

MECOM

POWER & CONSTRUCTION

澳能建設控股有限公司

MECOM Power and Construction Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1183

2021

INTERIM REPORT





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Tam Wing Yee

AUTHORISED REPRESENTATIVES

Mr. Sou Kun Tou
Ms. Tam Wing Yee

REGISTERED OFFICE

Cricket Square
Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 20
Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
and Registered Public Interest Entity Auditor
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS

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

As to Macau law:

José Liu
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Landmark, 13° andar
Sala No. 1308
Macau

As to Cayman Islands law:

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

PRINCIPAL BANKERS

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

STOCK CODE

1183

WEBSITE

www.mecommacau.com

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

MECOM Power and Construction Limited (“MECOM” or the “Company”) and its subsidiaries (collectively, the “Group”) is a leading company in both the civil engineering industry and the high voltage power substation construction industry in Macau. It undertakes highly challenging and complex construction projects in four major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, electrical and mechanical (“E&M”) engineering services works and provision of facilities management services. During the six months ended 30 June 2021 (the “Period”), the Group has diversified its existing business by introducing the electric vehicle (“EV”) charging solutions and system business.

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

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

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

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

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

BUSINESS REVIEW

During the Period, the Macau market, where the Group's core business is located, gradually emerged from the impact of COVID-19. The number of inbound visitors arriving at Macau and its gaming revenue experienced a significant upswing. According to the Macau Statistics and Census Service, the number of inbound visitors arriving at Macau reached 4 million in the first half of the year, which represented a significant bounce-back as compared with the same period last year, whereas according to the Macau Gaming Inspection and Coordination Bureau, Macau's gaming revenue in the first half of the year increased by approximately 45.4% year-on-year to about MOP49 billion.

During the Period, the Group undertook construction works in line with the needs of its customers and achieved substantial construction progress in major construction contracts, resulting in a substantial increase in revenue during the Period, which included the development of a new hotel complex in Cotai City, Macau with a total contract value of approximately HK\$6.5 billion. The Group's revenue increased by 43.2% year-on-year to MOP414.8 million (six months ended 30 June 2020 (the "Previous Period"): MOP289.6 million). Driven by the overall increase in benefits, the Group's net profit increased by 319.7% year-on-year to approximately MOP54.6 million (Previous Period: MOP13.0 million), and gross profit increased by 199.1% to MOP79.0 million (Previous Period: MOP26.4 million). The gross profit margin and net profit margin during the Period were 19.0% (Previous Period: 9.1%) and 13.2% (Previous Period: 4.5%), respectively.

As at 30 June 2021, the Group's total aggregate value of contracts on hand yet to complete amounted to MOP1.20 billion. During the Period, several construction and fitting out works projects and electrical and mechanical works projects for a new hotel complex were awarded, including the installation of water park slides, the supply and installation of metal doors, the supply and delivery of luminaries and wiring accessories for heating ventilation and air-conditioning system and wet fire system, and the façade lighting works, with a total contract value of approximately MOP300 million.

The Group's EV charging business also flourished. During the Period, the Group has secured EV charging projects for residential properties and public parking spaces in Guangdong Province, the People's Republic of China and Macau to provide design, supply, installation, operation and maintenance services for electric vehicles charging facilities, covering around 4,400 private and public parking spaces.

Benefiting from the outstanding performance of the Group and the recognition of the Group by the capital market, MECOM was officially included as a constituent in the MSCI Hong Kong Small Cap Index on 27 May 2021. The Board expects that the inclusion of the Company as a constituent in the MSCI Hong Kong Small Cap Index will enhance the Company's reputation and increase the liquidity of trading in its shares.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June			
	2021		2020	
	MOP'000	%	MOP'000	%
Construction business				
Construction and fitting out works	278,595	67.2	209,583	72.4
High voltage power substation construction and its system installation works	12,185	2.9	4,481	1.5
E&M engineering services works	90,892	21.9	37,038	12.8
Facilities management services	33,149	8.0	38,533	13.3
	414,821	100.0	289,635	100.0
EV charging business	28	0.0	–	–
Total	414,849	100.0	289,635	100.0

The Group's revenue for the Period increased by MOP125.2 million or 43.2%, which was attributable to the increase in revenue from construction and fitting out works and E&M engineering services works by MOP69.0 million or 32.9% and MOP53.9 million or 145.4%, respectively.

