

Hong Kong 香港 • Macau 澳門



Lai Si Enterprise Holding Limited

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

**(Stock Code: 2266)**

# Interim Report 2021



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. LAI Ieng Man (*Chairman*)  
Mr. LAI Meng San (*Chief Executive Officer*)  
Ms. LAI Ieng Wai  
Ms. CHEONG Weng Si

### Independent Non-Executive Directors

Mr. CHAN Chun Sing  
Mr. CHAN Iok Chun  
Ms. LAM Mei Fong

### AUDIT COMMITTEE

Mr. CHAN Chun Sing (*Chairman*)  
Mr. CHAN Iok Chun  
Ms. LAM Mei Fong

### REMUNERATION COMMITTEE

Ms. LAM Mei Fong (*Chairman*)  
Mr. LAI Ieng Man  
Mr. LAI Meng San  
Mr. CHAN Chun Sing  
Mr. CHAN Iok Chun

### NOMINATION COMMITTEE

Mr. LAI Ieng Man (*Chairman*)  
Ms. LAI Ieng Wai  
Mr. CHAN Chun Sing  
Mr. CHAN Iok Chun  
Ms. LAM Mei Fong

### COMPANY SECRETARY

Mr. LO Hon Kit, CPA

## AUTHORISED REPRESENTATIVES

Mr. LAI Meng San  
Mr. LO Hon Kit, CPA

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTER IN MACAU

Lai Si Enterprise Centre  
Rua Da Ribeira Do Patane No. 54  
Macau

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 401, 4th Floor  
The L.Plaza  
Nos. 367-375  
Queen's Road Central  
Sheung Wan  
Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*





## CORPORATE INFORMATION (continued)

### PRINCIPAL BANKERS

Bank of China Macau Branch  
Tai Fung Bank Limited  
Luso International Banking Ltd.

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

2266

### COMPANY'S WEBSITE

[www.lai-si.com](http://www.lai-si.com)



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

On 10 February 2017, the shares (the “**Shares**”) of Lai Si Enterprise Holding Limited (the “**Company**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) when 100,000,000 Shares were offered for subscription at HK\$1.15 each.

The Company and its subsidiaries (collectively, the “**Group**”) provide services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance services, mainly in Macau and Hong Kong. During the six months ended 30 June 2021, the Group terminated its restaurant operations in view of the continuing poor business environment so that resources are consolidated for the primary core business, fitting-out/construction works. All of the Group’s revenue was derived from projects from both private and public sectors in Macau and Hong Kong.

The Group’s customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotels and casinos, retail shops and restaurants for repair and maintenance works.

The Group’s revenue comprised (a) fitting-out works; (b) construction works; and (c) repair and maintenance services. During the six months ended 30 June 2021, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP46.5 million as compared to the six months ended 30 June 2020 of approximately MOP136.6 million. As at 30 June 2021, the Group had an aggregate value of backlog for fitting-out projects and construction projects of approximately MOP58.8 million as compared to approximately MOP123.3 million as at 30 June 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW

On the basis of total operations for the periods (i.e. including continuing and discontinued operations), financial review are as followed:

#### Revenue

The following table sets forth a breakdown of the Group's revenue during the six months ended 30 June 2021 and 2020 by business segments:

	Six months ended 30 June (Unaudited)			
	2021		2020	
	MOP'000	%	MOP'000	%
Fitting-out works	65,282	93.1	74,438	93.2
Construction works	3,408	4.8	365	0.4
Repair and maintenance works	1,459	2.1	2,779	3.5
Income from restaurant operations	-	-	2,302	2.9
<b>Total*</b>	<b>70,149</b>	<b>100.0</b>	<b>79,884</b>	<b>100.0</b>

\* Including continuing and discontinued operation

During the six months ended 30 June 2021, the Group's revenue decreased by approximately MOP9.7 million or 12.2%. The decrease was attributable to decrease in fitting-out works of approximately MOP9.2 million or 12.3% which was mainly due to the poor operating environment in the overall fitting-out industry in Macau and Hong Kong upon the outbreak of COVID-19 since January 2020.

#### Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the six months ended 30 June 2021 and 2020 by business segments:

	Six months ended 30 June (Unaudited)			
	2021		2020	
	Gross profit MOP'000	Gross profit margin %	Gross profit/ (loss) MOP'000	Gross profit/ (loss) margin %
Fitting-out works	11,159	17.1	11,581	15.6
Construction works	43	1.3	(513)	(140.5)
Repair and maintenance works	99	6.8	1,620	58.3
Income from restaurant operations	-	-	574	24.9
<b>Total/overall*</b>	<b>11,301</b>	<b>16.1</b>	<b>13,262</b>	<b>16.6</b>

\* Including continuing and discontinued operation

# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## FINANCIAL REVIEW (continued)

### Gross profit and gross profit margin (continued)

During the six months ended 30 June 2021, the Group's gross profit decreased by approximately MOP2.0 million or 14.8% from approximately MOP13.3 million for the six months ended 30 June 2020 to approximately MOP11.3 million for the six months ended 30 June 2021. The decrease in gross profit was in line with the decrease in revenue. Gross loss in construction works segment for the six months ended 30 June 2020 was recorded due to contract revenue revised downwards.

The Group's gross profit margin decreased from approximately 16.6% for the six months ended 30 June 2020 to approximately 16.1% for the six months ended 30 June 2021. The decrease in gross profit margin was mainly attributable to absence of restaurant operations for the six months ended 30 June 2021.

### Other income, gains and losses, net

The Group's other income, gains and losses, net, decreased from approximately MOP1,617,000 for the six months ended 30 June 2020 to approximately MOP1,520,000 for the six months ended 30 June 2021. There was no material fluctuation.

