

MECOM

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



2023

INTERIM REPORT

Contents

Corporate Information	2
Management Discussion and Analysis	4
Report on Review of Condensed Consolidated Financial Statements	14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	21
Other Information	40



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

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

Units Q, R and S, 6/F

Praça Kin Heng Long-Heng Hoi Kuok

Kin Fu Kuok

No. 258 Alameda Dr. Carlos D'Assumpção

Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 20

Infinity Plaza

199 Des Voeux Road Central

Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

and Registered Public Interest Entity Auditor

35th Floor, One Pacific Place

88 Queensway

Hong Kong

Corporate Information (Continued)

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to Macau law:

José Liu
Avenida da Amizade, n.º 555
Landmark, 13.º andar
Sala No. 1308
Macau

As to Cayman Islands law:

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

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of Communications Co., Ltd.
China Guangfa Bank Co. Ltd, Macau Branch
Dah Sing Bank, Limited
Tai Fung Bank Limited

STOCK CODE

Shares

1183

Warrants

424

WEBSITE

www.mecommacau.com

Management Discussion and 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, 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”) related services and the steel structures business which involves the sales 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 business is a new sustainable business opportunity which involves supplying EV related services, including but not limited to (i) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (ii) distribution of EVs; (iii) design, production, sales and marketing of EVs and EV charging systems; (iv) manufacturing and production of battery packs; and (v) provision of EV charging/swapping solutions.

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

The impacts of the COVID-19 pandemic on economic activities in Macau and the Greater Bay Area have gradually diminished in 2023. Furthermore, the renewal of the six existing casino licences approved by the Macau SAR Government in November 2022 procedurally brightened the outlook for the Group's business operations. Benefiting from the resumption of social activities, the Group stepped up efforts to expand the steel structures business and EV business to cope with the economic development after the pandemic.

The Group's revenue for the Period increased by 35.1% year-on-year to MOP800.1 million (the Previous Period: MOP592.2 million), which was mainly attributable to revenue generated by the construction business and steel structures business of MOP262.9 million (the Previous Period: MOP382.5 million) and MOP536.0 million (the Previous Period: MOP209.3 million) respectively. The Group's gross profit margin was 13.3% for the Period, which was stable as compared with 12.3% for the Previous Period. Additional selling and administrative expenses were incurred for the rapid expansion of the steel structures and EV business. The investment in the construction of the manufacturing facilities in Jiangmen, Guangdong Province, the PRC also pushed up the total amount of the Group's bank loans, leading to additional interest expenses. Due to depreciation of Renminbi ("RMB") since June 2023, the Group recognised loss of MOP9.7 million on fair value changes of foreign exchange forward contracts. As such, the Group's net profit margin fell by 4.3 percentage points from 9.1% for the Previous Period to 4.8% for the Period.

Due to the fact that the Group's business was disrupted by the pandemic in the second half of 2022, and the outcome of the bids for casino licenses had not been announced until late last year, the Group experienced a decline in the revenue and growth of the construction business. As of 30 June 2023, the Group's aggregate value of contracts on hand yet to complete from the construction business and steel structures business was MOP765.8 million (31 December 2022: MOP742.9 million) and MOP550.4 million (31 December 2022: MOP488.3 million), respectively.

Construction Business

As a condition for the renewal of casino licences, the Macau SAR Government requires all licence operators to invest MOP118.8 billion within the 10-year operation period. On the other hand, the Macau SAR Government will launch four to five large home ownership projects each year in an effort to speed up the construction of public housing properties. Therefore, the government, casino gaming operators and integrated resort operators are expected to allocate more resources to construction operations. Given that the Group has undertaken various infrastructure projects over the years, it will benefit from the growth of the construction industry.

The Group has maintained good partnership with its customers. During the Period, the Group was awarded a number of major construction and fitting out works projects, E&M engineering projects and facility management service projects, including, among others, (i) the structural, fitting out and peripheral works for an integrated resort in Cotai, (ii) the provision of air-conditioning and ventilation system works for public housing units in Lot A1 of New Urban Zone Area A, (iii) the renovation works of the exterior of Sai Wan Bridge – Phase 1, and (iv) operation and maintenance services for the energy centre and related equipment, and water features and swimming pools in an integrated casino resort in Cyprus. The aggregate value of these projects amounted to approximately MOP176.5 million.

Management Discussion and Analysis (Continued)

Satisfactory progress was achieved in the Group's construction projects during the Period. Revenue of approximately MOP96.9 million was contributed from the provision of structural works for the main structure of the podium, tower and theatre, the provision of mechanical, ventilation and air-conditioning system works, and the provision of labour and accessories for electrical installation for a hotel complex in an integrated resort in Cotai, Macau.

Steel Structures Business

Construction of the manufacturing facilities financed by 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"), an indirect non-wholly owned subsidiary of the Company, has been essentially completed during the Period. The operation of the manufacturing facilities will bolster the rapid expansion of the Group's steel structures business to match the fast-growing demand for new steel structure materials in the local, Hong Kong and Southeast Asian markets in the coming years.

In April 2023, MECOM International entered into a cooperation agreement with the National Engineering Technology Research Centre for Pre-fabrication Construction in Civil Engineering of Tongji University* (同濟大學國家土建結構預制裝配化工程技術研究中心), pursuant to which the National Engineering Technology Research Centre for Pre-fabrication Construction in Civil Engineering – MECOM International Research Centre for Prefabricated Construction Technology* (國家土建結構預制裝配化工程技術研究中心 – 澳能國際裝配式建築技術研究中心) will be co-developed in the research and development building of the manufacturing facilities to enhance technological sophistication and uniqueness of the Group's products in the marketplace, thus improving the competitiveness and profitability of the new steel structure materials business. MECOM International will join hands with major steel manufacturers in the PRC to develop new materials to meet the rapid growth in market demand for prefabricated construction materials, including the new development project in the Northern Metropolis District launched by the Hong Kong SAR Government, and the requirements for green and intelligent prefabricated construction technology, so as to quickly capture the growing new construction materials market with strong technology research and development.