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

During the Period, the Group has diversified its existing business by introducing the EV charging solutions and system business. As of June 2021, revenue was contributed by the sales of EV charging systems and the fixed monthly subscription fee from customers who have subscribed to the Group's monthly subscription plan.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Gross profit

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

	Six months ended 30 June			
	2021		2020	
	Gross profit/(loss) MOP'000	Gross margin %	Gross profit/(loss) MOP'000	Gross margin %
Construction business				
Construction and fitting out works	55,511	19.9	20,154	9.6
High voltage power substation construction and its system installation works	929	7.6	1,061	23.7
E&M engineering services works	17,235	19.0	(2,114)	(5.7)
Facilities management services	6,107	18.4	7,317	19.0
	79,782	19.2	26,418	9.1
EV charging business	(754)	(2,692.9)	–	–
Total/overall	79,028	19.0	26,418	9.1

Our gross profit margin increased from 9.1% for the Previous Period to 19.0% for the Period. The favorable comparison was driven by (i) a substantial construction progress completed during the Period, which was initially impacted by the outbreak of COVID-19 epidemic during the Previous Period; (ii) certification of variation works completed in 2020 during the Period; and (iii) improvement in cost efficiency as the global COVID-19 pandemic has been brought under control to some extent during the Period.

The gross margin of E&M engineering services works was 19.0% for the Period. E&M engineering services works and EV charging business generated gross loss during the first half of 2020 and 2021, respectively, due to the relatively high set up cost of new business at the initial stage.

Other income

Other income decreased by MOP1.5 million or 61.6%, which was attributable to (i) the Group's recognition of government grants of MOP600,000 in respect of COVID-19 related subsidy for business provided by the Macau government during the Previous Period; and (ii) the decrease in bank interest income from the Group's fixed bank deposits for the Period due to the drop of time deposit interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

The Group’s impairment losses of trade receivables, trade-nature amounts due from related companies and contract assets were MOP1,264,000 for the Period (Previous Period: MOP806,000). The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, trade-nature amounts due from related companies and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables, the trade-nature amounts due from related companies and the contract assets on the same basis.

Administrative expenses

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

Income tax expense

Income tax expenses increased by MOP9.2 million primarily due to reversal of over-provision of MOP2.1 million in prior years during the Previous Period which was one-off in nature and not repeated during the Period.

Profit for the Period

The Group’s profit for the Period increased by MOP41.6 million or 319.7% primarily attributable to the combined effect of the abovementioned items.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts a prudent approach in cash management to minimise financial and operational risks. The Group’s operations mainly rely on internally generated cash flows.

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 Group’s operations and mitigate the effects of unexpected fluctuations in cash flows.

As at 30 June 2021, the Group had net current assets of MOP389.0 million (31 December 2020: MOP387.0 million). The current ratio of the Group as at 30 June 2021 was 2.6 (31 December 2020: 3.3).

The Group continued to maintain a healthy liquidity position. As at 30 June 2021, the Group had a total cash and bank balances (including fixed bank deposits) of MOP180.0 million (31 December 2020: MOP175.3 million).

As at 30 June 2021, the Group’s unutilised credit facilities was MOP178.0 million (31 December 2020: MOP367.4 million).

As at 30 June 2021, the Group had no bank borrowings (31 December 2020: nil) and the Group’s gearing ratio (calculated by dividing total debts with total equity) was zero (31 December 2020: zero).

As at 30 June 2021, the Company’s share capital and equity amounted to MOP18.4 million and MOP426.1 million, respectively (31 December 2020: MOP12.3 million and MOP426.7 million, respectively).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and MOP. As at 30 June 2021, the Group had no exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

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

On 9 February 2021, the Group entered into an equity transfer agreement for the acquisition of 49% equity interest in Moreira Dos Santos Mobilidade Eléctrica Lda., a company incorporated in Macau with limited liability, at a cash consideration of MOP1,500,000. Please refer to the announcement of the Company dated 15 March 2021 for details.

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

Save as disclosed in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plan for material investments or capital assets as at 30 June 2021.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company with par value of HK\$0.01 each ("Shares", each a "Share") have been listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (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 disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 30 June 2021:

	Revised applications (HK\$ million)	Actual usage up to 30 June 2021 (HK\$ million)
Financing the issuance of performance bonds when undertaking new projects ^(Note 1)	112.4	88.5
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	237.7

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Notes:

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

Up to the date of this report, the Group has utilised HK\$90.4 million of the total net proceeds for financing the issuance of performance bonds.

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

PLEDGE OF ASSETS

As at 30 June 2021, the Group had pledged bank deposits of MOP57.6 million (31 December 2020: MOP57.1 million), that were pledged with banks as security of credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2021 (31 December 2020: nil).

COMMITMENTS

As at 30 June 2021, save for the commitment to contribute capital to a subsidiary in the amount of approximately MOP12.2 million, the Group had no material capital commitment (31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group entered into separate labour contracts with its employees in accordance with the applicable labour laws of Hong Kong and Macau. The remuneration package offered to employees generally includes salaries, allowances, benefits-in-kind, fringe benefits including medical insurance and contributions to pension funds and bonus. In general, the Group determines salaries of its employees based on each employee's qualification, position and seniority.