### Administrative expenses

The Group's administrative expenses decreased by approximately MOP4.6 million or 23.3% from approximately MOP19.8 million for the six months ended 30 June 2020 to approximately MOP15.2 million for the six months ended 30 June 2021. The decrease were due to termination of restaurant operations and cost saving measures taken during the period.

### Impairment losses on financial assets and contract assets, net

The amount approximately MOP12,699,000 (30 June 2020: MOP13,396,000) represented the provision on doubtful account receivables and contract assets by management after considering the status of negotiation with customers.

### Impairment losses on prepayments

The amount approximately MOP1,843,000 represented the provision on prepayments for purchase of materials due to suspension of a fitting-out project in Hong Kong.

### Fair value gain on investment properties

The amount approximately MOP1,133,000 represented the increase of market value of the investment properties held as at 30 June 2021 as compared with that as at 31 December 2020.

### Finance costs

The Group's finance costs were approximately MOP0.7 million for the six months ended 30 June 2021, compared to that for the six months ended 30 June 2020 of approximately MOP1.0 million. There was no significant change.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

#### Income tax expense/(credit)

The Group had income tax expense of approximately MOP0.1 million for the six months ended 30 June 2021. There was approximately MOP2.0 million income tax credit for the six months ended 30 June 2020. The change was due to deferred tax and income tax credit.

#### Loss for the period attributable to owners of the Company

As a combined result of the above, the Group's loss for the period attributable to owners of the Company amounted to approximately MOP16.6 million for the six months ended 30 June 2021 as compared to the Group's loss attributable to owners of the Company of approximately MOP19.2 million for the six months ended 30 June 2020.

#### Loss per Share

The Company's loss per Share for the six months ended 30 June 2021 was Macau cents 4.1 (30 June 2020: loss per share Macau cents 4.8), representing a reduction in loss of Macau cents 0.7 per share. Loss per share was due to the poor operating environment in the overall fitting-out industry in Macau and Hong Kong upon the outbreak of COVID-19 since January 2020.

#### Interim dividend

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

## CORPORATE FINANCE AND RISK MANAGEMENT

### Liquidity and financial resources and capital structure

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarter in Macau. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group, and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group has sufficient working capital for its future operational requirement.

As at 30 June 2021, the Group had net current assets of approximately MOP17.4 million, decreased by approximately MOP16.8 million over the net current assets of approximately MOP34.2 million as recorded at 31 December 2020.

As at 30 June 2021, the Group had cash and bank balances of MOP11.2 million (31 December 2020: MOP22.0 million).



# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## CORPORATE FINANCE AND RISK MANAGEMENT (continued)

### Liquidity and financial resources and capital structure (continued)

As at 30 June 2021, the Group had an aggregate of pledged bank deposits of MOP14.4 million (31 December 2020: MOP14.1 million) that were used to secure banking facilities.

As at 30 June 2021, interest-bearing bank borrowings amounted to MOP50.2 million (31 December 2020: MOP52.6 million) of which MOP4.8 million, MOP5.0 million, MOP13.7 million and MOP26.7 million (31 December 2020: MOP4.8 million, MOP4.9 million, MOP13.8 million and MOP29.1 million) will mature within one year, one year to two years, two years to five years and more than five years, respectively. The loans carry interest at variable market rates by reference to the prevailing Prime Rate and Hong Kong Interbank Offered Rate. The effective interest rates as at 30 June 2021 (which were also equal to contracted interest rates) ranged from 2.5% to 2.6% (31 December 2020: 2.6% to 2.8%).

The Group continued to maintain a healthy liquidity position. As at 30 June 2021, the Group's current assets and current liabilities were MOP103.0 million (31 December 2020: MOP126.6 million) and MOP85.6 million (31 December 2020: MOP92.3 million), respectively. The Group's current ratio as at 30 June 2021 remained stable at 1.2 (31 December 2020: 1.4). The Group has maintained sufficient liquid assets to finance its operations.

The Group's gearing ratio, calculated by dividing total debts (including interest-bearing bank borrowings and lease liabilities) with total equity, was 0.41 as at 30 June 2021 (31 December 2020: 0.38). The increase was primarily due to loss making situation.

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to MOP4.1 million and MOP122.3 million, respectively (31 December 2020: MOP4.1 million and MOP138.9 million, respectively).

### Charge on the Group's assets

As at 30 June 2021, land and building, investment properties and bank deposits were pledged to secure certain borrowings granted to the Group amounted to MOP80.8 million, MOP27.0 million and MOP14.4 million (31 December 2020: MOP81.2 million, MOP25.9 million and MOP14.1 million), respectively.

### Contingent liabilities and operating lease and capital commitments

#### **Sin Fong Garden Building**

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si Construction & Engineering Company Limited ("**Lai Si**") was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE FINANCE AND RISK MANAGEMENT (continued)

#### Contingent liabilities and operating lease and capital commitments (continued)

##### **Sin Fong Garden Building** (continued)

In October 2015, the Macau Government has further filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the costs incurred by the Macau Government for (i) measures it had taken to prevent Sin Fong Garden Building from being collapsed; (ii) ensuring the safety of citizens and adjacent buildings; and (iii) the technical advisors and experts it had hired to study the causes of the incident, in a total sum of approximately MOP12,806,000, to be borne jointly by the defendants.

