MECOM POWER AND CONSTRUCTION LIMITED
澳能建設控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1183)
(Warrant code: 424)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "Board") of directors (the "Directors") of MECOM Power and Construction Limited ("MECOM" or the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023 (the "Year" or "FY2023"), together with the comparative results for the year ended 31 December 2022 (the "Previous Year" or "FY2022") as follows:

FINANCIAL HIGHLIGHTS

- Revenue increased by 11.5% to MOP1,496.4 million (FY2022: MOP1,341.9 million).
- Gross profit decreased by 13.9% to MOP120.9 million (FY2022: MOP140.5 million) mainly due to the decrease in gross margin of the provision of construction and fitting out services under the construction business.
- Net profit decreased by 93.9% to MOP5.6 million (FY2022: MOP91.7 million) mainly due to the (i) increase in distribution costs and administrative expenses as a result of business expansion; and (ii) recognition of impairment losses of MOP27.1 million under the expected credit loss model.
- Aggregate value of contracts on hand yet to complete from the construction business and the steel structures business was MOP574.4 million (FY2022: MOP742.9 million) and MOP466.8 million (FY2022: MOP488.3 million) respectively.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Expressed in Macanese Pataca ("MOP"))

	Notes	**2023**	2022
		MOP'000	*MOP'000*
Revenue	*3*	**1,496,393**	1,341,916
Cost of services		**(1,375,445)**	(1,201,370)
Gross profit		**120,948**	140,546
Other income		**2,673**	1,469
Other gains and losses		**6,055**	228
Impairment losses under expected credit loss model, net of reversal		**(27,058)**	(1,174)
Loss on fair value changes of derivative financial instruments		**(1,412)**	–
Distribution costs		**(21,650)**	(3,577)
Administrative expenses		**(61,559)**	(40,327)
Share of results of associates		**937**	6,128
Finance costs		**(7,848)**	(756)
Profit before tax		**11,086**	102,537
Income tax expense	*4*	**(5,520)**	(10,870)
Profit for the year		**5,566**	91,667
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**(5,565)**	(15,687)
Total comprehensive income for the year		**1**	75,980
(Loss) profit for the year attributable to:			
Owners of the Company		**(11,585)**	81,344
Non-controlling interests		**17,151**	10,323
		5,566	91,667
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(14,923)**	71,436
Non-controlling interests		**14,924**	4,544
		1	75,980
Basic (loss) earnings per share (MOP cents)	*5*	**(0.29)**	2.03*
Diluted (loss) earnings per share (MOP cents)	*5*	**(0.29)**	2.03*

* The earnings per share for the year ended 31 December 2022 was adjusted and restated for the bonus issue of shares completed on 29 June 2023.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 MOP'000	2022 MOP'000
Non-current assets			
Property, plant and equipment		**231,269**	113,261
Right-of-use assets		**351**	–
Interests in associates		**14,812**	13,875
Prepayments for property, plant and equipment		**10,483**	–
		256,915	127,136
Current assets			
Inventories		**44,420**	12,848
Contract assets	*6*	**111,423**	84,312
Trade and other receivables	*7*	**588,073**	652,243
Amounts due from related companies	*8*	**5,056**	9,729
Pledged bank deposits		**24,770**	34,370
Bank balances and cash		**57,635**	74,795
		831,377	868,297
Current liabilities			
Amounts due to related companies		**147**	267
Trade payables and accrued charges	*9*	**295,957**	403,095
Derivative financial instruments		**1,412**	–
Tax liabilities		**10,414**	18,032
Bank borrowings		**235,146**	90,640
Lease liabilities		**185**	–
Bank overdrafts		**13,250**	–
Contract liabilities		**19,595**	–
		576,106	512,034
Net current assets		**255,271**	356,263
Total assets less current liabilities		**512,186**	483,399
Non-current liabilities			
Bank borrowings		**32,052**	–
Lease liabilities		**169**	–
		32,221	–
Net assets		**479,965**	483,399
Capital and reserves			
Share capital		**41,056**	27,440
Reserves		**335,058**	369,203
Equity attributable to owners of the Company		**376,114**	396,643
Non-controlling interests		**103,851**	86,756
Total equity		**479,965**	483,399

NOTES:

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the construction business, electric vehicle ("EV") business and steel structures business, details of which are set out in Note 3.

2. APPLICATION OF THE NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the new and amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. 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; and

(3) Steel structures business – the sale and processing of new material steel structures.