As a main contractor for some of the projects we undertake, we apply for work permits for our non-Macau resident workers on a project-by-project basis. As at 30 June 2021, the Group had 297 (31 December 2020: 355) employees in Hong Kong and Macau, comprising 88 Macau residents and 209 non-Macau residents (31 December 2020: 73 Macau residents and 282 non-Macau residents).

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

PROSPECTS

The overall economy of Macau recovered gradually in 2021. The Macau government announced the relaxation of border controls in February 2021 when all Chinese tourists were exempted from quarantine. The COVID-19 vaccination programme was also launched in early February 2021. Despite the impact of COVID-19 on the economy, the Macau government launched a number of new construction projects. According to the Macau Construction and Development Office, there are currently 46 transportation and public works projects worth more than MOP100 million, with a total value of close to MOP35.2 billion. More infrastructure projects will be launched in the next few years, including expansion of the Macau light rail system and major road projects. The substantial increase in government projects and private sector projects will directly benefit the entire construction industry.

There are currently six existing gambling licenses in Macau that are subject to expiration in June 2022, the preparations for the re-auction of which are being proceeded in an orderly manner. It is expected that consultation will begin in the second half of the year. The Group estimates that existing licensees will step up maintenance of facilities, or even build more large-scale integrated resorts, to increase their chips for renewal of their gambling licenses. The Group will directly benefit from the burgeoning growth of the gambling companies.

In addition, with the promotion of the use of electric vehicles in various regions, policies are being rolled out to popularize electric vehicles. Ho Iat Seng, the chief executive of the Macau Special Administrative Region stated that Macau will push forward the preparation of master plan and zoning plan of Macau, promote the construction of urban infrastructure, and cooperate with the national environmental protection development strategy to work conscientiously in achieving “peaking carbon dioxide emissions” (carbon emissions falling from the peak) and “carbon neutrality” and gradually realize the replacement of clean energy, with a view to achieving the peak of carbon by 2030. The Group is also striving to develop electric vehicle charging and lithium phosphate battery businesses. At present, it is focusing on expanding the charging network, with an aim to provide customers with long-term power supply and maintenance services, and will charge monthly fees in order to provide the Group with a stable source of cash flow. We believe that when electric vehicles gradually become the mainstream of the market, the revenue from the charging posts business will increasingly bring in revenue for the Group.

The Central People’s Government has indicated that it will promote the implementation of the “Guangdong-Macau Cooperation Framework Agreement” (the “Framework Agreement”), support the diversified economic development of Macau in a proper manner, accelerate the establishment of a “Guangdong-Macau Intensive Cooperation Zone” in Hengqin, and build a joint discussion, joint construction and joint management mechanism for Guangdong and Macau. Under the Framework Agreement, the Hengqin Free Trade Zone will be jointly managed by Macau and Zhuhai, which will provide tremendous opportunities for the development of Macau, including allowing Macau construction companies to directly station in Hengqin to undertake construction projects and works relating to service industries. At the same time, the Macau government will also increase investment in projects in Hengqin. The Group will seize this opportunity by positioning Hengqin as its central hub to accelerate its penetration into the Greater Bay Area market.

With the roll-out of COVID-19 vaccines, the development of the COVID-19 has been positively contained and border control measures have also been lessened one after another. MECOM will continue to remain cautious and optimistic to maintain its competitive edge by strengthening internal management and business deployment while proactively seeking market opportunities, striving to find new customers and expanding its business to the Greater Bay Area. The Company endeavors to obtain a larger market share to maximize returns to shareholders.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

**TO THE BOARD OF DIRECTORS OF
MECOM Power and Construction Limited**

(incorporated in the Cayman Islands with limited liability)

德勤

INTRODUCTION

We have reviewed the condensed consolidated financial statements of MECOM Power and Construction Limited (the "Company") and its subsidiaries set out on pages 13 to 33, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 August 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2021

	NOTES	Six months ended	
		30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Revenue	3	414,849	289,635
Cost of services		(335,821)	(263,217)
Gross profit		79,028	26,418
Other income	4	940	2,449
Impairment losses under expected credit loss model, net of reversal	6	(1,264)	(806)
Administrative expenses		(15,822)	(15,858)
Share of profit of associates		353	263
Profit before tax		63,235	12,466
Income tax (expense) credit	5	(8,669)	534
Profit and total comprehensive income for the period	6	54,566	13,000
Basic and diluted earnings per share (MOP cents)	7	3.05	0.72*

* The earnings per share of the Group for the six months ended 30 June 2020 was adjusted and restated for the bonus issue of shares in June 2021.