During the Period, MECOM International and Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司) ("Ao Gang Construction", an indirect non-wholly owned subsidiary of the Company), secured order contracts for the processing and supply of approximately 118,915 tonnes of steel with an aggregate contract value of MOP680.2 million. MECOM International and Ao Gang Construction delivered approximately 92,452 tonnes of steel to the customers for the Period, including government engineering projects and integrated entertainment resort projects, contributing MOP536.0 million to the Group's revenue.

EV Business

In May 2023, the Company entered into a three-year memorandum of understanding with State Power Investment Qinao Smart Energy (Guangdong) Company Limited* (國電投琴澳智慧能源(廣東)有限公司), a subsidiary of State Power Investment Corporation Limited* (國家電力投資集團有限公司) ("SPIC"), pursuant to which the parties thereto become strategic business partners in the energy management and EV business. The Group expects that SPIC's expertise and leading position in the power industry could facilitate the development and bring new opportunities to the EV business of the Group.

During the Period, MU (Guangdong) New Energy Vehicle Co., Ltd.* (自由充(廣東)新能源汽車有限公司) and MUCharging (Macau) Limited (自由充(澳門)有限公司) ("MUCharging"), indirect wholly-owned subsidiaries of the Company, entered into contracts for undertaking EV charging projects in various residential and commercial buildings such as the Shanwei Wansheng Square Urban Complex* (汕尾萬升廣場城市綜合體) in Guangdong Province of the PRC, Lisboeta Macau, Macau Roosevelt Hotel, Edf. Millionaire Garden (富豪花園) and Edf. Greenville (茵景園), under which separate contracts are entered into with landlords and/or tenants of car parking spaces for the provision of EV charging services.

Management Discussion and Analysis (Continued)

MUCharging (as distributor) entered into a distribution agreement with Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司) (“Wuling Industry”, a subsidiary of Wuling Motors Holdings Limited (五菱汽車集團控股有限公司) as supplier) in February 2023. Taking into account a distribution agreement dated December 2022, MUCharging became a distributor of certain electric motorbikes and electric delivery vehicles supplied by Wuling Industry in Hong Kong, Macau, Indonesia, Malaysia, Thailand and Singapore.

In May 2023, MUCharging entered into a joint venture agreement with Giken Mobility Pte. Ltd. (“GM”, a wholly-owned subsidiary of GSS Energy Limited, which is a listed company in Singapore), in relation to the cooperation in the development of EV business primarily in Singapore, Thailand, Indonesia and Malaysia by way of formation of a joint venture (the “Joint Venture”), which includes the installation and operation of EV charging systems and EV battery swapping systems, distribution of EVs such as (but not limited to) electric 4-wheelers and/or electric motorcycles of Wuling Industry, and distribution of GM’s Iso-branded electric motorcycles in the Guangdong Greater Bay Area of the PRC.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group’s revenue during the six months ended 30 June 2023 and 2022:

	Six months ended			
	30.6.2023		30.6.2022	
	MOP’000	%	MOP’000	%
Construction business				
Construction and fitting out works	152,100	19.0	261,970	44.2
High voltage power substation construction and its system installation works	9,252	1.2	243	0.0
E&M engineering services works	42,945	5.4	80,298	13.6
Facilities management services	58,624	7.3	39,988	6.8
	262,921	32.9	382,499	64.6
EV business	1,186	0.1	357	0.1
Steel structures business	536,036	67.0	209,312	35.3
Total	800,143	100.0	592,168	100.0

The Group’s revenue for the Period increased by MOP207.9 million or 35.1% to MOP800.1 million.

Management Discussion and Analysis (Continued)

Revenue from construction business decreased by MOP119.6 million or 31.3%, primarily attributable to the following factors:

- due to the COVID-19 pandemic, the renewal of the six existing casino licences in Macau was postponed, which led to the delay in rolling out of construction projects by the casino gaming and integrated resort operators during the year ended 31 December 2022; and
- the Group was awarded with certain smaller-scale projects in the construction business during the Period.

Revenue from the steel structures business for the Period increased by MOP326.7 million or 156.1% as compared to the Previous Period as the steel structures business was commenced in April 2022 thus covering only a part of the Previous Period, whereas the revenue for the Period covered the entire six-month period. During the Period, the Group delivered approximately 92,452 tons (the Previous Period: 26,859 tons) of steel materials, including reinforced bars, steel sheet piles and galvanized sheets, and contributed MOP536.0 million (the Previous Period: MOP209.3 million) to the Group's revenue.

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 2023 and 2022:

	Six months ended			
	30.6.2023		30.6.2022	
	Gross profit/(loss) MOP'000	Gross margin %	Gross profit/(loss) MOP'000	Gross margin %
Construction business				
Construction and fitting out works	21,932	14.4	37,837	14.4
High voltage power substation construction and its system installation works	1,313	14.2	5	2.1
E&M engineering services works	9,134	21.3	12,630	15.7
Facilities management services	26,571	45.3	14,487	36.2
	58,950	22.4	64,959	17.0
EV business	(1,396)	(117.7)	(1,314)	(368.1)
Steel structures business	48,677	9.1	9,182	4.4
Total	106,231	13.3	72,827	12.3

The Group's gross profit increased by MOP33.4 million or 45.9% to MOP106.2 million for the Period. The gross margin improved slightly to 13.3% for the Period (the Previous Period: 12.3%).

Management Discussion and Analysis (Continued)

Gross margin of the construction and fitting out works remained stable at 14.4% for the Period (the Previous Period: 14.4%). Gross margin of the facilities management services increased from 36.2% for the Previous Period to 45.3% for the Period primarily attributable to (i) rapid growth in demand for the facilities management services due to massive influx of tourists visiting Macau since the fourth quarter of 2022, resulting in more effective and efficient use in direct labour; and (ii) the commencement of facilities management services works in Cyprus which had a higher gross margin mainly due to the favourable rate of the works orders offered by the customer.

To expand the market share and get prepared for a prospective rapid growth in the number of customers, the Group continued its investment in the EV business, and therefore recorded a gross loss of MOP1.4 million for the Period in respect of the EV business segment. During the Period, the Group incurred (i) costs of approximately MOP393,000 for installation of (a) EV charger facilities at residential and/or commercial buildings and/or hotel complex and (b) charging cabinets for lithium-ion phosphate batteries in Macau and Guangdong Province, the PRC; and (ii) depreciation costs of approximately MOP1.9 million.