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

(i) Disaggregation of revenue from contracts with customers

	2023	2022
	MOP'000	*MOP'000*
Construction business		
Construction and fitting out works	**231,066**	448,165
High voltage power substation construction and its system installation works	**10,353**	27,424
E&M engineering services works	**84,667**	165,497
Facilities management services	**138,240**	83,490
	464,326	724,576
EV business		
Sale of EV charging systems	**63**	677
Subscription fee income	**1,613**	542
	1,676	1,219
Steel structures business		
Sale and processing of new material steel structures	**1,030,391**	616,121
	1,496,393	1,341,916
Timing of revenue recognition		
A point in time	**1,030,454**	616,798
Over time	**465,939**	725,118
	1,496,393	1,341,916

(ii) Segment information

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

FY2023

	Construction business *MOP'000*	EV business *MOP'000*	Steel structures business *MOP'000*	Total *MOP'000*
Revenue from external customers	**464,326**	**1,676**	**1,030,391**	**1,496,393**
Intersegment revenue	**349**	**–**	**–**	**349**
	464,675	**1,676**	**1,030,391**	**1,496,742**
Elimination of intersegment revenue				**(349)**
Total revenue				**1,496,393**
Segment results	**(27,192)**	**(7,735)**	**49,839**	**14,912**
Unallocated other income				**–**
Central administration costs				**(4,763)**
Share of profit of associates				**937**
Profit before tax				**11,086**

FY2022

	Construction business *MOP'000*	EV business *MOP'000*	Steel structures business *MOP'000*	Total *MOP'000*
Revenue from external customers	724,576	1,219	616,121	1,341,916
Intersegment revenue	248	–	–	248
	724,824	1,219	616,121	1,342,164
Elimination of intersegment revenue				(248)
Total revenue				1,341,916
Segment results	78,290	(5,511)	29,279	102,058
Unallocated other income				89
Central administration costs				(5,738)
Share of profit of associates				6,128
Profit before tax				102,537

(iii) Geographical information

The Group's operations are located in Macau, Hong Kong, 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**	
	2023	2022	**2023**	2022
	MOP'000	*MOP'000*	***MOP'000***	*MOP'000*
Macau	**1,320,422**	1,205,124	**58,802**	60,333
The PRC	**139,190**	136,792	**197,298**	66,803
Cyprus	**25,222**	–	**815**	–
Hong Kong	**11,559**	–	**–**	–
	1,496,393	1,341,916	**256,915**	127,136

4. INCOME TAX EXPENSE

	2023	2022
	MOP'000	*MOP'000*
Current tax		
– Macau Complementary Tax	**7,056**	12,566
– PRC Enterprise Income Tax	**505**	57
– Cyprus Corporate Income Tax	**661**	–
Over-provision in prior years	**(2,702)**	(1,753)
	5,520	10,870

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Subsidiaries in Cyprus are subject to Cyprus Corporate Income Tax at a rate of 12.5% on the assessable income for the year ended 31 December 2023.

At the end of the reporting period, the Group has unused tax losses of MOP30,681,000 (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.

5. (LOSS) EARNINGS PER SHARE

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

	2023 *MOP'000*	2022 *MOP'000*
(Loss) earnings		
(Loss) earnings for the purpose of calculating basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(11,585)**	81,344

	'000	*'000* (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share	**3,994,082**	4,006,577

The weighted average number of ordinary shares for the purpose of earnings per share has been adjusted for the bonus issue of shares completed on 29 June 2023. As such, earnings per share for the year ended 31 December 2022 have been restated.

The computation of diluted (loss) 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 the years ended 31 December 2023 and 2022.

6. CONTRACT ASSETS

	2023 *MOP'000*	2022 *MOP'000*
Contract assets from contract with customers	**114,188**	85,931
Less: Allowance for credit losses	**(2,765)**	(1,619)
	111,423	84,312

	2023 *MOP'000*	2022 *MOP'000*
Represented by:		
Construction and fitting out works	**80,630**	70,024
High voltage power substation construction and its system installation works	**2,500**	2,491
E&M engineering services works	**27,760**	11,266
Facilities management services	**533**	531
	111,423	84,312

	2023 *MOP'000*	2022 *MOP'000*
Analysed as current		
Unbilled revenue	**43,236**	–
Retention receivables	**68,187**	84,312
	111,423	84,312

Construction business – construction works

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits and typically net offs the deposits with first payments. Unbilled revenue included in the 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 of 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 the contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on satisfying the defect liability period of individual contracts. The Group typically reclassifies contract assets to trade receivables when the defect liability period expires.

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

As at 31 December 2023, retention money held by customers for contract works amounted to MOP68,187,000 (FY2022: MOP84,312,000), of which MOP2,333,000 (FY2022: 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 contracts 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.

	2023	2022
	MOP'000	*MOP'000*
Within one year	**24,233**	6,331
After one year	**43,954**	77,981
	68,187	84,312

As at 31 December 2023, included in the Group's contract assets are retention money with a carrying amount of MOP4,247,000 (FY2022: MOP6,198,000), which are past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered as recoverable based on historical experience. The Group does not hold any collateral over these balances.