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Non-current assets			
Property, plant and equipment	9	52,621	50,995
Interests in associates		2,908	1,055
		55,529	52,050
Current assets			
Contract assets	10	107,889	77,369
Debtors, deposits and prepayments	11	260,423	225,850
Amounts due from related companies	12	25,518	22,840
Pledged bank deposits	13	57,629	57,138
Fixed bank deposits	13	48,011	22,683
Bank balances and cash	13	132,008	152,663
		631,478	558,543
Current liabilities			
Amounts due to related companies	12	614	2,785
Creditors and accrued charges	14	201,008	155,117
Tax liabilities		22,300	13,659
Dividend payable		18,577	–
		242,499	171,561
Net current assets		388,979	386,982
Net assets		444,508	439,032
Capital and reserves			
Share capital	15	18,409	12,295
Reserves		426,099	426,737
Total equity		444,508	439,032

Condensed Consolidated Statement of Changes In Equity

For the Six Months Ended 30 June 2021

	Share capital MOP'000	Share premium MOP'000	Share options reserve MOP'000	Legal reserve MOP'000 (Note a)	Other reserve MOP'000 (Note b)	Retained earnings MOP'000	Total MOP'000
At 1 January 2020 (audited)	12,340	426,085	1,457	45	(147,114)	170,122	462,935
Profit and total comprehensive income for the period	-	-	-	-	-	13,000	13,000
Shares repurchased and cancelled (note 15)	(19)	(2,519)	-	-	-	-	(2,538)
Lapse of share options	-	-	(157)	-	-	157	-
Dividends (note 8)	-	-	-	-	-	(55,443)	(55,443)
At 30 June 2020 (unaudited)	12,321	423,566	1,300	45	(147,114)	127,836	417,954
At 1 January 2021 (audited)	12,295	419,748	623	45	(147,114)	153,435	439,032
Profit and total comprehensive income for the period	-	-	-	-	-	54,566	54,566
Shares repurchased and cancelled (note 15)	(30)	(13,610)	-	-	-	-	(13,640)
Exercise of share options	8	2,089	(623)	-	-	-	1,474
Issue of bonus shares	6,136	(6,136)	-	-	-	-	-
Transaction costs attributable to issue of bonus shares	-	(108)	-	-	-	-	(108)
Dividends (note 8)	-	-	-	-	-	(36,816)	(36,816)
At 30 June 2021 (unaudited)	18,409	401,983	-	45	(147,114)	171,185	444,508

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

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

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2021

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	63,235	12,466
Adjustments for:		
Depreciation of property, plant and equipment	3,404	3,494
Bank interest income	(836)	(1,681)
Share of profit of associates	(353)	(263)
Loss on disposal of property, plant and equipment	–	5
Impairment losses under expected credit loss model, net of reversal	1,264	806
Operating cash flows before movements in working capital	66,714	14,827
(Increase) decrease in contract assets	(31,012)	49,639
(Increase) decrease in debtors, deposits and prepayments	(40,327)	34,725
Increase in amounts due from related companies	(2,803)	(29,531)
Decrease in amounts due to related companies	(2,136)	(4,181)
Increase (decrease) in creditors and accrued charges	45,891	(73,643)
Income tax paid	(28)	(13,428)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	36,299	(21,592)
INVESTING ACTIVITIES		
Interest received	930	1,550
Purchases of property, plant and equipment	(3,183)	(108)
Prepayments paid for property, plant and equipment	–	(323)
Acquisition of investment in an associate	(1,500)	–
Advances to a related company	(185)	(937)
Repayments from a related company	16	3,553
Withdrawal of fixed bank deposits	–	104,196
Placement of fixed bank deposits	(25,328)	(16,406)
Withdrawal of pledged bank deposits	–	5,260
Placement of pledged bank deposits	(491)	(17,258)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(29,741)	79,527
FINANCING ACTIVITIES		
Advance from a related company	70	76
Repayment to related companies	(105)	–
Dividends paid	(18,239)	(27,582)
Proceeds from exercise of share options	1,474	–
Transaction costs attributable to issue of bonus shares	(108)	–
Payment on repurchase and cancellation of shares	(10,305)	(2,538)
NET CASH USED IN FINANCING ACTIVITIES	(27,213)	(30,044)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,655)	27,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	152,663	135,919
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	132,008	163,810

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the consolidated financial statements for the year ended 31 December 2020 of the Company and its subsidiaries (collectively referred to as the “Group”).