Gross margin of the steel structures business improved from 4.4% for the Previous Period to 9.1% for the Period, which was attributable to the fact that the Group secured several purchase orders in the second half of 2022 for the supply of metal materials for construction sites in Macau before the sharp drop in overall steel prices, with materials to be delivered throughout the year ending 31 December 2023.

Other income and loss

Other income and loss decreased by MOP1.5 million during the Period, which was attributable to the Group's recognition of exchange loss of MOP2.6 million mainly arising from its PRC operations.

Distribution costs

During the Period, the Group incurred transportation costs of MOP10.9 million (the Previous Period: MOP119,000) for the steel structures business.

Impairment losses (recognised) reversed under expected credit loss ("ECL") model

The Group recognised an impairment losses of MOP7.5 million for trade receivables, trade-nature amounts due from related companies and contract assets under ECL model, which was primarily attributable to the default of a customer in the payment of monies by the due date (the Previous Period: reversal of impairment losses of MOP812,000).

Loss on fair value changes of derivative financial instruments

During the Period, the Group recognised loss of MOP9.7 million on fair value changes of foreign exchange forward contracts with settlement period from July 2023 to March 2024 due to the depreciation of RMB against HK\$ (the Previous Period: nil).

Administrative expenses

Administrative expenses increased by MOP7.5 million or 42.4% mainly due to salaries and other promotion costs incurred for the EV business and steel structures business. In addition, the Group commenced facilities management services works in Cyprus and incurred administrative expenses of MOP1.2 million during the Period.

Management Discussion and Analysis (Continued)

Interest expense on bank borrowings

During the Period, the Group incurred interest expenses of MOP3.3 million on the bank loans (the Previous Period: nil).

Income tax expense

Income tax expense increased by MOP5.5 million or 103.5% primarily due to (i) an increase in gross profit; and (ii) an over-provision of Macau Complementary Tax of MOP1.8 million in prior years was reversed in the Previous Period.

Profit for the Period

The Group's profit for the Period decreased by MOP15.8 million or 29.3% primarily attributable to the combined effect of the abovementioned items. Net margin dropped from 9.1% for the Previous Period to 4.8% for the 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 and credit facilities provided by its principal bankers in Macau and the PRC.

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 2023, the Group had net current assets of MOP395.8 million (31 December 2022: MOP356.3 million). The current ratio of the Group as at 30 June 2023 was 1.7 (31 December 2022: 1.7).

The Group continued to maintain a healthy liquidity position. As at 30 June 2023, the Group had total cash and bank balances of MOP31.7 million (31 December 2022: MOP74.8 million).

As at 30 June 2023, the Group had outstanding bank borrowings of MOP229.8 million (31 December 2022: MOP90.6 million) and the Group's unutilised credit facilities was MOP242.8 million (31 December 2022: MOP187.1 million). The Group's gearing ratio (calculated by dividing total debts with total equity) was 44.1% (31 December 2022: 18.8%).

CAPITAL STRUCTURE

As at 30 June 2023, the Company's share capital and equity amounted to MOP41.2 million and MOP521.2 million, respectively (31 December 2022: MOP27.4 million and MOP483.4 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 steel materials denominated in RMB, while sales of steel materials are denominated in Hong Kong dollars ("HK\$"). The management will monitor and review the Group's foreign exchange exposure from time to time and ensure that appropriate measures are adopted effectively in a timely manner to manage the currency risks.

Management Discussion and Analysis (Continued)

On 20 April 2023, MECOM International entered into a set of foreign exchange hedging contracts with Agricultural Bank of China, Jiangmen Xinhui 2nd Sub-branch*, to hedge against RMB/HK\$ currency risk, in respect of the principal amount of HK\$120 million. On 28 April 2023, MECOM International entered into another set of foreign exchange hedging contracts with Bank of Communications, Zhuhai Branch*, to hedge against RMB/HK\$ currency risk, in respect of the principal amount of HK\$100 million. Please refer to the announcements of the Company dated 20 April 2023 and 28 April 2023 for further details.

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 2023.

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 2023:

	Revised applications (HK\$ million)	Amount of unutilised proceeds as at 1 January 2023 (HK\$ million)	Actual usage up to 30 June 2023 (HK\$ million)	Amount of unutilised proceeds as at 30 June 2023 (HK\$ million)
Financing the issuance of performance bonds				
when undertaking new projects ^(Note 1)	112.4	10.1	2.7	7.4
Establishing storage facilities ^(Note 2)	44.3	–	–	–
Recruiting additional staff	45.2	–	–	–
Acquiring additional machinery	16.8	–	–	–
Financing the upfront costs for new projects ^(Note 2)	16.7	–	–	–
General working capital	26.2	–	–	–
	261.6	10.1	2.7	7.4

Management Discussion and Analysis (Continued)

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 2023.

Up to the date of this report, the Group has utilised HK\$109.3 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.

PLEDGE OF ASSETS

As at 30 June 2023, the Group had pledged (i) bank deposits of MOP40.2 million (31 December 2022: MOP34.4 million); (ii) leasehold land of MOP48.4 million (31 December 2022: nil); and (iii) construction in progress of MOP52.2 million (31 December 2022: nil) with banks as security of credit facilities and foreign exchange forward contracts.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2023 (31 December 2022: nil).

COMMITMENTS

As at 30 June 2023, the Group had capital commitments of approximately MOP99,009,000 in relation to the construction works for setting up new manufacturing and research and development facilities at the site in Jiangmen, Guangdong Province, the PRC (31 December 2022: MOP146,236,000).

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 2023, the Group had 295 (31 December 2022: 281) employees in Hong Kong, Macau, the PRC and Europe.

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.

Management Discussion and Analysis (Continued)

PROSPECTS

As required under the conditions for renewal of the existing licences, the six casino gaming operators undertake to the Macau SAR Government that they will invest MOP118.8 billion to develop projects during the 10-year operation period, and they have finalised the development plan and execution scheme for the next 10 years, setting a clearer direction for the construction, alteration and addition works of the integrated resorts in Macau. The Group will constantly seek new business opportunities to enhance its market share and competitiveness leveraging our experience and strengths in integrated resort construction and facilities management.

