which MOP2,324,000 (31 December 2021: MOP2,324,000) 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.

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Within one year	7,232	8,329
After one year	80,503	80,458
	87,735	88,787

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

12. TRADE AND OTHER RECEIVABLES

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Trade receivables from contracts with customers	406,367	234,763
Less: Allowance for credit losses	(6,382)	(6,982)
	399,985	227,781
Other debtors, deposits and prepayments		
– Deposits	1,111	1,258
– Prepayments	79,549	24,251
– Others	36,974	3,133
	517,619	256,423

The Group allows 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:

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
0 – 90 days	360,567	214,907
91 – 365 days	35,810	11,270
1 – 2 year	2,290	300
Over 2 years	1,318	1,304
	399,985	227,781

As at 30 June 2022, included in the Group's trade receivables balance are debtors with carrying amounts of MOP111,124,000 (31 December 2021: MOP28,160,000) which are past due as at the reporting date. Out of the past due balances, MOP30,410,000 (31 December 2021: MOP5,329,000) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there had not been a significant change in credit quality, the amounts are still considered recoverable.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

13. AMOUNTS WITH RELATED COMPANIES

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due from related companies		
ACEL Engineering Company Limited (<i>note a</i>)	1,536	2,971
China State Construction (Hong Kong) – China Construction (Macau) – EHY Joint Venture (“CSHK – CCM – EHY JV”) (<i>note b</i>)	1,686	–
Moreira Dos Santos Mobilidade Elétrica Lda. (“MS E. Mobi”) (<i>note b</i>)	295	–
	3,517	2,971
<i>Trade nature</i>		
Amounts due from related companies		
China Construction (Macau) – EHY Joint Venture (“CCM – EHY JV”) (<i>note b</i>)	8,634	8,634
CSHK – CCM – EHY JV (<i>note b</i>)	3,269	3,269
MS E. Mobi (<i>note b</i>)	–	351
	11,903	12,254
Less: Allowance for credit losses	(161)	(295)
	11,742	11,959
	15,259	14,930

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

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
0 – 90 days	–	342
91 – 365 days	11,742	11,617
	11,742	11,959

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

13. AMOUNTS WITH RELATED COMPANIES *(continued)*

As at 30 June 2022, included in the Group's trade-nature amounts due from related companies with carrying amounts of MOP11,742,000 (31 December 2021: MOP11,736,000) which are past due as at the reporting date. Out of the past due balances, MOP11,742,000 (31 December 2021: MOP11,617,000) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due to related companies		
Lei Hong Engineering Limited <i>(note a)</i>	156	252
CSHK – CCM – EHY JV <i>(note b)</i>	–	1,006
Sisint Engenharia Lda <i>(note c)</i>	70	–
	226	1,258

Notes:

- (a) Mr. Sou Kun Tou ("Mr. Sou") and, Mr. Kuok Lam Sek ("Mr. Kuok") have beneficial interests in these related companies. The non-trade amounts with related companies are unsecured, interest free and repayable on demand.
- (b) CCM – EHY JV, CSHK – CCM – EHY JV and MS E. Mobi are associates of the Group.
- (c) Mr. Pedro Moreira dos Santos, who holds 51% shareholding in MS E. Mobi, has beneficial interests over the related company.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

14. PLEDGED BANK DEPOSITS/FIXED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantee to the Group. As at 30 June 2022, the pledged bank deposits carried interest rate range at 0.21% – 1.5% (31 December 2021: 0.525% – 1.5%) per annum and with an original maturity of three to six months.

As at 30 June 2022, the fixed bank deposits carried interest rate range of nil (2021: 1.2% – 1.75%) per annum and with an original maturity of three to six months. The bank balances carry interest at prevailing market rate of 0.001% – 0.1% (31 December 2021: 0.001% – 0.3%) per annum.

15. TRADE PAYABLES AND ACCRUED CHARGES

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Trade payables	212,217	68,742
Retention payables	29,560	33,033
Other payables and accrued charges		
– Accrued staff costs	10,775	15,164
– Accrued construction costs	87,993	71,303
– Other accruals	18,611	13,674
– Other payables	23,703	7,416
	382,859	209,332

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:

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
0 – 90 days	212,021	68,526
91 – 365 days	196	216
	212,217	68,742

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

15. TRADE PAYABLES AND ACCRUED CHARGES (continued)

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.