Application of amendments to IFRSs

In the current interim period, the Group has applied the amendments to International Financial Reporting Standards (“IFRSs”) issued by IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

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

Information reported to the executive directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance is focused on the category of services provided. During the current period, the Group has diversified its existing business by introducing the EV charging solutions and system business. The Group's reportable segments under IFRS 8 *Operating Segments* are therefore as follows:

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

(i) Disaggregation of revenue from contracts with customers

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Construction business		
Revenue from construction contracts		
Construction and fitting out works	278,595	209,583
High voltage power substation construction and its system installation works	12,185	4,481
E&M engineering services works	90,892	37,038
Facilities management services	33,149	38,533
	414,821	289,635
EV charging business		
Sale of EV charging systems	26	–
Subscription fee income	2	–
	28	–
	414,849	289,635
Timing of revenue recognition		
A point in time	26	–
Over time	414,823	289,635
	414,849	289,635

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information

Six months ended 30 June 2021

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

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

Six months ended 30 June 2020

During the six months ended 30 June 2020, the executive Directors, being the CODM, for the purpose of resources allocation and performance assessment, reviewed the overall results and financial position of the Group as a whole. Accordingly, the Group had only one single operating and reportable segment regarding construction business and no further discrete financial information nor analysis of this single segment was presented.

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

Geographical information

The Group's revenue is all derived from operations in Macau and the Group's non-current assets are all located in Macau.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

4. OTHER INCOME

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Bank interest income	836	1,681
Government grants	–	600
Others	104	168
	940	2,449

5. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Current tax: Macau complementary tax	8,641	1,593
Under (over) provision in prior year	28	(2,127)
	8,669	(534)

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	4,442	4,428
Other staff costs:		
Salaries and other allowances	41,204	38,061
Retirement benefit scheme contributions	145	224
Total staff costs	45,791	42,713
Less: amounts included in cost of services	(35,886)	(32,722)
	9,905	9,991
Impairment losses recognised (reversed) on:		
– Trade receivables	478	562
– Contract assets	492	(974)
– Trade-nature amounts due from related companies	294	1,218
	1,264	806
Depreciation of property, plant and equipment	3,404	3,494
Loss on disposal of property, plant and equipment	–	5
Expense relating to short-term leases	2,150	5,299

7. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	54,566	13,000

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

7. EARNINGS PER SHARE (Continued)

	'000	'000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,790,051	1,796,500
Effect of dilutive ordinary shares	264	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,790,315	1,796,500

For the six months ended 30 June 2020, the diluted earnings per share does not assume the effect from the Company's outstanding share options (note 16) as the exercise price of those options is higher than the average market price for shares for that period.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue of shares completed on 29 June 2021. As such, basic and diluted earnings per share for the six months ended 30 June 2020 have been restated.

8. DIVIDENDS

	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
2020 Final – HK3.0 cents equivalent to MOP3.09 cents (2020: 2019 Final of HK4.5 cents equivalent to MOP4.6 cents) per share	36,816	55,443

The directors of the Company have determined that an interim dividend for the six months ended 30 June 2021 of HK2.8 cent (equivalent to MOP2.9 cents) per share, representing a total amount of approximately HK\$49,999,000 (equivalent to approximately MOP51,499,000), shall be paid to the shareholders of the Company whose names appear in the register of members on 8 September 2021 (30 June 2020: 2020-Interim dividend of HK1.0 cent (equivalent to MOP1.03 cents) per share, representing a total amount of approximately HK\$11,962,000 (equivalent to approximately MOP12,321,000).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired approximately MOP5,030,000 (six months ended 30 June 2020: MOP108,000) property, plant and equipment, mainly including plant and machinery and computer equipment.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

10. CONTRACT ASSETS

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Contract assets from contract with customers	110,859	79,847
Less: Allowance for credit losses	(2,970)	(2,478)
	107,889	77,369
	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
<i>Represented by:</i>		
Construction and fitting out works	94,375	61,578
High voltage power substation construction and its system installation works	2,769	2,519
E&M engineering services works	10,206	12,733
Facilities management services	539	539
	107,889	77,369
	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Analysed as current		
Unbilled revenue	21,788	16,501
Retention receivables	86,101	60,868
	107,889	77,369

The contract assets primarily relate to the Group's rights to consideration for works completed and not billed because the rights are conditional on the Group's future performances. The contract assets are transferred to trade receivables when the rights become unconditional.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

10. CONTRACT ASSETS (Continued)

Construction contracts

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

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

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

As at 30 June 2021, retention money held by customers for contract works amounted to MOP86,101,000 (31 December 2020: MOP60,868,000) of which MOP11,779,000 (31 December 2020: MOP11,425,000) represented the retention money held by related companies. Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contract ranging from 1 year to 2 years from the date of the completion of the respective projects.