The Group will further develop the steel structures business. With the manufacturing facilities and the new materials technology research and development centre in Jiangmen City, Guangdong Province, the PRC, which will commence operation in the second half of the year, the Group is expected to penetrate the new development project in the Northern Metropolis of Hong Kong and the construction market in Southeast Asia. The Group will also establish subsidiaries and/or associates in the Southeast Asia market in due course to meet the huge demand in the construction materials markets in Hong Kong and Southeast Asia so as to further diversify our revenue sources.

In June 2023, the State Council extended the purchase tax exemption policy for new energy vehicles to 31 December 2027. The State Council also pledged to promote the high-quality development of the new energy vehicle industry by launching more policy support in a view to accelerating the development of Chinese new energy vehicle brands with international competitiveness. In line with national policies, the Group hopes to commence cooperation with a number of automobile companies listed on the stock exchanges in Hong Kong, Singapore and Malaysia as soon as possible as a new source of revenue for the Group.

Looking forward into the second half of 2023, the Group is expected to see a steady growth of business thanks to the combination of several positive factors such as the recovery of the global economy, steady implementation of investment projects by casino gaming operators and integrated resort operators in Macau, the expected increase in market demand for construction services and prefabricated steel in Hong Kong and Southeast Asia markets, and the strong support and promotion pledged by the central government for the new energy industry.

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF MECOM POWER AND CONSTRUCTION LIMITED

(incorporated in the Cayman Islands with limited liability)

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 39, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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 certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and 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

30 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2023

	NOTES	Six months ended	
		30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Revenue	3	800,143	592,168
Cost of services		(693,912)	(519,341)
Gross profit		106,231	72,827
Other income and loss	4	(1,021)	498
Distribution costs		(10,937)	(119)
Impairment losses (recognised) reversed under expected credit loss model	6	(7,511)	812
Loss on fair value changes of derivative financial instruments	19	(9,658)	–
Administrative expenses		(25,077)	(17,616)
Interest expense on bank borrowings		(3,328)	–
Share of profit of associates		205	2,893
Profit before tax		48,904	59,295
Income tax expense	5	(10,723)	(5,269)
Profit for the period	6	38,181	54,026
Other comprehensive expenses			
<i>Item that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translation of foreign operations		(8)	(6,500)
Total comprehensive income for the period		38,173	47,526
Profit for the period attributable to:			
Owners of the Company		32,242	51,910
Non-controlling interests		5,939	2,116
		38,181	54,026
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		32,203	47,704
Non-controlling interests		5,970	(178)
		38,173	47,526
Basic earnings per share (MOP cents)	7	0.81	1.29*
Diluted earnings per share (MOP cents)	7	0.81	1.29*

* The earnings per share of the Group for the six months ended 30 June 2022 was adjusted and restated for the bonus issue of shares completed on 29 June 2023.

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Non-current assets			
Property, plant and equipment	9	154,578	113,261
Interests in associates		14,080	13,875
		168,658	127,136
Current assets			
Inventories	10	89,342	12,848
Contract assets	11	156,207	84,312
Trade and other receivables	12	640,354	652,243
Amounts due from related companies	13	4,575	9,729
Pledged bank deposits	14	40,223	34,370
Cash and cash equivalents	14	31,732	74,795
		962,433	868,297
Current liabilities			
Amounts due to related companies	13	49	267
Trade payables and accrued charges	15	341,744	403,095
Derivative financial instruments	19	9,658	–
Tax liabilities		28,648	18,032
Bank borrowings	16	186,497	90,640
		566,596	512,034
Net current assets		395,837	356,263
Total asset less current liabilities		564,495	483,399
Non-current liability			
Bank borrowings	16	43,314	–
Net assets		521,181	483,399
Capital and reserves			
Share capital	17	41,161	27,440
Reserves		387,294	369,203
Equity attributable to owners of the Company		428,455	396,643
Non-controlling interests		92,726	86,756
Total equity		521,181	483,399

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2023

	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000	Other reserve MOP'000 (Note a)	Translation reserve MOP'000 (Note b)	Retained earnings MOP'000	Sub-total MOP'000	Non- controlling interests MOP'000	Total MOP'000
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	(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
At 1 January 2023 (audited)	27,440	354,746	45	(147,114)	(9,531)	171,057	396,643	86,756	483,399
Profit for the period	-	-	-	-	-	32,242	32,242	5,939	38,181
Other comprehensive expense for the period	-	-	-	-	(39)	-	(39)	31	(8)
Total comprehensive income (expense) for the period	-	-	-	-	(39)	32,242	32,203	5,970	38,173
Exercise of bonus warrants	1	293	-	-	-	-	294	-	294
Bonus issue of shares	13,720	(13,720)	-	-	-	-	-	-	-
Transaction costs attributable to issue of bonus warrants	-	(577)	-	-	-	-	(577)	-	(577)
Transaction costs attributable to issue of bonus shares	-	(108)	-	-	-	-	(108)	-	(108)
At 30 June 2023 (unaudited)	41,161	340,634	45	(147,114)	(9,570)	203,299	428,455	92,726	521,181

Condensed Consolidated Statement of Changes in Equity (Continued)

For the Six Months Ended 30 June 2023

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 2023

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	48,904	59,295
Adjustments for:		
Depreciation of property, plant and equipment	4,214	2,722
Bank interest income	(293)	(670)
Interest expense on bank borrowings	3,328	–
Share of profit of associates	(205)	(2,893)
Loss on fair value changes of derivative financial instruments	9,658	–
Write-off of inventories	418	–
Impairment losses recognised (reversed) under expected credit loss model	7,511	(812)
Operating cash flows before movements in working capital	73,535	57,642
(Increase) decrease in contract assets	(72,657)	3,216
Decrease (increase) in trade and other receivables	5,262	(260,594)
Decrease in amounts due from related companies	3,270	351
Increase in inventories	(76,912)	(45,806)
(Decrease) increase in trade payables and accrued charges	(61,351)	173,527
Cash used in operations	(128,853)	(71,664)
Income tax paid	(101)	–
NET CASH USED IN OPERATING ACTIVITIES	(128,954)	(71,664)
INVESTING ACTIVITIES		
Interest received	129	668
Purchases of property, plant and equipment	(46,979)	(4,933)
Advances to related companies	(13,855)	(18,338)
Repayments from related companies	15,781	17,792
Withdrawal of fixed bank deposits	–	45,682
Placement of fixed bank deposits	–	(324)
Placement of pledged bank deposits	(5,853)	(4,737)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(50,777)	35,810