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
On demand or within one year	1,247	477
After one year	28,313	32,556
	29,560	33,033

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

16. SHARE CAPITAL

	Number of shares	Amount MOP'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	5,000,000,000	51,500
Issued and fully paid:		
At 1 January 2021	1,193,642,000	12,295
Shares repurchased and cancelled (note a)	(2,960,000)	(30)
Exercise of share options	800,000	8
Issue of shares upon bonus issue of shares (note b)	595,741,000	6,136
At 30 June 2021	1,787,223,000	18,409
Shares repurchased and cancelled (note c)	(4,876,000)	(51)
At 31 December 2021	1,782,347,000	18,358
Shares repurchased and cancelled (note d)	(330,000)	(3)
Exercise of bonus warrants (note e)	61,400	—*
Issue of shares upon bonus issue of shares (note f)	891,039,150	9,178
At 30 June 2022	2,673,117,550	27,533

* less than MOP1,000

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

16. SHARE CAPITAL (continued)

Notes:

- (a) The Company repurchased 250,000, 2,380,000 and 330,000 shares of the Company in March, April and May 2021 for an aggregate consideration paid of approximately HK\$1,136,000 (equivalent to MOP1,169,000), HK\$10,664,000 (equivalent to MOP10,984,000) and HK\$1,443,000 (equivalent to MOP1,487,000), respectively, and cancelled those shares in May 2021. Part of the consideration amounting to MOP3,335,000 were settled by deposits included under other receivables as at 31 December 2020.
- (b) 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.
- (c) The Company repurchased 1,548,000, 1,408,000, 1,346,000, 150,000 and 424,000 shares of the Company in July, September, October, November and December 2021 for an aggregate consideration of approximately HK\$5,676,000 (equivalent to MOP5,846,000), HK\$4,888,000 (equivalent to MOP5,034,000), HK\$4,689,000 (equivalent to MOP4,830,000), HK\$528,000 (equivalent to MOP544,000) and HK\$1,458,000 (equivalent to MOP1,502,000), respectively, and cancelled those shares in July, October, November and December 2021.
- (d) The Company repurchased 100,000 and 230,000 shares of the Company in January and March 2022 for an aggregate consideration of approximately HK\$371,000 (equivalent to MOP382,000) and HK\$830,000 (equivalent to MOP855,000), respectively, and cancelled those shares in February and April 2022.
- (e) The bonus warrants were issued to the qualifying shareholders on the basis of one warrant for every ten shares held on 20 May 2022. A total of 178,201,700 warrants were issued by the Company to the qualifying shareholders. As at 30 June 2022, 61,400 warrants have been exercised at a total consideration of approximately MOP282,000.
- (f) The Board recommended a bonus issue of 891,039,150 new shares to the existing shareholders of the Company on the basis of one bonus share for every two existing shares held by the shareholders of the Company on 7 June 2022, and the bonus issue was completed on 29 June 2022.

During the current interim period, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2022	100,000	3.66	3.64	371
March 2022	230,000	3.58	3.56	830

The above ordinary shares were cancelled following repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current interim period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

17. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme ("Share Option Scheme") which became effective on 13 February 2018. Details of the Share Option Scheme are set out in note 20 to the consolidated financial statements in the 2021 Annual Report of the Company.

No share options were outstanding as at 31 December 2021 and no share-based compensation expense was recognised for the periods ended 30 June 2022 and 2021.

18. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties during the current interim period:

Name of related parties	Nature of transaction	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok)	Office rental expenses	343	343
Guangdong Zhihui Technology Development Co., Ltd.* (note a)	Purchase of equipment	–	1,915
Chang Tsuo Heavy Equipment Technology (Guangdong) Co., Ltd (note b)	Purchase of raw materials	–	13,888
CSHK – CCM – EHY JV (note 13b)	Construction contract income	–	15,479
	Management fee	1,568	1,598
Sisint Engenharia Lda (note 13c)	Consultancy fee	420	280

Notes:

- (a) Being the non-controlling shareholder of a subsidiary, MECOM Zhihui Energy Technology (Guangzhou) Co., Ltd.*
- (b) Mr. Deng Jian Jun, an interest holder of a shareholder of the Company since 10 December 2019, has beneficial interests over the related company.