7. TRADE AND OTHER RECEIVABLES

	2023	2022
	MOP'000	*MOP'000*
Trade receivables from contracts with customers	**479,486**	557,734
Less: Allowance for credit losses	**(33,580)**	(8,535)
	445,906	549,199
Other debtors, deposits and prepayments		
– Deposits	**1,060**	912
– Prepayments	**89,022**	79,036
– Others	**63,477**	23,096
Less: Allowance for credit losses	**(909)**	–
	598,556	652,243
Analysed as:		
Current assets	**588,073**	652,243
Non-current assets *(Note)*	**10,483**	–
	598,556	652,243

Note: Amount represents the deposit paid for property, plant and equipment in respect of the construction works for setting up new manufacturing and research and development facilities at the site in Jiangmen, Guangdong Province, the PRC.

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

	2023	2022
	MOP'000	*MOP'000*
0 – 90 days	**229,551**	448,019
91 – 365 days	**185,941**	97,995
1 – 2 year	**29,023**	2,761
Over 2 years	**1,391**	424
	445,906	549,199

As at 31 December 2023, included in the Group's trade receivables balance are debtors with carrying amounts of MOP279,566,000 (FY2022: MOP246,004,000), which are past due as at the reporting date. Out of the past due balances, MOP192,383,000 (FY2022: MOP89,865,000) has been past due for more than 90 days and is not considered to be 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.

8. AMOUNTS WITH RELATED COMPANIES

Amounts due from related companies (trade-nature)

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 the invoice date at the end of the reporting period.

	2023	2022
	MOP'000	*MOP'000*
1 – 2 year	**–**	3,228

As at 31 December 2022, included in the Group's trade-nature amounts due from related companies with carrying amount of MOP3,228,000 which was past due as at the reporting date and was not considered as in default. The Group does not hold any collateral over these balances.

9. TRADE PAYABLES AND ACCRUED CHARGES

	2023	2022
	MOP'000	*MOP'000*
Trade payables	**170,422**	226,241
Retention payables	**33,136**	28,269
Other payables and accrued charges		
– Accrued staff costs	**21,235**	12,379
– Accrued construction costs	**60,313**	78,248
– Receipt in advance	**435**	41,733
– Other accruals	**10,416**	16,225
	295,957	403,095

Trade payables

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

	2023	2022
	MOP'000	*MOP'000*
0 – 90 days	**42,509**	111,462
91 – 365 days	**101,489**	114,779
1 – 2 year	**26,424**	–
	170,422	226,241

Retention payables

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

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

	2023	2022
	MOP'000	*MOP'000*
On demand or within one year	**24,326**	1,247
After one year	**8,810**	27,022
	33,136	28,269

10. DIVIDENDS

	2023	2022
	MOP'000	*MOP'000*
2023 Interim – Nil (FY2022: 2022 Interim – HK1.5 cents (equivalent to MOP1.55 cents) per share)	**–**	41,299
2022 Final – Nil (FY2022: 2021 Final – HK3.3 cents (equivalent to MOP3.4 cents) per share)	**–**	60,573
	–	101,872

Subsequent to the end of the reporting period of 2022, the Board recommended a bonus issue of shares on the basis of one new share with a par value of HK$0.01 each of the Company ("Shares", each a "Share") credited as fully paid for every two existing Shares held by the Shareholders. The bonus issue was approved at the annual general meeting (the "AGM") of the Company on 30 May 2023.

No dividend for the year ended 31 December 2023 had been declared by the Directors.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present to you the audited consolidated annual results of the Group for the year ended 31 December 2023.

In 2023, the society gradually stepped out from the COVID-19 challenges to its normality as evidenced by an overall economic upturn domestically in Macau and internationally, together with a progressive revival in consumer spending. Thanks to the strong support of the SAR government, Macau's tourism and gaming industries experienced a rapid improvement in sentiment. Gross gaming revenue for 2023 well surpassed MOP180 billion, which was a more than three-fold increase compared to 2022 and beyond the expected target of the SAR government at MOP130 billion. As stipulated in the new gaming concession contracts signed between each of the six casino operators and the SAR government respectively at the end of 2022, in the event that the gross gaming revenue reaches MOP180 billion in any year within the first five years of the new concession period, the six casino operators are required to increase their total investment in non-gaming projects by an additional 20%. Accordingly, the six casino operators are expected to significantly expand their investments in renovating and modifying existing ancillary hardware facilities. Having possessed cutting-edge engineering techniques and extensive experience, the Group can better serve the casino operators by providing construction and maintenance services for top-notch gaming, recreational and resort facilities, thereby enhancing their competitiveness in international markets and creating mutual benefits.

In terms of the steel structures business, the Group achieved a leapfrog development in FY2023. The first phase construction of manufacturing facilities located at the manufacturing base in Gujing Town, Xinhui District, Jiangmen, Guangdong Province was substantially completed during the Year and commenced formal operations in January 2024, which allowed the expansion of the business scope of the Group's steel structures business from sales to production and manufacturing, and realisation of the self-production and self-marketing business model. In view of the continued increase in domestic market share of the Group's steel structures business in Macau, the Group plans to focus its efforts on entering into the Hong Kong and overseas markets in 2024, with an aim to increase the contribution of the steel structures business to the Group's profitability through further business expansion using its own advantages.