Up to the date of this interim report, trial hearings for the lawsuit filed by the Macau Government were finished in December 2020 and court decisions were made in April 2021. Among the court decisions, it was held that Lai Si was not liable, while the first hearing date for another lawsuit filed by several flat owners of Sin Fong Garden Building is scheduled on 19 October 2021. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the interim condensed consolidated financial information. The Controlling Shareholders (as defined in the Company's 2020 Annual Report) have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

##### **Dispute on payment with a subcontractor**

As at 30 June 2021 and 31 December 2020, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP4.6 million. The Directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the lawsuit and, accordingly, has not provided for any claim arising from the litigation, other than the related legal and other costs.

Up to the date of this interim report, the second trial of one of the fitting-out projects held by the court was completed during the period with the subsidiary of the Group winning the lawsuit, the plaintiff subcontractor may look forward to the Court of Final Appeal. The first hearing date of another fitting-out project was initially scheduled on 9 November 2020 but has been postponed to 7 December 2021. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation arising from both lawsuits and hence no provision is made in the interim condensed consolidated financial information.

##### **Dispute on payment with a subcontractor**

As at 30 June 2021, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP0.3 million on top of the contracted amount.

Up to the date of this interim report, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the interim condensed consolidated financial information.

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: Nil).



# MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## CORPORATE FINANCE AND RISK MANAGEMENT (continued)

### Exposure to fluctuations in exchange rates and interest rates and corresponding hedging arrangements

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 risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily HK\$ and RMB. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

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

### Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances, bank overdrafts and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

### Credit exposure

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees arisen from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive, discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Specifically, there are liquidity issues arising from COVID-19 pandemic and management has reassessed the risk factors and forward looking information towards the portfolio of long-aged receivables based on the negotiation processes with customers. The management will continue to closely monitor the negotiation processes and subsequent settlement of the counterparties and revisit the provision during year-end.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE FINANCE AND RISK MANAGEMENT (continued)

#### Credit exposure (continued)

In addition to the above, in year 2018, upon the implementation of HKFRS 9, the Group had engaged professional valuer service on the collectibility of the overall account receivables portfolio. The professional valuer took forward looking approach in assessing credit risk (expected credit losses). General provision on account receivable was made accordingly.

In this regard, the management of the Group considers that credit risk is well taken care and addressed.

The Group is exposed to concentration of credit risk as at 30 June 2021 on trade receivables and contract assets from the Group's five major customers amounting to approximately MOP31.8 million (31 December 2020: MOP39.8 million) and accounted for approximately 53.1% (31 December 2020: 51.8%) of the Group's total trade receivables and contract assets. The major customers of the Group are certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Liquid funds were also under the scope of review by the professional valuer as in account receivables.

### EVENTS AFTER THE REPORTING PERIOD

There are no significant events after 30 June 2021 and up to the date of this interim report.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the total number of full-time employees of the Group was 147 (31 December 2020: 153).

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work.

The Group's gross staff costs from operations (including the directors' emoluments) was MOP25.5 million for the six months ended 30 June 2021 (30 June 2020: MOP27.2 million).

The Company adopted a share option scheme so that the Company may grant options to the eligible participants as incentives or rewards for their contribution to the Group.

Since the listing of the Shares, no share option had been granted under the share option scheme.

The downward adjustment to the remuneration of 3 executive Directors due to the impact of COVID-19 (as disclosed in 2020 annual report) was continued in the six months ended on 30 June 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### USE OF PROCEEDS FROM THE SHARE OFFER

The Shares have been listed and traded on the Main Board of the Stock Exchange since 10 February 2017.

The net proceeds from the Placing and Public Offer (the “**Share Offer**”) (as defined in the prospectus of the Company dated 27 January 2017 (the “**Prospectus**”)) amounted to approximately HK\$89.8 million (equivalent to approximately MOP92.5 million) (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus and as stated in the Company’s announcement dated 7 August 2020.

	<b>Net proceeds from the Share Offer*</b> <i>HK\$ million</i>	<b>Utilised up to 31 December 2020</b> <i>HK\$ million</i>	<b>Utilised during the interim 2021</b> <i>HK\$ million</i>	<b>Unutilised up to 30 June 2021</b> <i>HK\$ million</i>	<b>Expected timeline of full utilisation of the remaining proceeds from the Share Offer as at 30 June 2021</b>
Finance fitting-out projects in Macau	49.4	38.4	9.0	2.0	By the end of 2022
Finance construction projects in Macau	17.9	15.9	-	2.0	By the end of 2022
Finance the start-up costs of fitting-out business in Hong Kong	9.0	9.0	-	-	N/A
Hire additional staff for the Group’s business operation	4.5	4.5	-	-	N/A
General working capital	9.0	9.0	-	-	N/A
<b>Total</b>	<b>89.8</b>	<b>76.8</b>	<b>9.0</b>	<b>4.0</b>	

\* The net proceeds from the Share Offer amounted to HK\$89.8 million (equivalent to approximately MOP 92.5 million) (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus.

During the period ended 30 June 2021, the actual application for the net proceeds from the Listing were used and expected to be used according to the intentions previously disclosed in the Prospectus and there was no material change in the use of proceeds. The unutilised amount is expected to be used in accordance with the Company’s plan as disclosed in the Prospectus. Given the impacts of the COVID-19 on the economy, the Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline of full utilisation is based on the Directors’ best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

Should there be any material change in the intended use of the net proceeds from the Share Offer as described in the Prospectus, the Company will make appropriate announcement(s) in due course.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### MARKET REVIEW

The COVID-19 pandemic which broke out in early 2020 has led a serious economic downturn around the world.