Condensed Consolidated Statement of Cash Flows (Continued)

For the Six Months Ended 30 June 2023

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
FINANCING ACTIVITIES		
Advances from related companies	363	4,431
Repayment of bank borrowings	(158,564)	–
New bank borrowings raised	298,280	–
Interest paid for bank borrowings	(3,328)	–
Repayment to related companies	(581)	(5,463)
Capital contribution from non-controlling shareholders of subsidiaries	–	41,116
Dividends paid	–	(29,923)
Proceeds from exercise of bonus warrants	294	282
Transaction costs attributable to issue of bonus warrants	(577)	(625)
Transaction costs attributable to issue of bonus shares	(108)	(108)
Payment on repurchase and cancellation of shares	–	(1,237)
NET CASH FROM FINANCING ACTIVITIES	135,779	8,473
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,952)	(27,381)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	74,795	179,451
Effect of foreign exchange rate changes	889	(6,319)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	31,732	145,751

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

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 2023 are the same as those presented in the consolidated financial statements for the year ended 31 December 2022 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 new and amendments to International Financial Reporting Standards (“IFRSs”) issued by IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and 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.

3. REVENUE AND SEGMENT INFORMATION

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. 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, electrical and mechanical (“E&M”) engineering services works, and provision of facilities management services.
- (2) EV business – the provision of EV related services, including but not limited to (i) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (ii) distribution of EVs; (iii) design, production, sales and marketing of EVs and EV charging systems; (iv) manufacturing and production of battery packs; and (v) provision of EV charging/swapping solutions.
- (3) Steel structures business – the sale 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 2023

3. REVENUE AND SEGMENT INFORMATION *(Continued)***(i) Disaggregation of revenue from contracts with customers**

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Construction business		
Construction and fitting out works	152,100	261,970
High voltage power substation construction and its system installation works	9,252	243
E&M engineering services works	42,945	80,298
Facilities management services	58,624	39,988
	262,921	382,499
EV business		
Sale of EV charging systems	93	245
Subscription fee income	1,093	112
	1,186	357
Steel structures business		
Sale and processing of metal materials	536,036	209,312
	800,143	592,168
Timing of revenue recognition		
A point in time	536,129	209,557
Over time	264,014	382,611
	800,143	592,168

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION *(Continued)***(ii) Segment information**

	Six months ended 30 June 2023			
	Construction business MOP'000 (Unaudited)	EV business MOP'000 (Unaudited)	Steel structures business MOP'000 (Unaudited)	Total 2023 MOP'000 (Unaudited)
Revenue from external customers	262,921	1,186	536,036	800,143
Intersegment revenue	30	–	–	30
	262,951	1,186	536,036	800,173
Elimination of intersegment revenue				(30)
				800,143
Segment results	36,125	(3,387)	17,755	50,493
Unallocated other income				–
Central administration costs				(1,794)
Share of profit of associates				205
Profit before tax				48,904
	Six months ended 30 June 2022			
	Construction business MOP'000 (Unaudited)	EV 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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

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 profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

(iii) Geographical information

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

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			
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Macau	748,864	569,303	59,136	60,333
The PRC	44,944	22,865	109,118	66,803
Cyprus	6,335	–	404	–
	800,143	592,168	168,658	127,136

4. OTHER INCOME AND LOSS

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Bank interest income	293	670
Government grants	–	8
Exchange loss, net	(2,707)	(180)
Others	1,393	–
	(1,021)	498

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Current tax		
– Macau Complementary Tax	10,241	7,018
– PRC Enterprise Income Tax	–	4
– Cyprus Corporate Income Tax	434	–
	10,675	7,022
Under(over) provision in prior year	48	(1,753)
	10,723	5,269

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

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

Subsidiaries in PRC are subject to PRC Enterprise Income Tax at a rate of 25% on the assessable income for both periods.

Subsidiaries in Cyprus are subject to Cyprus Corporate Income Tax at a rate of 12.5% on the assessable income for the six months ended 30 June 2023.

At the end of the current interim period, the Group has unused tax losses of MOP38,093,000 (31 December 2022: MOP9,931,000) 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, MOP1,787,000, MOP2,318,000, MOP3,711,000 and MOP27,218,000 (31 December 2022: MOP3,048,000, MOP1,787,000, MOP1,374,000, MOP3,711,000 and nil) that will expire in 2024, 2025, 2026, 2027 and 2028 respectively. Other losses may be carried forward indefinitely.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	4,487	4,464
Other staff costs:		
Salaries and other allowances	57,067	55,417
Retirement benefit scheme contributions	769	511
Total staff costs	62,323	60,392
Less: amounts included in cost of services	(49,561)	(49,940)
	12,762	10,452
Impairment losses recognised (reversed) on:		
– Trade receivables	6,791	(600)
– Contract assets	762	(78)
– Trade-nature amounts due from related companies	(42)	(134)
	7,511	(812)
Depreciation of property, plant and equipment	4,214	2,722
Expense relating to short-term leases	2,672	4,110
Write-off of inventories	418	–

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

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	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	32,242	51,910
	'000	'000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	3,996,126	4,009,903

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 2023. As such, basic and diluted earnings per share for the six months ended 30 June 2022 have been restated.

The computation of diluted earnings per share does not assume the exercise from the Company's outstanding bonus warrants as the exercise price of those bonus warrants was higher than the average market price of the Company's shares for both periods.

8. DIVIDENDS

	Six months ended	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
2022 Final – HK\$nil cents (equivalent to MOP nil cents) (six months ended 30 June 2022: 2021 Final – HK\$3.3 cents (equivalent to MOP3.40 cents)) per share	–	60,573

No dividend for the six months ended 30 June 2023 had been declared by the directors of the Company (six months ended 30 June 2022: an interim dividend of HK\$1.5 cents (equivalents to MOP1.55 cents) per share with a total of HK\$40,097,000 (equivalents to MOP41,299,000) was paid to shareholders of the Company whose name appear in the register of member on 15 September 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired approximately MOP2,773,000 (six months ended 30 June 2022: MOP4,933,000) plant and machinery and computer equipment.