In the Policy Address for the Fiscal Year 2024 (the "Policy Address"), the Macau SAR government indicated that addressing and improving the living conditions of local residents is one of the policy highlights for 2024. The SAR government will pursue the implementation of the housing ladder policy by expediting the construction of public housing units and Home-Ownership Scheme housing in New Urban Zone Area A. Meanwhile, the SAR government will plan and select appropriate lands as private housing sites for public tenders in a timely manner to cope with social developments. Besides, the SAR government will actively promote major public projects in 2024, including the steel deck installation work for the fourth Macao-Taipa cross-harbour bridge, the construction of road networks and common pipelines in New Urban Zone Area A, and the construction of different kinds of government buildings for the centralised management and operation of government departments and the reduced spending in leased private premises. To achieve energy conservation and emission reduction, the SAR government will adopt multiple measures to accelerate the popularity of EVs and electric motorbikes in Macau and improve charging equipment and infrastructural facilities, and strive to reach 100% new registration of zero-emission lightweight cars and motorbikes by 2035. The development plan and strategy under the Policy Address coincide with the Group's robust development roadmap, starting with infrastructure construction and E&M engineering services businesses, then steel structures business, and further to EV business. In 2024, based on their respective business development and strengths, all companies under the Group will actively involve in public construction and carbon reduction projects from the SAR government as well as renovation and alteration projects from the six casino operators in continued conformity with the development directions of the SAR government and the casino operators, with a view to generating more lucrative revenue and profits for the Group's construction and fitting out works, facilities management services and E&M engineering projects.

As to the EV business, MUCharging (Macau) Limited ("MUCharging (Macau)"), a wholly-owned subsidiary of the Group, has reached consensuses with casinos and hotels of different sizes that it would introduce a charging tariff to installed charging systems by stages commencing from 2024 onwards and increase the number of new installations of charging systems as planned to echo the SAR government's promotion of and development direction for EVs. As EVs and electric motorbikes are increasingly popular, the Group has confidence that the revenue from charging systems will grow steadily in 2024 and this line of business will be able to balance the books in 2025 and achieve profitable operations in 2026.

The Group became a partner in developing new EV projects upon entering into a strategic business partnership with Wuling Motors Holdings Limited (五菱汽車集團控股有限公司) ("Wuling Motors") in 2023. Apart from being the exclusive distributor of Wuling Motors in Hong Kong and Macau for the sale and distribution of certain electric motorbikes and electric delivery vehicles, the Group extended its distribution territory farther to the Southeast Asia region. The related sales and EV launching activities will begin simultaneously in 2024. Owing to the increasing demand for EVs in Hong Kong, Macau and Southeast Asian countries, and taking into account the favourable prices, models and features of Wuling Motors' EVs, the Group believes that the EV distribution business will have substantial growth in 2024, which enables it to complement the charging systems business and usher the world into a new era of green transportation.

On behalf of the Board and management of the Group, I would like to express my heartfelt appreciation to all staff members for their diligence and dedication over the past year. I would also like to extend my sincere gratitude to our shareholders, investors, customers, suppliers and business associates for their support and assistance.

Kuok Lam Sek
Executive Director and Chairman
Hong Kong, 27 March 2024

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

The Group is a leading company in both the civil engineering industry and the high voltage power substation construction industry in Macau. It undertakes highly challenging and complex construction projects in four major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, E&M engineering services works and provision of facilities management services. The Group is also engaged in the provision of EV related services and the steel structures business which involves the sale and processing of new material steel structures.

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 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.

Through the steel structures business, the Group is also engaged in the supply of new material steel structures, such as 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, which enables it to cover the upstream industries of its principal construction business.

BUSINESS REVIEW

The Group's operation and business outlook has brightened in the wake of the reduced economic impacts of the COVID-19 pandemic on Macau and the Greater Bay Area as a whole, the orderly resumption of social and economic activities and the signing of new gaming concession contracts between each of the six casino operators and the SAR government in late 2022. Underpinned by the revival of social activities, the Group sped up the expansion of the steel structures business to meet the rapid development of the return to economic normality from COVID-19. During the Year, the Group's revenue increased by 11.5% to MOP1,496.4 million (FY2022: MOP1,341.9 million). Revenue from the steel structures business reached MOP1,030.4 million (FY2022: MOP616.1 million), which accounted for 68.9% (FY2022: 45.9%) of the Group's overall revenue.