* The English translation of the Companies' names is for reference only. The official name of these companies are in Chinese.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2022

18. RELATED PARTY DISCLOSURES (continued)

(ii) Compensation of key management personnel

The remuneration of executive directors of the Company and other members of key management was as follows:

	Six months ended	
	30.6.2022 MOP'000 (Unaudited)	30.6.2021 MOP'000 (Unaudited)
Short term benefits	7,039	7,018
Post-employment benefits	11	11
	7,050	7,029

19. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by pledged bank deposits (note 14), promissory notes and corporate guarantee. The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	30.6.2022 MOP'000 (Unaudited)	31.12.2021 MOP'000 (Audited)
Issued to the Group by banks	149,118	148,829

As at 30 June 2022, the Group has obtained total credit facilities of approximately MOP278,100,000 (31 December 2021: MOP278,100,000) for the issuance of performance bonds and these credit facilities were secured by (i) the pledged bank deposits of approximately MOP35,895,000 (31 December 2021: MOP31,158,000); (ii) the promissory notes of approximately MOP370,800,000 (31 December 2021: MOP370,800,000); and (iii) the corporate guarantee provided by the Company.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 July 2022, MECOM International New Materials Technology (Guangdong) Co., Ltd, an indirect non-wholly owned subsidiary of the Company, has won the bid for the land use rights of a piece of land in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC for a total consideration of RMB42,700,000 (equivalent to approximately HK\$49,532,000 or MOP51,018,000).

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 Part 2 of the Corporate Governance Code (the “CG Code”) under Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 Part 2 of the CG Code throughout the Period.

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 Period.

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 by the Model Code from dealing as if he/she were a Director.

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of HK\$1.5 cents per share for the Period. Such interim dividend will be paid to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 15 September 2022. It is expected that the interim dividend will be paid on or about Thursday, 6 October 2022.

In order to be eligible for the interim dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 September 2022.

Other Information (Continued)

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

The Company repurchased 330,000 shares with par value of HK\$0.01 each ("Shares", each a "Share") on the Stock Exchange during the Period. The total consideration (including transaction costs) of the repurchases was approximately HK\$1,201,000. All of the repurchased Shares were cancelled during the Period. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
January 2022	100,000	3.66	3.64	371,000
March 2022	230,000	3.58	3.56	830,000
	330,000			1,201,000

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 Period.

BONUS ISSUE OF SHARES

For the six months ended 30 June 2021, the Board recommended a bonus issue of new Shares to the existing shareholders of the Company 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 of 595,741,000 new shares 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 six months ended 30 June 2022, the Board recommended a bonus issue of new Shares to the existing shareholders of the Company on the basis of one bonus Share for every two existing Shares held by the shareholders of the Company on 7 June 2022, and the bonus issue of 891,039,150 new shares was completed on 29 June 2022. Please refer to the Company's announcement dated 29 March 2022 and the Company's circular dated 26 April 2022 for details.

BONUS WARRANTS ISSUE

On 10 May 2022, the Company issued a circular relating to the bonus warrants issue (the “Warrants”), and obtained approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. The stock code of the Warrants is 2242.

The Warrants were issued to the qualifying shareholder on the basis of one Warrant for every ten shares held on 20 May 2022. A total of 178,201,700 Warrants were issued by the Company to the qualifying shareholders, represented by the Warrant certificates. The Warrants were issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for 1 new Share at an initial subscription price of HK\$4.47 per share during the subscription period from Wednesday, 25 May 2022 to Wednesday, 24 May 2023 (both days inclusive). The subscription price was adjusted from HK\$4.47 to HK\$2.95 per share with effect from 8 June 2022, and details of the adjustment are disclosed in the Company’s announcement dated 7 June 2022. As the date of this report, 61,600 Warrants have been exercised.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