In addition, the Group incurred approximately MOP44,206,000 (six months ended 30 June 2022: nil) for the construction in progress in setting up new manufacturing and research and development facilities in relation to steel structure business at the site in Jiangmen, Guangdong Province, the PRC.

As at 30 June 2023, the capital expenditure in respect of setting up new manufacturing and research and development facilities contracted for but not provided in the condensed consolidated financial statements is approximately MOP99,009,000 (31 December 2022: MOP146,236,000).

10. INVENTORIES

The inventories represent finished goods from the steel structures business and are stated at the lower of cost or net realisable value.

11. CONTRACT ASSETS

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Contract assets from contract with customers	158,588	85,931
Less: Allowance for credit losses	(2,381)	(1,619)
	156,207	84,312
<i>Represented by:</i>		
Construction and fitting out works	125,105	70,024
High voltage power substation construction and its system installation works	2,491	2,491
E&M engineering services works	28,080	11,266
Facilities management services	531	531
	156,207	84,312
Analysed as current		
Unbilled revenue	76,862	–
Retention receivables	79,345	84,312
	156,207	84,312

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

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 2023, retention money held by customers for contract works amounted to MOP79,345,000 (31 December 2022: MOP84,312,000) of which MOP2,330,000 (31 December 2022: 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.

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Within one year	38,664	6,331
After one year	40,681	77,981
	79,345	84,312

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

12. TRADE AND OTHER RECEIVABLES

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Trade receivables from contracts with customers	552,897	557,734
Less: Allowance for credit losses	(15,326)	(8,535)
	537,571	549,199
Other debtors, deposits and prepayments		
– Deposits	1,078	912
– Prepayments	53,302	79,036
– Others	48,403	23,096
	640,354	652,243

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:

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
0 – 90 days	337,931	448,019
91 – 365 days	173,612	97,995
1 – 2 years	25,384	2,761
Over 2 years	644	424
	537,571	549,199

At 30 June 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of MOP331,220,000 (31 December 2022: MOP246,004,000) which are past due as at the reporting date. Out of the past due balances, MOP173,899,000 (31 December 2022: MOP89,865,000) 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 their respective settlement history and forward-looking information. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

13. AMOUNTS WITH RELATED COMPANIES

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due from related companies		
ACEL Engineering Company Limited (<i>note a</i>)	767	3,141
China State Construction (Hong Kong) – China Construction (Macau) – EHY Joint Venture (“CSHK – CCM – EHY JV”) (<i>note b</i>)	3,808	3,360
	4,575	6,501
<i>Trade nature</i>		
Amounts due from related companies		
CSHK – CCM – EHY JV (<i>note b</i>)	–	3,270
Less: Allowance for credit losses	–	(42)
	–	3,228
	4,575	9,729

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.

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
1 – 2 years	–	3,228

At 30 June 2023, the Group has no trade-nature amounts due from related companies (2022: MOP3,228,000) which are past due as at the reporting date and was not considered as in default. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

13. AMOUNTS WITH RELATED COMPANIES (Continued)

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due to related companies		
Lei Hong Engineering Limited (note a)	49	197
Sisint Engenharia Lda (note c)	–	70
	49	267

Notes:

- (a) Mr. Sou Kun Tou (“Mr. Sou”) and, Mr. Kuok Lam Sek (“Mr. Kuok”) have beneficial interests in these related companies. The amounts are unsecured, interest free and repayable/recoverable on demand.
- (b) CSHK – CCM – EHY is an associate of the Group. The amounts are unsecured, interest free and recoverable on demand.
- (c) Mr. Pedro Moreira dos Santos, who holds 51% shareholding in Moreira Dos Santos Mobilidade Eléctrica Lda. (an associate of the Group), has beneficial interests over Sisint Engenharia Lda. The amounts are unsecured, interest free and repayable on demand.

14. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantee and foreign exchange forward contracts to the Group. As at 30 June 2023, the pledged bank deposits carried interest rate ranging from 0.19% – 3.65% (31 December 2022: 0.21% – 1.95%) per annum and with an original maturity of three to six months.

As at 30 June 2023, the bank balances carry interest at prevailing market rate of 0.001% – 0.3% (31 December 2022: 0.001% – 0.3%) per annum.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

15. TRADE PAYABLES AND ACCRUED CHARGES

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Trade payables	183,891	226,241
Retention payables	29,854	28,269
Other creditors and accrued charges		
– Accrued staff costs	10,508	12,379
– Accrued construction costs	80,265	78,248
– Receipt in advance	19,376	41,733
– Other accruals	17,850	16,225
	341,744	403,095

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:

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
0 – 90 days	80,293	111,462
91 – 365 days	68,615	114,779
Over 1 year	34,983	–
	183,891	226,241

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.

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
On demand or within one year	17,488	1,247
After one year	12,366	27,022
	29,854	28,269

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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

16. BANK BORROWINGS

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Bank loans		
– repayable within one year	186,497	90,640
– repayable more than one year but not exceeding two years	10,673	–
– repayable more than two years but not more than five years	32,641	–
	229,811	90,640
Less: amount shown under current liabilities	(186,497)	(90,640)
Amount shown under non-current liabilities	43,314	–
Analysis by:		
– Secured (<i>note</i>)	55,860	–
– Unsecured	173,951	90,640
	229,811	90,640

During the interim period ended 30 June 2023, the Group held variable-rate bank loans with interest rates ranging from Prime rate less 1% to 2% (31 December 2022: Prime rate less 1.75% to 2%) to Loan Prime Rate (“LPR”) plus 0.25% (31 December 2022: nil) for the floating rate bank loans in Macau and the PRC, respectively.

In addition, the Group have fixed-rate bank loans in PRC with carrying amounts of MOP22,210,000 (31 December 2022: nil) which are repayable within one year with interest rate at LPR less 0.25% (31 December 2022: nil).