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Within one year	11,719	11,685
After one year	74,382	49,183
	86,101	60,868

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Trade receivables from contracts with customers	256,883	215,433
Less: Allowance for credit losses	(3,544)	(3,066)
	253,339	212,367
Other debtors, deposits and prepayments		
– Deposits	1,254	1,214
– Prepayments	4,588	6,986
– Others	1,242	5,283
	260,423	225,850

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
0 – 90 days	199,507	204,423
91 – 365 days	51,955	6,296
1 – 2 year	883	377
Over 2 years	994	1,271
	253,339	212,367

As at 30 June 2021, included in the Group's trade receivables balance are debtors with carrying amounts of MOP73,761,000 (31 December 2020: MOP75,385,000) which are past due as at the reporting date. Out of the past due balances, MOP43,792,000 (31 December 2020: MOP4,386,000) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there had not been a significant change in credit quality, the amounts are still considered recoverable.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

12. AMOUNTS WITH RELATED COMPANIES

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due from related companies		
ACEL Engineering Company Limited (<i>note a</i>)	2,318	2,334
Moreira Dos Santos Mobilidade Eléctrica Lda. ("MS E. Mobi") (<i>note b</i>)	185	–
	2,503	2,334
<i>Trade nature</i>		
Amounts due from related companies		
China Construction (Macau) - EHY Joint Venture ("CCM – EHY JV") (<i>note b</i>)	11,843	11,843
China State Construction (Hong Kong) - China Construction (Macau) - EHY Joint Venture ("CSHK – CCM – EHY JV") (<i>note b</i>)	13,873	11,070
	25,716	22,913
Less: Allowance for credit losses	(2,701)	(2,407)
	23,015	20,506
	25,518	22,840

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
0 – 90 days	12,416	20,506
91 – 365 days	10,599	–
	23,015	20,506

As at 30 June 2021, included in the Group's trade-nature amounts due from related companies with carrying amounts of MOP10,599,000 (31 December 2020: MOP10,167,000) which are past due as at the reporting date. Out of the past due balances, MOP10,599,000 (31 December 2020: Nil) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

12. AMOUNTS WITH RELATED COMPANIES (Continued)

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
<i>Non-trade nature</i>		
Amounts due to related companies		
Lei Hong Engineering Limited (note a)	86	191
Sisint Engenharia Lda (note c)	70	–
	156	191
<i>Trade nature</i>		
Amounts due to related companies		
CSHK – CCM – EHY JV (note b)	458	328
Chang Tsuo Heavy Equipment Technology (Guangdong) Co., Ltd ("Chang Tsuo") (note d)	–	2,266
	458	2,594
	614	2,785

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Within 90 days	458	2,594

Notes:

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

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

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantee to the Group. As at 30 June 2021, the pledged bank deposits carried interest rate range at 0.525% – 1.6% (31 December 2020: 0.525% – 1.7%) per annum and with an original maturity of three to six months.

As at 30 June 2021, the fixed bank deposits carried interest rate range of 1.2% – 1.6% (2020: 1.6%) per annum and with an original maturity of three to six months. The bank balances carry interest at prevailing market rate of 0.01% (31 December 2020: 0.01%) per annum.

14. CREDITORS AND ACCRUED CHARGES

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Trade payables	43,813	44,228
Retention payables	29,035	13,622
Other creditors and accrued charges		
– Accrued staff costs	10,811	9,877
– Accrued construction costs	102,464	70,558
– Other accruals	1,114	3,158
– Other payables	13,771	13,674
	201,008	155,117

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
0 – 90 days	43,703	39,372
91 – 365 days	110	4,856
	43,813	44,228

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

14. CREDITORS AND ACCRUED CHARGES (Continued)

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
On demand or within one year	6,818	477
After one year	22,217	13,145
	29,035	13,622

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

15. SHARE CAPITAL

	Number of shares	Amount MOP'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	5,000,000,000	51,500
Issued and fully paid:		
At 1 January 2020	1,198,082,000	12,340
Shares repurchased and cancelled (note a)	(1,890,000)	(19)
At 30 June 2020	1,196,192,000	12,321
Shares repurchased and cancelled (note b)	(3,450,000)	(35)
Exercise of share options	900,000	9
At 31 December 2020	1,193,642,000	12,295
Shares repurchased and cancelled (note c)	(2,960,000)	(30)
Exercise of share options	800,000	8
Issue of shares upon bonus issue of shares (note d)	595,741,000	6,136
At 30 June 2021	1,787,223,000	18,409

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

15. SHARE CAPITAL *(Continued)*

Notes:

- (a) The Company repurchased 600,000 and 1,290,000 shares of the Company's shares in January and April 2020 for an aggregate consideration paid of approximately HK\$803,000 (equivalent to MOP827,000) and HK\$1,651,000 (equivalent to MOP1,700,000) and cancelled those share in May 2020.
- (b) The Company repurchased 2,550,000, 700,000 and 200,000 shares of the Company in September, October and December 2020 for an aggregate consideration paid of approximately HK\$4,133,000 (equivalent to MOP4,256,000), HK\$1,410,000 (equivalent to MOP1,452,000) and HK\$474,000 (equivalent to MOP488,000) and cancelled those shares in December 2020.
- (c) The Company repurchased 250,000, 2,380,000 and 330,000 shares of the Company in March, April and May 2021 for an aggregate consideration paid of approximately HK\$1,136,000 (equivalent to MO1,169,000), HK\$10,664,000 (equivalent to MOP10,984,000) and HK\$1,443,000 (equivalent to MOP1,487,000) and cancelled those shares in May 2021. Part of the consideration amounting to MOP3,335,000 were settled by deposits included under other debtors as at 31 December 2020.
- (d) Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 28 May 2021, bonus shares were issued at par to the shareholders of the Company whose names appeared on the register of members of the Company on 4 June 2021 (the record date) on the basis of one new share credited as fully paid for every two shares held.

16. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme on 23 January 2018 ("Share Option Scheme"). The purpose of the Share Option Scheme is to provide employees, directors, advisers, consultants, suppliers, customers and distributors of the Group ("Participants") with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants. The Share Option Scheme became effective on 13 February 2018 and, unless otherwise cancelled or amended, shall remain in force for 10 years from that date. As at the date of this report, the remaining life of the Share Option Scheme is approximately 6 years and 4 months.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

16. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a price determined by the Board provided that it shall be at least the highest of (a) the official closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the official closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Company's share.

The table below discloses movement of the Share Option Scheme:

	Number of share options
Outstanding as at 1 January 2020	1,900,000
Expired during the period	(200,000)
Outstanding as at 30 June 2020	1,700,000
Exercised during the period	(900,000)
Outstanding as at 1 January 2021	800,000
Exercised during the period	(800,000)
Outstanding as at 30 June 2021	–

The weighted average closing prices of the Company's shares immediately before the date on which the share options were exercised was HK\$4.5 (31 Dec 2020: HK\$3.65).

During the current interim period, no share-based compensation expense was recognised (six months ended 30 June 2020: Nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

17. RELATED PARTY DISCLOSURES

(i) Transactions

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

Name of related parties	Nature of transaction	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok)	Office rental expenses	343	343
	Premise rental expenses	–	99
Chang Tsuo (note 12d)	Purchase of raw materials	13,888	1,341
Guangdong Zhihui Technology Development Co., Ltd.* (note a)	Purchase of equipment	1,915	–
Sisint Engenharia Lda (note 12c)	Consultancy fee	280	–
CCM – EHY JV (note 12b)	Construction contract income	–	154,819
CSHK – CCM – EHY JV (note 12b)	Construction contract income	15,479	8,785
	Management fee	1,598	–

Note:

(a) Being the non-controlling shareholder of a subsidiary, MECOM Zhihui Energy Technology (Guangzhou) Co., Ltd*.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2021

17. RELATED PARTY DISCLOSURES (Continued)

(ii) Compensation of key management personnel

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

	Six months ended	
	30.6.2021 MOP'000 (Unaudited)	30.6.2020 MOP'000 (Unaudited)
Short term benefits	7,018	7,008
Post-employment benefits	11	11
	7,029	7,019

18. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by pledged bank deposits (note 13), promissory notes and corporate guarantee. The performance bonds are released when the construction contracts are completed or substantially completed.

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

	30.6.2021 MOP'000 (Unaudited)	31.12.2020 MOP'000 (Audited)
Issued to the Group by banks	189,523	141,603

As at 30 June 2021, the Group has obtained total credit facilities of approximately MOP309,000,000 (31 December 2020: MOP509,000,000) for the issuance of performance bonds and these credit facilities were secured by (i) the pledged bank deposits of approximately MOP57,629,000 (31 December 2020: MOP57,138,000); (ii) the promissory notes of approximately MOP370,800,000 (31 December 2020: MOP590,800,000); and (iii) the corporate guarantee provided by the Company.



Other Information

CORPORATE GOVERNANCE PRACTICES

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of HK2.8 cents per Share for the Period. Such interim dividend will be paid to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 8 September 2021. It is expected that the interim dividend will be paid on or about Wednesday, 29 September 2021.

In order to be eligible for the interim dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 September 2021.

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

The Company repurchased 2,960,000 Shares on the Stock Exchange during the Period. The total consideration (including transaction costs) of the repurchases was approximately HK\$13,243,000. All of the repurchased Shares were cancelled during the Period. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
March 2021	250,000	4.55	4.45	1,136,000
April 2021	2,380,000	4.73	4.17	10,664,000
May 2021	330,000	4.40	4.30	1,443,000
	2,960,000			13,243,000

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

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

BONUS ISSUE OF SHARES

On 29 June 2021, the Company completed the bonus issue of 595,741,000 new Shares to the existing shareholders of the Company on the basis of one (1) bonus Share for every two (2) existing Shares held by the shareholders of the Company on 4 June 2021. Please refer to the Company's announcement dated 30 March 2021 and the Company's circular dated 27 April 2021 for details.