Other Information (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code contained in the Listing Rules were as follows:

(i) Interests in shares of the Company

Name of Director	Nature of interest	Number of shares ^(Note 1)	Approximate percentage of shareholding interest ^(Note 2)
Mr. Kuok Lam Sek ("Mr. Kuok") ^(Note 3)	Interest of the controlled corporation	1,352,160,000 (L)	50.58%
Mr. Sou Kun Tou ("Mr. Sou") ^(Note 3)	Interest of the controlled corporation	1,352,160,000 (L)	50.58%
Ms. Chan Po Yi, Patsy	Beneficial interest	450,000 (L)	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on 2,673,117,550 Shares in issue as at 30 June 2022.
- (3) MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam Kuok Wa ("Mr. Lam") and 15% by Mr. Lao Ka Wa ("Mr. Lao"), respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

Other Information (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Percentage holding
Mr. Kuok ^(Note)	MECOM Holding Limited	Beneficial owner and interest held jointly with other persons	100	100%
Mr. Sou ^(Note)	MECOM Holding Limited	Beneficial owner and interest held jointly with other persons	100	100%

Note: MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the interests or short positions of persons other than the Directors and chief executive of the Company in the Shares and underlying Shares as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding interest ^(Note 2)
Mr. Lam ^(Note 3)	Interest of the controlled corporation	1,352,160,000 (L)	50.58%
Mr. Lao ^(Note 3)	Interest of the controlled corporation	1,352,160,000 (L)	50.58%
MECOM Holding Limited	Beneficial owner	1,352,160,000 (L)	50.58%
Mr. Kuan Chio Man ("Mr. Kuan") ^(Note 4)	Interest of the controlled corporation	335,475,000 (L)	12.55%
Mr. Lei Kuok Hong ("Mr. Lei") ^(Note 4)	Beneficial owner Interest of the controlled corporation	987,000 (L) 335,475,000 (L)	0.04% 12.55%
Macau New Base Investment Company Limited ("Macau New Base")	Beneficial owner	335,475,000 (L)	12.55%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on 2,673,117,550 Shares in issue as at 30 June 2022.
- (3) MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.
- (4) Macau New Base is owned as to 35% by Mr. Kuan and 35% by Mr. Lei. By virtue of the SFO, Mr. Kuan and Mr. Lei are deemed to be interested in the Shares held by Macau New Base.

Save as disclosed above, as at 30 June 2022, the Directors had not been notified by any other persons (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted 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.

During the Period, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

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 D.3 of the CG Code. The audit committee of the Company 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.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee and the Company's external auditor, Deloitte Touche Tohmatsu, have reviewed the accounting principles and practices adopted by the Group and have reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2022 and this interim report.

EVENTS AFTER THE REPORTING PERIOD

On 21 July 2022, MECOM International New Materials Technology (Guangdong) Co., Ltd.* (澳能國際新材料科技(廣東)有限公司), an indirect non-wholly owned subsidiary of the Company, has successfully won the bid for the land use rights of a piece of land in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC for a total consideration of RMB42,700,000 (equivalent to approximately HK\$49,532,000). For details, please refer to the announcement of the Company dated 22 July 2022.

Save as disclosed in this report, there were no other important events affecting the Group that had occurred after 30 June 2022 and up to the date of this report.

Other Information (Continued)

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2021 Annual Report are set out below.

Name of Director	Details of Changes
Ms. Chan Po Yi, Patsy Mr. Cheung Kiu Cho, Vincent Mr. Lio Weng Tong	The remuneration of independent non-executive directors has been revised to HK\$185,000 per annum commencing from 13 February 2022, which was determined by the Board based on the recommendation of the remuneration committee with reference to their experience, job responsibility and the prevailing market conditions.
Ms. Chan Po Yi, Patsy	Appointed as the chief executive officer of Northeast Asia Region of Richemont Asia Pacific Limited effective from 1 September 2022, where she is responsible for overseeing its operations in Hainan, Hong Kong, Macau and Taiwan.

On behalf of the Board

MECOM Power and Construction Limited

Kuok Lam Sek

Chairman

Hong Kong, 31 August 2022

* *For identification purpose only*