However, due to the pandemic which left the gaming concession bidding undecided until November 2022, the Group's construction business was hindered in the second half of 2022 as evident from its limited number of new contract awards and the year-on-year reduction in the value of contracts on hand. This resulted in a contraction in revenue from the construction business and growth of the business during the Year. Although the gross margin of the steel structures business significantly increased to 10.0% (FY2022: 6.6%) during the Year, the overall gross margin decreased by 2.4 percentage points from 10.5% in FY2022 to 8.1% in FY2023. During the Year, the Group incurred additional selling and administrative expenses attributable to the rapid expansion of the steel structures and EV businesses. The Group also incurred interest expenses resulting from increased bank loans for the investment and construction project in respect of the manufacturing facilities in Jiangmen, Guangdong Province, the PRC. Furthermore, the Group recognised an impairment loss for trade receivables of MOP25.0 million due to the failure of a customer to pay on the due date. Due to the combined effects of the above, the Group's net margin dropped by 6.4 percentage points from 6.8% in FY2022 to 0.4% in FY2023.

As at 31 December 2023, the Group's value of contracts on hand yet to complete in respect of construction and fitting out works and steel trading was MOP574.4 million (FY2022: MOP742.9 million) and MOP466.8 million (FY2022: MOP488.3 million), respectively.

Steel Structures Business

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, substantially completed the investment and construction project in respect of the manufacturing facilities during the Year. Occupying a gross floor area of approximately 50,000 square metres, the manufacturing facilities commenced formal production in early 2024, which were mainly to fabricate and/or process structural steel components and new construction materials that are generally used in construction and fitting out works, and to set up and operate a research and manufacturing base for the development of new materials and equipment for other new energy businesses.

In April 2023, MECOM International entered into a cooperation agreement with the National Engineering Technology Research Centre for Prefabrication 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 Prefabrication 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 steel structures 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 projects in the Northern Metropolis 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 technological research and development.

In September 2023, MECOM International entered into a strategic cooperation agreement with Guangdong Zhongnan Iron & Steel Co., Ltd.* (廣東中南鋼鐵股份有限公司) ("Zhongnan Iron & Steel"), pursuant to which Zhongnan Iron & Steel will continue to increase its support to MECOM International's orders for projects in Hong Kong, Macau and overseas countries, and at the same time maximize its role as a large state-owned enterprise and join hands with MECOM International to explore the green construction markets in countries of the Belt and Road Initiative.

During the Year, MECOM International, Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司) and Ao Gang Construction (Hong Kong) Limited (澳港建設(香港)有限公司) (collectively, "Ao Gang Construction"), which are indirect non-wholly owned subsidiaries of the Company, secured order contracts for the supply of a total of approximately 192,882 tons of reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions. During the Year, MECOM International and Ao Gang Construction delivered a total of approximately 181,432 tons of steel materials which contributed MOP1,030.4 million to the Group's revenue, making the business the Group's main source of revenue. The commencement of production of the manufacturing facilities will expedite expansion of the Group's steel structures business, and enable the Group to meet the proliferating demand for steel structures materials in the Macau, Hong Kong and Southeast Asia markets in the coming years.

Construction Business

In 2022, the Group recorded the highest volume of construction activities and completed a number of large-scale projects in Macau which were put into commission in the second quarter of 2023. During the Year, the Group continued to maintain good relationships with its customers. It further expanded its business scope, which involves targeting at diverse clienteles and setting up establishments in Cyprus for the construction business.

During the Year, the Group was awarded a number of large-scale construction and fitting out works projects, E&M engineering projects and facilities management services projects, including, among others, (i) the structural, fitting out and peripheral works for an integrated resort in Cotai, (ii) the air conditioning and ventilation systems for the superstructure works under public housing units in Lot A1 of New Urban Zone Area A, (iii) the renovation work of the exterior of Sai Wan Bridge – Phase 1, (iv) the replacement of indoor light-emitting diode (LED) screens and outdoor LED walls for a casino near the Outer Harbour Ferry Terminal, and (v) the inspection and maintenance of the existing mechanical, electrical and plumbing (MEP) system for a hotel in the Cotai area. During the Year, the Group secured a renewed contract for the provision of operation and maintenance services for the facilities at the Government Data Centre of Macau for a term of one year and a new agreement for the provision of repair and maintenance services for the E&M systems at the Government Services Centre for a term of two years. The construction business in Cyprus commenced operation during the Year with the provision of operation and maintenance services for the energy centre and related equipment, and water features and swimming pools in an integrated casino resort for a term of three years. The aggregate contract value of the above new projects amounted to approximately MOP191.8 million.

During the Year, the Group's construction projects progressed satisfactorily. Revenue of approximately MOP112.8 million was derived 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.

The Group will work on an expansion of business scope and exploration of new lines of business in line with the government's policy directive and casino operators' project development plans, and will draw on the human resources currently available to enhance its cost effectiveness and competitive strengths.