By 2021, the situation of the COVID-19 pandemic is still uncertain, and with the emergence of a variant of the virus, all customs clearance measures and economic activities have not yet fully resumed, with far-reaching effects on the economy of both Hong Kong and Macau. As for the construction industry of Macau, both of fitting out works and construction segments are inevitably affected by the pandemic. The gaming industry has been hit hard by the pandemic, and the gambling licenses of a number of large-scale gaming companies will expire soon, which has prevented them from investing large amount of capital in construction and fitting-out projects, resulting in a reduction in the number of project for gaming companies and a contraction in the private sector market.

However, the Macau government is planning to undertake public construction projects vigorously, including subsidized home-ownership scheme flats, social rental housing units, replacement housing units, apartments for the elderly etc, and reclamation projects in New Town A Zone and B Zone which will be developed by the government in the near future. This is a large-scale project. As a local company with local strengths and edge, we will look for opportunities arising from the project in New Town Zone A and Zone B, and partner with large contractors to jointly engage in the construction project.

### OUTLOOK

Driven by the development policy of the Greater Bay Area, Hengqin launched a new regulation in December 2019 enabling constructors from Hong Kong and Macau to directly practise and engage in project construction in the local area after having completed the legal record filing procedures. Therefore, the Group has opened up the qualifications for mutual recognition in Hengqin in early 2021. The Group is gradually adapting to the local environment, and is participating in the projects open for bid with investment by Macau people. Even though the development of the Greater Bay Area is slowing down due to the uncertainty and even deterioration of the COVID-19 pandemic, the Group is still optimistic about the development prospect of the Greater Bay Area and will continue to vigorously explore new markets in Hengqin and actively integrate into the development of the Greater Bay Area in line with the national planning policy.

The Group expects that in the second half of 2021, the global economy will progressively steer out of the doldrums of COVID-19 pandemic, so that the whole economy can gradually recover and hence the construction and engineering market will gradually stabilize. In the meantime, the Group will continue to work hard, persevere and achieve better operating results in the coming future by leveraging upon our strengths and with confidence regardless of the hardship.



## OTHER INFORMATION

### INTERIM DIVIDEND

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2021.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### I. Interests in the Company

Name of Director	Nature of interest	Number of Shares interested	Percentage of interest
Mr. Lai leng Man	Interest in controlled corporation <sup>(Note)</sup>	300,000,000	75%

Note: As Mr. Lai leng Man is entitled to control one-third or more of the voting power at general meetings of SHK-Mac Capital Limited ("SHKMCL"), Mr. Lai is deemed to be interested in these 300,000,000 Shares under the SFO.

#### II. Interests in the associated corporation of the Company

Name of Directors	Name of associated corporation	Nature of interest	Number of shares interested	Percentage of interest
Mr. Lai leng Man	SHKMCL	Beneficial interest	50	50%
Mr. Lai Meng San	SHKMCL	Beneficial interest	30	30%
Ms. Lai leng Wai	SHKMCL	Beneficial interest	20	20%





## OTHER INFORMATION (continued)

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

Save as disclosed above, as at 30 June 2021, there were no other interests or short positions of the Directors or the chief executive of the Company in the shares or underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares held	Percentage of interest
SHKMCL <sup>(Note)</sup>	Beneficial interest	300,000,000	75%

Note: SHKMCL is owned as to 50% by Mr. Lai Ieng Man, 30% by Mr. Lai Meng San and 20% by Ms. Lai Ieng Wai.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

### SHARE OPTION SCHEME

The Company has adopted a Share Option Scheme on 18 January 2017 to enable the Company to grant share options to eligible persons so as to recognise and acknowledge the contributions they have or may have made to the Group. Since the listing of the Shares, no share option had been granted under the Share Option Scheme.



## OTHER INFORMATION (continued)

### CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, below are the changes in the information of the Director(s):

- (1) Mr. Chan Chun Sing has been an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute since June 2021.
- (2) Mr. Chan Chun Sing resigned as company secretary of Janco Holdings Limited (a company listed on the Stock Exchange, stock code: 8035) on 1 June 2021.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions (the "**Securities Dealing Code**"). Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the six months ended 30 June 2021.

The Company has also adopted the Securities Dealing Code for securities transactions by employees who, because of their office or employment in the Group, are likely to possess inside information of the Company. No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company throughout the six months ended 30 June 2021.

### AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Chan Chun Sing (the chairman of the Audit Committee), Mr. Chan lok Chun and Ms. Lam Mei Fong.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group. The interim report of the Group for the six months ended 30 June 2021 has been reviewed by the Audit Committee. The Group's auditor, Messrs. Ernst & Young, has reviewed the unaudited interim condensed consolidated financial information in this interim report.





## INDEPENDENT REVIEW REPORT



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### To the board of directors of Lai Si Enterprise Holding Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 40, which comprises the condensed consolidated statement of financial position of Lai Si Enterprise Holding Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
Certified Public Accountants  
Hong Kong  
27 August 2021



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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited) (restated)
<b>CONTINUING OPERATIONS</b>			
Revenue	4	<b>70,149</b>	77,582
Cost of sales		<b>(58,848)</b>	(64,894)
Gross profit		<b>11,301</b>	12,688
Other income, gains and losses, net		<b>1,797</b>	1,616
Administrative expenses		<b>(15,147)</b>	(18,156)
Impairment losses on financial assets and contract assets		<b>(12,699)</b>	(13,396)
Impairment losses on prepayments		<b>(1,843)</b>	-
Changes in fair value of investment properties		<b>1,133</b>	(1,751)
Finance costs		<b>(691)</b>	(850)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	<b>(16,149)</b>	(19,849)
Income tax (expense)/credit	6	<b>(136)</b>	1,954
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		<b>(16,285)</b>	(17,895)
<b>DISCONTINUED OPERATION</b>			
Loss for the period from a discontinued operation	7	<b>(313)</b>	(1,266)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<b>(16,598)</b>	(19,161)
		<b>Macau cents</b>	Macau cents
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted			
- For loss for the period	9	<b>(4.1)</b>	(4.8)
- For loss from continuing operations	9	<b>(4.1)</b>	(4.5)





# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2021

	Notes	30 June 2021 MOP'000 (Unaudited)	31 December 2020 MOP'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>81,509</b>	82,100
Investment properties		<b>26,986</b>	25,853
Right-of-use assets		<b>-</b>	477
<b>Total non-current assets</b>		<b>108,495</b>	108,430
<b>CURRENT ASSETS</b>			
Trade receivables	11	<b>19,508</b>	12,011
Contract assets	12	<b>40,271</b>	64,835
Prepayments, other receivables and other assets		<b>16,934</b>	12,870
Amount due from a director	17(b)	<b>698</b>	698
Amount due from the ultimate holding company	17(b)	<b>1</b>	1
Pledged bank deposits		<b>14,427</b>	14,147
Cash and bank balances		<b>11,182</b>	22,018
<b>Total current assets</b>		<b>103,021</b>	126,580
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>15,729</b>	24,279
Contract liabilities		<b>4,608</b>	2,880
Lease liabilities		<b>-</b>	484
Other payables and accruals		<b>15,360</b>	12,713
Interest-bearing bank borrowings		<b>49,373</b>	51,413
Tax payable		<b>576</b>	576
<b>Total current liabilities</b>		<b>85,646</b>	92,345
<b>NET CURRENT ASSETS</b>		<b>17,375</b>	34,235
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>125,870</b>	142,665



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 JUNE 2021

	Note	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>863</b>	1,196
Deferred tax liabilities		<b>2,723</b>	2,587
<b>Total non-current liabilities</b>		<b>3,586</b>	3,783
<b>Net assets</b>		<b>122,284</b>	138,882
<b>EQUITY</b>			
Share capital	14	<b>4,120</b>	4,120
Reserves		<b>118,164</b>	134,762
<b>Total equity</b>		<b>122,284</b>	138,882



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company							Total
	Share capital	Share premium*	Legal reserve*	Other reserve*	Merger reserve*	Asset revaluation reserve*	(Accumulated) loss)/ retained profits*	
	MOP'000	MOP'000	MOP'000 (Note (a))	MOP'000 (Note (b))	MOP'000 (Note (c))	MOP'000 (Note (d))	MOP'000	MOP'000
At 1 January 2021 (audited)	4,120	105,390	50	(5,098)	85	20,499	13,836	138,882
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(16,598)	(16,598)
At 30 June 2021 (unaudited)	4,120	105,390*	50*	(5,098)*	85*	20,499*	(2,762)*	122,284
At 1 January 2020 (audited)	4,120	105,390	50	(5,098)	85	20,499	99,028	224,074
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	-	(19,161)	(19,161)
At 30 June 2020 (unaudited)	4,120	105,390*	50*	(5,098)*	85*	20,499*	79,867*	204,913

Notes:

- (a) In accordance with Article 377 of the Commercial Code of the Macau Special Administrative Region, the subsidiaries registered in Macau are required to transfer part of their profits of each accounting period of not less than 25% to legal reserve, until the amount reaches half of the respective share capital. This reserve is not distributable to the respective shareholders.
- (b) Other reserve represents the fair value adjustments recognised in equity as deemed distribution to the Controlling Shareholders (as defined in the Group's 2020 Annual Report) for advances to certain related parties in which the Controlling Shareholders have joint control or control.
- (c) The merger reserve represented the difference between the aggregate share capital of Lai Si (HK), Lai Si and Well Team (as defined in Note 1) amounting to MOP85,000 (which were transferred from the Controlling Shareholders to LSHKHL, LSMAHL and WTMAHL (as defined in Note 1) pursuant to the reorganisation (as defined and set out in the Group's 2017 Annual Report) and the aggregate cash consideration of MOP30.
- (d) The asset revaluation reserve, net of tax, arose from a change in use from owner-occupied properties to investment properties carried at fair value in 2018.

\* These reserve accounts comprise the consolidated reserves of MOP118,164,000 (31 December 2020: MOP134,762,000) in the condensed consolidated statement of financial position.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	2021 MOP'000 (unaudited)	2020 MOP'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax:			
From continuing operations		<b>(16,149)</b>	(19,849)
From a discontinued operation		<b>(313)</b>	(1,266)
Adjustments for:			
Finance costs		<b>691</b>	1,049
Interest income	5	<b>(174)</b>	(137)
Depreciation of property, plant and equipment		<b>668</b>	954
Depreciation of right-of-use assets		<b>40</b>	1,407
Impairment losses on financial assets and contract assets	5	<b>12,699</b>	13,396
Impairment losses on prepayments		<b>1,843</b>	-
Loss on written-off of items of property, plant and equipment		<b>277</b>	-
Changes in fair value of investment properties		<b>(1,133)</b>	1,751
Gain on termination of a lease		<b>(7)</b>	-
		<b>(1,558)</b>	(2,695)
(Increase)/decrease in trade receivables		<b>(9,103)</b>	10,963
Decrease/(increase) in contract assets		<b>13,471</b>	(10,992)
Increase in prepayments, other receivables and other assets		<b>(6,061)</b>	(9,077)
Decrease in an amount due from a director		-	206
Decrease in trade payables		<b>(8,550)</b>	(4,241)
Increase in contract liabilities		<b>1,728</b>	1,777
Increase in other payables and accruals		<b>2,647</b>	4,400
Net cash flows used in operating activities		<b>(7,426)</b>	(9,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>328</b>	542
Purchase of items of property, plant and equipment	10	<b>(354)</b>	(159)
Decrease in bank deposits with original maturity over three months		<b>3,604</b>	31,930
Increase in pledged bank deposits		<b>(280)</b>	-
Net cash flows from investing activities		<b>3,298</b>	32,313
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repayment of bank borrowings		<b>(2,373)</b>	(1,986)
Payment for principal portion of leases		<b>(40)</b>	(1,270)
Payment for interest component of leases		<b>(1)</b>	(212)
Interest paid		<b>(690)</b>	(837)
Net cash flows used in financing activities		<b>(3,104)</b>	(4,305)





## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<b>2021</b> <b>MOP'000</b> <b>(unaudited)</b>	2020 MOP'000 (unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<b>(7,232)</b>	18,349
Cash and cash equivalents at beginning of period	<b>17,972</b>	22,390
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>10,740</b>	40,739
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the statement of financial position	<b>11,182</b>	44,339
Bank deposits with original maturity over three months	<b>(442)</b>	(3,600)
Cash and cash equivalents as stated in the statement of cash flows	<b>10,740</b>	40,739



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 1. CORPORATE AND GROUP INFORMATION

Lai Si Enterprise Holding Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 10 February 2017. The Company’s registered office address is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is located at Macau Lai Si Enterprise Centre, Rua Da Ribeira Do Patane No. 54, Macau.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”), are principally engaged in fitting-out, alternation and addition works, construction works and repair and maintenance services.

In the opinion of the directors, the Company’s immediate and ultimate holding company is SHK-Mac Capital Limited (“SHKMCL”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability.

### Information about subsidiaries

Particulars of all the Company’s subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Registered capital/ issued and fully paid-up share capital	Percentage of equity attributable to the Company		Principal activities
			2021	2020	
LSMA Holding Limited* (“LSMAHL”)	The BVI	United States Dollars (“USD”) 10	100%	100%	Investment holding
WTMA Holding Limited* (“WTMAHL”)	The BVI	USD10	100%	100%	Investment holding
LSHK Holding Limited* (“LSHKHL”)	The BVI	USD10	100%	100%	Investment holding
Lai Si Construction & Engineering Company Limited (“Lai Si”)	Macau	MOP50,000	100%	100%	Construction works, fitting-out works and provision of repair and maintenance services



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Particulars of all the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Registered capital/ issued and fully paid-up share capital	Percentage of equity attributable to the Company		Principal activities
			2021	2020	
Well Team Engineering Company Limited ("Well Team")	Macau	MOP25,000	100%	100%	Holding of an office building
Lai Si Mechanical and Electrical Engineering Company Limited	Macau	MOP25,000	100%	100%	Mechanical and electrical engineering and provision of repair and maintenance services
High Class Investment Company Limited	Macau	MOP25,000	100%	100%	Investment on catering services
Lai Si Construction (Hong Kong) Company Limited ("Lai Si (HK)")	Hong Kong	HK\$10,000	100%	100%	Construction works, fitting-out works and provision of repair and maintenance services

\* Directly held by the Company

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.





## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and impact of the revised HKFRSs are described below: (continued)

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and it has no significant financial effect on the Group's interim condensed consolidated financial information for the six months ended 30 June 2021.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2021

	Fitting-out, alternation and addition works MOP'000 (Unaudited)	Construction works MOP'000 (Unaudited)	Repair and maintenance services MOP'000 (Unaudited)	Total MOP'000 (Unaudited)
<b>Segment revenue</b>				
Sales to external customers from continuing operations	65,282	3,408	1,459	70,149
<b>Segment results</b>	10,980	(53)	83	11,010
Corporate expenses				(14,856)
Other income, gains and losses, net				1,797
Impairment losses on financial assets and contract assets				(12,699)
Impairment losses on prepayments				(1,843)
Changes in fair value of investment properties				1,133
Finance costs				(691)
Loss before tax from continuing operations				(16,149)



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2020

	Fitting-out, alternation and addition works MOP'000 (Unaudited)	Construction works MOP'000 (Unaudited)	Repair and maintenance services MOP'000 (Unaudited)	Total MOP'000 (Unaudited) (restated)
<b>Segment revenue</b>				
Sales to external customers from continuing operations	74,438	365	2,779	77,582
<b>Segment results</b>				
Corporate expenses				(17,604)
Other income, gains and losses, net				1,616
Impairment losses on financial assets and contract assets				(13,396)
Changes in fair value of investment properties				(1,751)
Finance costs				(850)
Loss before tax from continuing operations	11,057	(536)	1,615	(19,849)

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 4. REVENUE

An analysis of the Group's revenue from continuing operations is as follows:

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited) (restated)
<i>Revenue from contracts with customers</i>		
Fitting-out, alteration and addition works	65,282	74,438
Construction works	3,408	365
Repair and maintenance services	1,459	2,779
	<b>70,149</b>	77,582

### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	Fitting-out, alteration and addition works MOP'000 (Unaudited)	Construction works MOP'000 (Unaudited)	Repair and maintenance services MOP'000 (Unaudited)	Total MOP'000 (Unaudited)
<b>Geographical markets</b>				
Macau	56,644	3,408	1,398	61,450
Hong Kong	8,638	-	61	8,699
Total revenue from contracts with customers	<b>65,282</b>	<b>3,408</b>	<b>1,459</b>	<b>70,149</b>
<b>Timing of revenue recognition</b>				
Services transferred over time	65,282	3,408	-	68,690
Services transferred at a point in time	-	-	1,459	1,459
Total revenue from contracts with customers	<b>65,282</b>	<b>3,408</b>	<b>1,459</b>	<b>70,149</b>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 4. REVENUE (continued)

### Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2020

Segments	Fitting-out, alteration and addition works MOP'000 (Unaudited)	Construction works MOP'000 (Unaudited)	Repair and maintenance services MOP'000 (Unaudited)	Total MOP'000 (Unaudited) (restated)
<b>Geographical markets</b>				
Macau	51,963	365	2,606	54,934
Hong Kong	22,475	-	173	22,648
Total revenue from contracts with customers	74,438	365	2,779	77,582
<b>Timing of revenue recognition</b>				
Services transferred over time	74,438	365	-	74,803
Services transferred at a point in time	-	-	2,779	2,779
Total revenue from contracts with customers	74,438	365	2,779	77,582

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 5. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited) (restated)
Cost of services provided*	58,848	64,894
Bank interest income	(174)	(137)
Impairment losses on financial assets and contract assets:		
Impairment losses on trade receivables	1,606	895
Impairment losses on contract assets	11,093	12,501
	12,699	13,396
Foreign exchange differences, net	911	(135)

\* Included in cost of services provided are the staff costs incurred in the amount of approximately MOP13,417,000 (six months ended 30 June 2020 (restated): MOP11,811,000).

## 6. INCOME TAX

No provision for Macau complementary tax and Hong Kong profits tax have been made as the Group did not generate any assessable profits arising in Macau and Hong Kong during the period. In prior period, Macau complementary tax has been provided at progressive rates up to 12% on the estimated taxable profits arising in Macau and there were no assessable profits arising in Hong Kong.

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited)
Current – Macau		
Charge for the period	-	36
Deferred	136	(1,990)
Total tax charge/(credit) for the period from continuing operations	136	(1,954)
Total tax charge for the period from a discontinued operation	-	-
	136	(1,954)



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

## 7. DISCONTINUED OPERATION

On 1 June 2021, the Company decided to terminate its restaurant operations in view of the continuing poor business environment in order to consolidate resources into its primary core business, i.e. fitting-out, alternation and addition works, construction works and repair and maintenance services. Upon the termination, related property, plant and equipment were written off. With the restaurant operations being classified as a discontinued operation, it was no longer included in the note for operating segment information.

The results of the restaurant operations for the period are presented below:

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited)
Revenue	-	2,302
Cost of sales	-	(1,728)
Other income, gains and losses, net	(277)	1
Expenses	(36)	(1,642)
Finance costs	-	(199)
Loss for the period from the discontinued operation	(313)	(1,266)

The net cash flows incurred by the restaurant operations for the period are as follows:

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited)
Operating activities	(60)	1,225
Investing activities	-	(114)
Financing activities	-	(1,236)
Net cash outflow	(60)	(125)
	Macau cents	Macau cents
Loss per share:		
Basic and diluted, from the discontinued operation	-*	(0.3)

\* The amount represents less than MOP0.1 cent.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 7. DISCONTINUED OPERATION (continued)

The calculation of basic and diluted loss per share from the discontinued operation is based on:

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to ordinary equity holders of the parent from the discontinued operation	<b>MOP(313,000)</b>	MOP(1,266,000)
Weighted average number of ordinary shares used in the basic and diluted loss per share calculation	<b>400,000,000</b>	400,000,000

## 8. DIVIDENDS

No dividend has been paid or declared by the Group during the six months ended 30 June 2021 and 2020.

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to owners of the Company from continuing operations of MOP16,285,000 (six months ended 30 June 2020 (restated): MOP17,895,000) and the loss from a discontinued operation of MOP313,000 (six months ended 30 June 2020: MOP1,266,000), and the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 of 400,000,000 (six months ended 30 June 2020: 400,000,000).

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the capital expenditure for acquisition of property, plant and equipment was approximately MOP354,000 (six months ended 30 June 2020: MOP159,000).



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 11. TRADE RECEIVABLES

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Trade receivables	<b>43,212</b>	34,109
Impairment	<b>(23,704)</b>	(22,098)
	<b>19,508</b>	12,011

The Group allows an average credit period of 30 days to its customers. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of existing customers is reviewed by the Group regularly.

Included in the Group's trade receivables are amounts due from the Group's director Mr. Lai leng Man of MOP529,000 (31 December 2020: MOP600,000). In addition, as at 31 December 2020, trade receivables included amounts due from a related party of MOP2,472,000. These balances are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Within 1 month	<b>11,542</b>	2,554
1 to 2 months	<b>1,691</b>	3,140
2 to 3 months	<b>1,605</b>	119
3 to 6 months	<b>833</b>	600
6 months to 1 year	<b>3,837</b>	2,401
Over 1 year	<b>-</b>	3,197
	<b>19,508</b>	12,011

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 12. CONTRACT ASSETS

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Contract assets arising from:		
Fitting-out, alteration and addition works	<b>87,623</b>	93,477
Construction works	<b>4,501</b>	12,118
	<b>92,124</b>	105,595
Impairment	<b>(51,853)</b>	(40,760)
	<b>40,271</b>	64,835

Contract assets are initially recognised for revenue earned from the provision of related fitting-out, alteration and addition works and construction works as the receipt of consideration is conditional on successful completion of the works. Included in contract assets for fitting-out, alteration and addition works and construction works are retention receivables. Upon completion of the work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets was mainly because of the increase in impairment of contract assets after considering the status of negotiation with customers. During the six months ended 30 June 2021, MOP11,093,000 (six months ended 30 June 2020: MOP12,501,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 11 to the interim condensed consolidated financial information.