Note: As at 30 June 2023, the Group’s bank borrowings amounted to MOP55,860,000 (31 December 2022: nil) are secured by the leasehold land held by the Group amounted to MOP48,359,000 (31 December 2022: nil) and construction in progress of MOP52,170,000 (31 December 2022: nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

17. SHARE CAPITAL

	Number of shares	Amount MOP'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	5,000,000,000	51,500
Issued and fully paid:		
At 1 January 2022	1,782,347,000	18,358
Shares repurchased and cancelled	(330,000)	(3)
Exercise of bonus warrants	61,400	–*
Issue of shares upon bonus issue of shares	891,039,150	9,178
At 30 June 2022	2,673,117,550	27,533
Exercise of bonus warrants	300	–*
Shares repurchased and cancelled	(9,054,000)	(93)
At 31 December 2022	2,664,063,850	27,440
Exercise of bonus warrants (<i>note a</i>)	103,601	1
Issue of shares upon bonus issue of shares (<i>note b</i>)	1,332,083,725	13,720
At 30 June 2023	3,996,251,176	41,161

* less than MOP1,000

Notes:

- (a) The bonus warrants were issued to the qualifying shareholders on the basis of one warrant for every ten shares held on 20 May 2022. During the interim period ended 30 June 2023, 300, 8,600, 13,200 and 81,501 bonus warrants have been exercised at a total consideration of approximately MOP313,000 on 25 April 2023, 3 May 2023, 10 May 2023 and 1 June 2023, respectively.
- (b) The Board recommended a bonus issue of 1,332,083,725 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 6 June 2023, and the bonus issue was completed on 29 June 2023.

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 2023

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	Six months ended	
		30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok)	Office rental expenses	343	343
CSHK – CCM – EHY JV (note 13b)	Management fee expenses	114	1,568
Sisint Engenharia Lda (note 13c)	Consultancy fee	210	420

(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	
	30.6.2023 MOP'000 (Unaudited)	30.6.2022 MOP'000 (Unaudited)
Short term benefits	7,047	7,039
Post-employment benefits	11	11
	7,058	7,050

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

19. DERIVATIVE FINANCIAL INSTRUMENTS

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Foreign exchange forward contracts – liabilities	9,658	–
Analysis by:		
Current	9,658	–

As at 30 June 2023, the Group's derivative financial instruments are secured by a pledged bank deposit of approximately MOP5,610,000 (31 December 2022: nil).

Foreign exchange forward contracts

The following table details the foreign exchange forward contracts outstanding at the end of the reporting period:

Outstanding contracts	Forward exchange rates		Amount in foreign currency		Total notional amount		Fair value	
	30.6.2023	31.12.2022	30.6.2023 '000	31.12.2022 '000	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1423	–	RMB17,508	–	20,600	–	(1,218)	–
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1442	–	RMB17,480	–	20,600	–	(1,192)	–
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1456	–	RMB17,458	–	20,600	–	(1,165)	–
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1481	–	RMB17,420	–	20,600	–	(1,148)	–
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1399	–	RMB8,773	–	10,300	–	(589)	–
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1418	–	RMB8,758	–	10,300	–	(586)	–

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

19. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign exchange forward contracts (Continued)

Outstanding contracts	Forward exchange rates		Amount in foreign currency		Total notional amount		Fair value	
	30.6.2023	31.12.2022	30.6.2023 '000	31.12.2022 '000	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1435	-	RMB8,745	-	10,300	-	(573)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1455	-	RMB8,730	-	10,300	-	(557)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1472	-	RMB8,717	-	10,300	-	(549)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (note)	RMB1/ HK\$1.1489	-	RMB8,704	-	10,300	-	(538)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (Note)	RMB1/ HK\$1.1507	-	RMB8,690	-	10,300	-	(527)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (Note)	RMB1/ HK\$1.1519	-	RMB8,681	-	10,300	-	(514)	-
Buy Renminbi ("RMB") and sell HK\$ less than 1 month (Note)	RMB1/ HK\$1.1531	-	RMB8,672	-	10,300	-	(502)	-
							(9,658)	-

Note: The foreign currency forwards will be settled in net on maturity of the contracts.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2023

20. 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:

	30.6.2023 MOP'000 (Unaudited)	31.12.2022 MOP'000 (Audited)
Issued to the Group by banks	99,451	151,283

As at 30 June 2023, the Group has obtained total credit facilities of approximately MOP226,600,000 (31 December 2022: MOP226,600,000) for the issuance of performance bonds and these credit facilities were secured by (i) the pledged bank deposits of approximately MOP34,562,000 (31 December 2022: MOP34,370,000); (ii) the promissory notes of approximately MOP370,800,000 (31 December 2022: MOP370,800,000); and (iii) the corporate guarantee provided by the Company.

Other Information

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") in 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 Board did not recommend the payment of an interim dividend for the Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

BONUS ISSUE OF SHARES

For the six months ended 30 June 2022, 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. Please refer to the Company's announcement dated 30 March 2022 and the Company's circular dated 26 April 2022 for details.

For the six months ended 30 June 2023, the Board recommended a bonus issue of 1,332,083,725 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 6 June 2023, and the bonus issue was completed on 29 June 2023. Please refer to the Company's announcement dated 30 March 2023 and the Company's circular dated 26 April 2023 for details.

Other Information (Continued)

BONUS WARRANTS ISSUE

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

The 2022 Warrants were issued to the qualifying shareholders on the basis of one 2022 Warrant for every ten shares held on 20 May 2022. A total of 178,201,700 2022 Warrants were issued by the Company to the qualifying shareholders, represented by the 2022 Warrant certificates. The 2022 Warrants were issued in registered form and each 2022 Warrant entitled 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 further adjusted from HK\$2.95 to HK\$2.93 per Share with effect from 16 September 2022. Details of the adjustments are disclosed in the Company’s announcements dated 7 June 2022 and 15 September 2022. A total of 165,301 2022 Warrants were exercised and all of the 2022 Warrants, to the extent not yet exercised, were expired and lapsed on 24 May 2023.

On 8 May 2023, the Company issued a circular relating to a new bonus warrants issue (the “2023 Warrants”), and obtained approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 2023 Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2023 Warrants. The stock code of the 2023 Warrants is 424.