EV Business

During the Year, MUCharging (Guangdong) New Energy Vehicle Co., Ltd.* (自由充(廣東)新能源汽車有限公司) and MUCharging (Macau), both indirect wholly-owned subsidiaries of the Company, entered into contracts for undertaking EV charging projects in Wansheng Square Urban Complex* (萬升廣場城市綜合體) in Shanwei, Guangdong Province, the PRC, the three main casino hotels of the Venetian, Studio City Phase 2, Lisboeta Macau, Macau Roosevelt Hotel, Edf. Millionaire Garden (富豪花園), Edf. Greenville (茵景園) 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. The Group has introduced a charging tariff for the installed charging systems in hotel premises under major casino operators such as City of Dreams, Altira, Studio City and Lisboeta since late 2023, and also for those in the three main casino hotels of the Venetian since early 2024. The optimisation of the charging business and the introduction of charging tariff will contribute to the revenue diversification of the Group's EV business.

MUCharging (Macau) (as distributor) entered into a distributorship agreement with Liuzhou Wuling Automobile Industry Co., Ltd.* (柳州五菱汽車工業有限公司) ("Wuling Industry", a subsidiary of Wuling Motors (五菱汽車), as supplier) in February 2023. Taking into account the distributorship agreement dated December 2022, MUCharging (Macau) became a distributor of certain electric motorbikes and electric delivery vehicles supplied by Wuling Industry in Hong Kong, Macau, Indonesia, Malaysia, Thailand and Singapore. Having conducted assessments and tests in the Year, the Group will launch the sales business for the distribution of Wuling EVs in Hong Kong and Southeast Asia in 2024.

In May 2023, MUCharging (Macau) 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, 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 Greater Bay Area of the PRC.

While continuing the electric bike battery-swapping system business in China, the Group is actively planning to radiate this mature business model to the extensive electric bike markets in Southeast Asia. Such initiative intends to create synergy and generate assisting, supplementary and complementary effects with the Group's sales business for the distribution of Wuling electric bikes.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue in FY2023 and FY2022:

	2023		2022	
	MOP'000	*%*	*MOP'000*	*%*
Construction business				
Construction and fitting out works	**231,066**	**15.4**	448,165	33.4
High voltage power substation construction and its system installation works	**10,353**	**0.7**	27,424	2.1
E&M engineering services works	**84,667**	**5.7**	165,497	12.3
Facilities management services	**138,240**	**9.2**	83,490	6.2
	464,326	**31.0**	724,576	54.0
EV business	**1,676**	**0.1**	1,219	0.1
Steel structures business	**1,030,391**	**68.9**	616,121	45.9
Total	**1,496,393**	**100.0**	1,341,916	100.0

The Group's revenue for the Year increased by MOP154.5 million or 11.5%, in which MOP414.3 million was contributed by the steel structures business and was partially offset by the decrease in revenue from the construction business.

Revenue from the steel structures business for the Year increased by MOP414.3 million or 67.2% as it was commenced in April 2022, thus covering only a part of the Previous Year, whereas the revenue for the Year covered the entire twelve-month period. During the Year, the Group delivered approximately 181,432 tons (FY2022: 93,869 tons) of steel materials, including reinforced bars, steel sheet piles and galvanized sheets, and contributed MOP1,030.4 million (FY2022: MOP616.1 million) to the Group's revenue.

Revenue from the construction business decreased by MOP260.2 million or 35.9%, which was primarily attributable to the following factors:

– due to the COVID-19 pandemic, the renewal of the six existing casino licences in Macau was postponed to November 2022, which led to the delay in rolling out the construction projects by the casino gaming and integrated resort operators and resulted in a limited number of new contracts awarded; and

– the unexpected delays in the certification of contract works and variation orders that were substantially completed during the Year for a hotel complex in an integrated resort in Cotai, Macau.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during FY2023 and FY2022:

	2023		2022	
	Gross profit/(loss)	**Gross margin**	Gross profit/(loss)	Gross margin
	MOP'000	***%***	*MOP'000*	*%*
Construction business				
Construction and fitting out works	**(36,425)**	**(15.8)**	44,803	10.0
High voltage power substation construction and its system installation works	**1,259**	**12.2**	3,971	14.5
E&M engineering services works	**4,527**	**5.3**	30,932	18.7
Facilities management services	**52,801**	**38.2**	22,478	26.9
	22,162	**4.8**	102,184	14.1
EV business	**(4,564)**	**(272.4)**	(2,338)	(191.7)
Steel structures business	**103,350**	**10.0**	40,700	6.6
Total/overall	**120,948**	**8.1**	140,546	10.5

The Group recorded a gross profit of MOP120.9 million for the Year, which represented a year-on-year decrease of 13.9%. Gross margin dropped from 10.5% in FY2022 to 8.1% in FY2023.

Gross margin of the steel structures business improved from 6.6% in FY2022 to 10.0% in FY2023, which was attributable to the fact that the Group secured several purchase orders in the second half of FY2022 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 ended 31 December 2023.