## 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Within 1 month	<b>3,527</b>	2,093
1 to 2 months	<b>1,347</b>	8,775
2 to 3 months	<b>1,362</b>	1,005
Over 3 months	<b>9,493</b>	12,406
	<b>15,729</b>	24,279



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 14. SHARE CAPITAL

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Issued and fully paid:		
400,000,000 (2020: 400,000,000) ordinary shares	<b>4,120</b>	4,120

There were no movements in the Company's share capital during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 15. CONTINGENT LIABILITIES

### (a) Sin Fong Garden Building

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

In October 2015, the Macau Government has further filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the costs incurred by the Macau Government for (i) measures it had taken to prevent Sin Fong Garden Building from being collapsed; (ii) ensuring the safety of citizens and adjacent buildings; and (iii) the technical advisors and experts it had hired to study the causes of the incident, in a total sum of approximately MOP12,806,000, to be borne jointly by the defendants.

Up to the date of approval of this interim report, trial hearings for the lawsuit filed by the Macau Government were finished in December 2020 and court decisions were made in April 2021. Among the court decisions, it was held that Lai Si was not liable for the case. While the first hearing date for another lawsuit filed by several flat owners of Sin Fong Garden Building is scheduled on 19 October 2021. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the interim condensed consolidated financial information. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 15. CONTINGENT LIABILITIES (continued)

### (b) Dispute on payment with a subcontractor

As at 30 June 2021 and 31 December 2020, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP4.6 million. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the lawsuit and, accordingly, has not provided for any claim arising from the litigation, other than the related legal and other costs.

Up to the date of approval of this interim report, the second trial of one of the fitting-out projects held by the court was completed during the period with the subsidiary of the Group winning the lawsuit, the plaintiff subcontractor may look forward to the Court of Final Appeal. The first hearing date of another fitting-out project was initially scheduled on 9 November 2020 but has been postponed to 7 December 2021. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation arising from both lawsuits and hence no provision is made in the interim condensed consolidated financial information.

### (c) Dispute on payment with a subcontractor

As at 30 June 2021, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP0.3 million on top of the contracted amount.

Up to the date of approval of this interim report, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the interim condensed consolidated financial information.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure the bank borrowings, bank overdrafts and credit facilities granted to the Group:

	<b>30 June 2021 MOP'000 (Unaudited)</b>	31 December 2020 MOP'000 (Audited)
Investment properties	<b>26,986</b>	25,853
Land and buildings included in property, plant and equipment	<b>80,771</b>	81,174
Pledged bank deposits (Note)	<b>14,427</b>	14,147
	<b>122,184</b>	121,174

Note: Pledged bank deposits related to sales proceeds received from certain fitting-out works projects were pledged to secure the Group's banking facilities.

## 17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this condensed consolidated financial information, the Group had the following transactions with related parties during the period:

	<b>For the six months ended 30 June</b>	
	<b>2021 MOP'000 (Unaudited)</b>	2020 MOP'000 (Unaudited)
Lai Si Construction (Thailand) Company Limited (Note i) - Consultancy service income*	<b>1,030</b>	-
Lai Si Construction (Singapore) Pte. Ltd. (Note ii) - Consultancy service income*	<b>800</b>	-
Mr. Lai Ieng Man - Fitting-out work provided*	-	1,535
- Rental expenses*	-	206

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 17. RELATED PARTY TRANSACTIONS (continued)

- (a) In addition to the transactions detailed elsewhere in this condensed consolidated financial information, the Group had the following transactions with related parties during the period:  
(continued)

Notes:

- (i) Mr. Lai Meng San and Ms. Lai leng Wai, executive directors of the Company, jointly held 49% equity interest in this related company.
- (ii) Mr. Lai Meng San, Mr. Lai leng Man, Ms. Lai leng Wai and Ms. Cheong Weng Si, executive directors of the Company, jointly held 100% equity interest in this related company.
- \* These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Outstanding balances with related parties:

- (i) The Group had an outstanding balance due from its director, Mr. Lai leng Man, of MOP529,000 (31 December 2020: MOP600,000) included in trade receivables and the payment term is disclosed in note 11.
- (ii) The Group had an outstanding balance due from its director, Mr. Lai leng Man, of MOP698,000 (31 December 2020: MOP698,000) included in an amount due from a director which is non-trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (iii) The Group had an outstanding balance due from its ultimate holding company of MOP1,000 (31 December 2020: MOP1,000) which is unsecured, non-interest-bearing and repayable on demand.
- (iv) The Group had an outstanding balance due from its related company, Lai Si Construction (Thailand) Company Limited, of MOP1,187,000 (31 December 2020: MOP1,180,000) included in other receivables.
- (v) The Group had an outstanding balance due from its related company, Lai Si Construction (Singapore) Pte. Ltd., of MOP800,000 (31 December 2020: Nil) included in other receivables.
- (vi) As at 31 December 2020, the Group had an outstanding balance of MOP2,472,000 due from its related company, Treasure Lake Barbecue King Limited and the payment term is disclosed in note 11. Mr. Lai Meng San, an executive director and a Controlling Shareholder of the Company, held 20% equity interest in this related company up till 21 May 2020.





## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 17. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 MOP'000 (Unaudited)	2020 MOP'000 (Unaudited)
Fees	83	90
Salaries and other allowances	4,598	5,416
Discretionary bonus	444	1,281
Pension scheme contribution	32	31
Total compensation paid to key management personnel	5,157	6,818

### 18. PERFORMANCE BOND

As at 30 June 2021, the Group has issued performance bonds amounting to MOP29,730,000 (31 December 2020: MOP26,891,000) in respect of contracts from fitting-out, alteration and addition works through banks in Macau which are secured by pledged bank deposits as disclosed in note 16 and promissory notes by Lai Si and the Company.