The 2023 Warrants were issued to the qualifying shareholders on the basis of one 2023 Warrant for every ten shares held on 18 May 2023. A total of 266,408,595 2023 Warrants were issued by the Company to the qualifying shareholders, represented by the 2023 Warrant certificates. The 2023 Warrants were issued in registered form and each 2023 Warrant entitles the holder thereof to subscribe in cash for 1 new Share at an initial subscription price of HK\$1.78 per share during the subscription period from Thursday, 25 May 2023 to Friday, 24 May 2024 (both days inclusive). The subscription price was adjusted from HK\$1.78 to HK\$1.19 per share with effect from 7 June 2023. Details of the adjustments are disclosed in the Company’s announcement dated 6 June 2023. As at the date of this report, no 2023 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 2023, 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) Long positions in the Shares and underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares	Number of underlying Shares held pursuant to Warrants	Total	Approximate percentage of shareholding interest ^(Note 1)
Mr. Kuok Lam Sek ("Mr. Kuok") ^(Note 2)	Interest of the controlled corporation	2,028,240,000	135,216,000	2,163,456,000	54.14%
Mr. Sou Kun Tou ("Mr. Sou") ^(Note 2)	Interest of the controlled corporation	2,028,240,000	135,216,000	2,163,456,000	54.14%
Ms. Chan Po Yi, Patsy	Beneficial interest	675,000	45,000	720,000	0.02%

Notes:

- (1) Based on 3,996,251,176 Shares in issue as at 30 June 2023.
- (2) 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 2023, 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 2023, 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:

Long positions in the Shares and underlying Shares of the Company

Name	Nature of interest	Number of Shares	Number of underlying Shares held pursuant to Warrants	Total	Approximate percentage of shareholding interest ^(Note 1)
Mr. Lam ^(Note 2)	Interest of the controlled corporation	2,028,240,000	135,216,000	2,163,456,000	54.14%
Mr. Lao ^(Note 2)	Interest of the controlled corporation	2,028,240,000	135,216,000	2,163,456,000	54.14%
MECOM Holding Limited	Beneficial owner	2,028,240,000	135,216,000	2,163,456,000	54.14%
Mr. Kuan Chio Man ("Mr. Kuan") ^(Note 3)	Interest of the controlled corporation	510,633,500	33,421,500	544,055,000	13.61%
Mr. Lei Kuok Hong ("Mr. Lei") ^(Note 3)	Beneficial owner Interest of the controlled corporation	2,220,750 510,633,500	148,050 33,421,500	2,368,800 544,055,000	0.06% 13.61%
Macau New Base Investment Company Limited ("Macau New Base")	Beneficial owner	510,633,500	33,421,500	544,055,000	13.61%

Notes:

- (1) Based on 3,996,251,176 Shares in issue as at 30 June 2023.
- (2) 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.
- (3) 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 2023, 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.

Other Information (Continued)

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.

DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreements dated 27 September 2022

In September 2022, EHY Construction and Engineering Company Limited (“EHY”), Sun Hung Yip Engineering Construction Company Limited (“SHY”) and Ao Gang Construction (Macau) Limited (“Ao Gang Construction”) as borrowers and the Company as guarantor entered into three facility agreements (the “Facility Agreements”) with Tai Fung Bank, Macau Branch (the “Bank”) for (i) a revolving loan facility of up to HK\$50,000,000 and a term loan facility of up to HK\$5,000,000 for EHY with a term of one year and two years, respectively, from the drawdown date, (ii) a term loan facility of up to HK\$5,000,000 for SHY with a term of two years, (iii) a revolving commitment for issuance of bank guarantees of up to HK\$200,000,000 for EHY and SHY for the period up to 11 July 2023, and (iv) for a revolving invoice financing facility of up to HK\$80,000,000 for Ao Gang Construction with a term of one year from the drawdown date (collectively, the “Facilities”).

Under the terms of the Facility Agreements, it will constitute an event of default if, among other things, Mr. Kuok and Mr. Sou cease to maintain management control over the Company or cease to act as the key management of the Company. On and at any time after the occurrence of a continuing event of default, the Bank may, upon notice to the borrowers and/or guarantors thereunder (as the case may be), cancel all or any part of the commitment immediately and/or declare that all or part of the Facilities, together with the accrued interest, and all other amounts accrued or outstanding become immediately due and payable and/or declare that all or part of the Facilities be payable on demand; and/or exercise any or all of its rights, remedies, powers and discretions under the Facility Agreements.

Please refer to the Company’s announcement dated 30 September 2022 for further information.

Facility Agreement dated 3 March 2023

In March 2023, Ao Gang Construction as borrower, the Company as guarantor (to the extent of 60% of the outstanding liabilities incurred by Ao Gang Construction thereunder) and Chang Tsuo Heavy Equipment Technology (Macau) Co., Ltd.* (將作重工裝備科技(澳門)有限公司) as guarantor (to the extent of 40% of the outstanding liabilities incurred by Ao Gang Construction thereunder) entered into a facility agreement (the “2023 Facility Agreement”) with Luso International Banking Ltd, for a revolving working capital loan facility of up to HK\$30,000,000 (the “2023 Facility”) with a term of fifteen months from the date of the 2023 Facility Agreement.

Under the terms of the 2023 Facility Agreement, a specific performance covenant is imposed on Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao (together, the “Controlling Shareholders”) to hold directly or indirectly not less than 50% equity interest in MECOM Holding Limited, the direct holding company of the Company. Failure to comply with the aforesaid covenant by the Controlling Shareholders will constitute an event of default under the 2023 Facility Agreement. On and at any time after the occurrence of a continuing event of default, the bank may, upon notice to the borrower and/or guarantors thereunder (as the case may be), cancel all or any part of the commitment immediately and/or declare that all or part of the 2023 Facility, together with the accrued interest, and all other amounts accrued or outstanding become immediately due and payable and/or declare that all or part of the 2023 Facility be payable on demand; and/or exercise any or all of its rights, remedies, powers and discretions under the 2023 Facility Agreement.

Please refer to the Company’s announcement dated 8 March 2023 for further information.

Other Information (Continued)

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 Part 2 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.

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 2023 and this interim report.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other important events affecting the Group that had occurred after 30 June 2023 and up to the date of this report.

On behalf of the Board

MECOM Power and Construction Limited

Kuok Lam Sek

Chairman

Hong Kong, 30 August 2023

* *For identification purpose only*