The construction and fitting out works generated gross loss margin of 15.8% in FY2023 (FY2022: gross profit margin of 10.0%), which was primarily attributable to the following factors:

– the unexpected delays in the certification of contract works and variation orders that were substantially completed with the project costs incurred during the Year for a hotel complex in an integrated resort in Cotai, Macau. The Group will only receive payment after such costs have been certified by the project owners in 2024; and

– the Group incurred additional costs for the defects rectification works regarding the phase 2 development of a new hotel complex in Cotai, Macau. The costs were borne by the Group and without reimbursement by the property owner.

To expand the market share and prepare 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 MOP4.6 million in FY2023 (FY2022: MOP2.3 million) in respect of the EV business segment. During the Year, the Group incurred (i) materials costs and installation costs of approximately MOP2,589,000 (FY2022: MOP992,000) for (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 the Guangdong Province, the PRC; and (ii) depreciation costs of approximately MOP3.2 million (FY2022: MOP2.5 million).

Other gains and losses

Other gains and losses increased by MOP5.8 million during the Year, which was attributable to the Group's recognition of gain on disposal of property, plant and equipment of MOP6.9 million (FY2022: nil).

Distribution costs

During the Year, the Group incurred transportation costs of MOP21.7 million (FY2022: MOP3.6 million) for the steel structures business due to the increase in tons of steel materials delivered during the Year.

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

The Group recognised impairment losses of MOP27.1 million (FY2022: MOP1.2 million) for trade receivables, trade-nature amounts due from related companies, contract assets and other receivables under the ECL model, which was primarily attributable to the default of a customer in the payment of monies by the due date.

Administrative expenses

Administrative expenses increased by MOP21.2 million or 52.6% mainly due to salaries and other promotion costs incurred for the EV business and the steel structures business. In addition, the Group commenced facilities management services works in Cyprus and incurred administrative expenses of MOP3.7 million during the Year.

Finance costs

During the Year, the Group incurred interest expenses on bank borrowings of MOP7.8 million on the bank loans (FY2022: MOP756,000) due to the increase in bank borrowings during the Year.

Income tax expense

Income tax expense decreased by MOP5.4 million or 49.2% primarily due to (i) the decrease in gross profit; and (ii) the reversal of over-provision of Macau Complementary Tax of MOP2.7 million (FY2022: MOP1.8 million) in prior years.

Profit for the Year

The Group's profit for the Year decreased by MOP86.1 million or 93.9%, which was primarily attributable to the combined effect of the abovementioned items. Net margin dropped from 6.8% in FY2022 to 0.4% in FY2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent approach in cash management to minimise financial and operational risks. The Group's capital expenditure and daily operations during the Year were mainly funded by cash generated from its operations and credit facilities provided by its principal bankers in Macau and the PRC.

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

As at 31 December 2023, the Group had net current assets of MOP255.3 million (FY2022: MOP356.3 million). The current ratio of the Group as at 31 December 2023 was 1.4 (FY2022: 1.7).

The Group continued to maintain a healthy liquidity position. As at 31 December 2023, the Group had cash and bank balances of MOP57.6 million (FY2022: MOP74.8 million).

As at 31 December 2023, the Group had outstanding bank borrowings of MOP267.2 million (FY2022: MOP90.6 million) and the Group's unutilised credit facilities was MOP120.5 million (FY2022: MOP187.1 million). The Group's gearing ratio (calculated by dividing total debts with total equity) was 55.7% (FY2022: 18.8%).

CAPITAL STRUCTURE

As at 31 December 2023, the Company's share capital and equity amounted to MOP41.1 million and MOP480.0 million, respectively (FY2022: 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 which is denominated in RMB, while sale is 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.

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 Year.

Save as disclosed above and in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plan for material investments or capital assets as at 31 December 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 of the Company were HK$261.6 million (equivalent to approximately MOP269.4 million) after deducting underwriting fees and commissions and all related expenses. Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company dated 1 February 2018 for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 31 December 2023:

	Revised applications *(HK$ million)*	**Amount of unutilised proceeds as at 1 January 2023** *(HK$ million)*	**Actual usage up to 31 December 2023** *(HK$ million)*	**Amount of unutilised proceeds as at 31 December 2023** *(HK$ million)*
Financing the issuance of performance bonds when undertaking new projects *(Note 1)*	112.4	10.1	111.3	1.1
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	10.1	260.5	1.1

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 2024.

   Up to the date of this announcement, the Group has utilised HK$111.8 million of the total net proceeds for financing the issuance of performance bonds.

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

PLEDGE OF ASSETS

As at 31 December 2023, the Group had pledged (i) bank deposits of MOP24.8 million (FY2022: MOP34.4 million); (ii) leasehold land of MOP48.0 million (FY2022: nil); and (iii) construction in progress of MOP124.8 million (FY2022: nil) with banks as security for credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2023 (FY2022: nil).