PRE-EMPTIVE RIGHTS

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

Other Information (Continued)

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code contained in the Listing Rules were as follows:

(i) Interests in shares of the Company

Name of Director	Nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding interest ^(Note 2)
Mr. Kuok Lam Sek ("Mr. Kuok") ^(Note 3)	Interest of the controlled corporation	901,440,000 (L)	50.44%
Mr. Sou Kun Tou ("Mr. Sou") ^(Note 3)	Interest of the controlled corporation	901,440,000 (L)	50.44%
Ms. Chan Po Yi, Patsy	Beneficial interest	300,000 (L)	0.02%
Mr. Cheung Kiu Cho, Vincent	Beneficial interest	75,000 (L)	0.004%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on 1,787,223,000 Shares in issue as at 30 June 2021.
- (3) MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam Kuok Wa ("Mr. Lam") and 15% by Mr. Lao Ka Wa ("Mr. Lao"), respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

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

(ii) Interests in associated corporation of the Company

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

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

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests or short positions of persons other than the Directors and chief executive of the Company in the Shares and underlying Shares as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding interest ^(Note 2)
Mr. Lam ^(Note 3)	Interest of the controlled corporation	901,440,000 (L)	50.44%
Mr. Lao ^(Note 3)	Interest of the controlled corporation	901,440,000 (L)	50.44%
MECOM Holding Limited	Beneficial owner	901,440,000 (L)	50.44%
Mr. Kuan Chio Man ("Mr. Kuan") ^(Note 4)	Interest of the controlled corporation	238,650,000 (L)	13.35%
Mr. Lei Kuok Hong ("Mr. Lei") ^(Note 4)	Beneficial owner Interest of the controlled corporation	987,000 (L) 238,650,000 (L)	0.06% 13.35%
Macau New Base Investment Company Limited ("Macau New Base")	Beneficial owner	238,650,000 (L)	13.35%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on 1,787,223,000 Shares in issue as at 30 June 2021.
- (3) MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam and 15% by Mr. Lao, respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.
- (4) Macau New Base is owned as to 35% by Mr. Kuan and 35% by Mr. Lei. By virtue of the SFO, Mr. Kuan and Mr. Lei are deemed to be interested in the Shares held by Macau New Base.

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

SHARE OPTION SCHEME

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

Details of movements in the share options granted under the Share Option Scheme during the Period and options outstanding as at 30 June 2021 are as follows:

Name of grantees	Date of grant	Number of share options held as at 1 January 2021	Changes during the six months ended 30 June 2021				Number of share options held as at 30 June 2021	Exercise price per Share HK\$	Exercisable period ^(Note)
			Granted	Exercised	Lapsed	Cancelled			
Directors									
Ms. Chan Po Yi, Patsy	3 April 2018	200,000	-	(200,000)	-	-	-	1.8	3 April 2018 to 2 April 2028
Mr. Cheung Kiu Cho, Vincent	3 April 2018	50,000	-	(50,000)	-	-	-	1.8	3 April 2018 to 2 April 2028
Employees	3 April 2018	250,000	-	(250,000)	-	-	-	1.8	3 April 2018 to 2 April 2028
Consultants	3 April 2018	300,000	-	(300,000)	-	-	-	1.8	3 April 2018 to 2 April 2028
		800,000	-	(800,000)	-	-	-		

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

AUDIT COMMITTEE

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

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

Other Information (Continued)

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee and the Company's external auditor, Deloitte Touche Tohmatsu, have reviewed the accounting principles and practices adopted by the Group and have reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and this interim report.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after 30 June 2021 and up to the date of this report.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2020 Annual Report are set out below.

Name of Director	Details of Changes
Mr. Cheung Kiu Cho, Vincent	<p>Resigned as an independent non-executive director and the chairman of the nomination committee and remuneration committee and a member of the audit committee of China Automobile New Retail (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 526), with effect from 21 April 2021.</p> <p>Resigned as an independent non-executive director and a member of the audit committee and nomination committee of RMH Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8437), with effect from 21 April 2021.</p> <p>Resigned as a non-executive director and a member of the audit committee, nomination committee and remuneration committee of GTI Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3344), with effect from 21 April 2021.</p>

On behalf of the Board

MECOM Power and Construction Limited

Kuok Lam Sek

Chairman

Hong Kong, 25 August 2021