COMMITMENTS

As at 31 December 2023, the Group had capital commitments of approximately MOP63,874,000 (FY2022: MOP146,236,000) 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.

EMPLOYEES AND REMUNERATION POLICY

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

As a main contractor for some of the projects we undertake, we apply for work permits for our non-Macau resident workers on a project-by-project basis. As at 31 December 2023, the Group had 405 (FY2022: 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 Year, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

PROSPECTS

As the COVID-19 pandemic gradually stabilised on a global scale in 2023, Macau experienced a favourable momentum exhibiting economic recovery. It is worth noting that the number of visitor arrivals has already reached 71.6% of the pre-pandemic level, which injected new economic impetus into the SAR government. Building on this positive trend, not only the SAR government recorded a gross gaming revenue of MOP183 billion, it is also projected to further increase to over MOP210 billion in 2024. In view of the sharp rebound in the number of visitor arrivals to Macau, casino operators and integrated resort operators are optimistic over their business outlook. Coupled with the promises of investing over MOP100 billion in non-gaming projects which are to be honoured by the six casino operators in the remaining nine years of the concession period, demand for renovation, alteration and addition works is expected to surge. Meanwhile, it was expressly stated in the Policy Address that the SAR government will continue to expand investment in public projects, and commence construction of public infrastructure, public housing and other projects.

As the large-scale construction projects of casino operators have been substantially completed, the Group will concentrate on participating in the SAR government's infrastructure projects and will actively involve in the renovation and modification works for the existing ancillary facilities of casino operators. Therefore, the Group's construction business is expected to maintain steadfast development. At the same time, the Group will leverage on the advantage of its own human resources and experience to further expand the facilities management business, with a focus on facilities management projects of the government and the six casino operators, in order to achieve steady development and growth.

Regarding the sales, prefabrication and processing of the steel structures business, when the manufacturing facilities invested and constructed by the Group in Jiangmen commence operation after the construction is completed, the Group will endeavour to develop a retaining and bracing system for the vigorous promotion of the business of design, production and sales of retaining steel sheet piles for deep excavation, in order to meet the growing market demand. Moreover, in 2024, the Group will fully capitalise on the competitive edge of its self-constructed manufacturing facilities by strengthening business development in the construction materials markets of Hong Kong and Southeast Asia, in particular for the reinforced bar prefabrication and modular integrated construction prefabrication businesses. The Group will also deepen the technical cooperation with Tongji University to accommodate the requirements for the production capacity of Modular Integrated Construction method in the Hong Kong and Southeast Asia markets using the technology platform of MECOM International Research Centre for Prefabricated Construction Technology.

With heightened global awareness on environmental protection, the support to EVs and charging systems from governments around the world is becoming stronger, which in turn accelerates the growth in the use of EVs and demand for charging systems. The Group will grasp every opportunity to pursue expansion of the new energy business, and will speed up market deployment in Southeast Asia markets to commit greater involvement in this sector. Meanwhile, the Group will strive to develop the business of sales of Wuling EVs and electric bikes it distributes, in a bid to promote green energy application and upgrade in-house technology level so as to meet market demand and consolidate its competitive position in the green energy sector.

Looking forward into 2024, the flourishing of infrastructure projects in Macau and Hong Kong is bringing more business opportunities to all principal businesses of the Group. These construction programmes improve people's livelihood, promote economic development and provide more scope for the Group's involvement and contribution. With the implementation of environmental policies by the government, greater opportunities are expected to arise for the development of the EVs and charging systems businesses. The Group will carry out in-depth exploration and expansion of its businesses in a proactive manner and make full involvement with its utmost professionalism to ensure a more entrenched and sustainable development in 2024.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023.

BONUS ISSUE OF SHARES

For the year ended 31 December 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.

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 were 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 were disclosed in the Company's announcement dated 6 June 2023. As at the date of this announcement, 40 2023 Warrants have been exercised.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Thursday, 30 May 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24 May 2024 to Thursday, 30 May 2024 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2024.

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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as the basis of the Company's corporate governance practices.

The Board is of the opinion that the Company has complied with all the code provisions in Part 2 of the CG Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code throughout the Year.

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

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

The Company repurchased 10,254,000 Shares on the Stock Exchange during the Year. The total consideration (including transaction costs) of the repurchases was approximately HK$5,064,000. All of the repurchased Shares were cancelled during the Year. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest	Purchase price per Share Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
September 2023	10,254,000	0.630	0.395	5,064,000

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 Year.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph 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.

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Year as approved by the Board of Directors on 27 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 31 December 2023 and up to the date of this announcement.

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

This announcement is published on the Company's website at www.mecommacau.com and the Stock Exchange's website at www.hkexnews.hk. The Company's annual report for the year ended 31 December 2023 will be despatched to the Shareholders and will be made available on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

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

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

Hong Kong, 27 March 2024

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

* *For identification purpose only*