

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 2022



| 中國 | China | 澳門 | Macau | 香港 | Hong Kong | 新加坡 | Singapore | 泰國 | Thailand |



## 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. SIU Wing Hay  
Mr. CHAN Iok Chun  
Mr./Dr. LIU Ting Chi

#### AUDIT COMMITTEE

Mr. SIU Wing Hay (*Chairman*)  
Mr. CHAN Iok Chun  
Dr. LIU Ting Chi

#### REMUNERATION COMMITTEE

Dr. LIU Ting Chi (*Chairman*)  
Mr. LAI Ieng Man  
Mr. LAI Meng San  
Mr. SIU Wing Hay  
Mr. CHAN Iok Chun

#### NOMINATION COMMITTEE

Mr. LAI Ieng Man (*Chairman*)  
Ms. LAI Ieng Wai  
Mr. SIU Wing Hay  
Mr. CHAN Iok Chun  
Dr. LIU Ting Chi

#### COMPANY SECRETARY

Mr. LO Hon Kit, CPA

### AUTHORISED REPRESENTATIVES

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

### REGISTERED OFFICE

Ocorian Trust (Cayman) Limited  
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 602, 6th Floor  
The L.Plaza  
Nos. 367-375  
Queen's Road Central  
Sheung Wan  
Hong Kong

### AUDITOR

Baker Tilly Hong Kong Limited  
*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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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. 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 2022, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP172.1 million as compared to the six months ended 30 June 2021 of approximately MOP46.5 million. As at 30 June 2022, the Group had an aggregate value of backlog for fitting-out projects and construction projects of approximately MOP148.0 million as compared to approximately MOP58.8 million as at 30 June 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW

#### Revenue

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

|                              | Six months ended 30 June (Unaudited) |              |         |       |
|------------------------------|--------------------------------------|--------------|---------|-------|
|                              | 2022                                 |              | 2021    |       |
|                              | MOP'000                              | %            | MOP'000 | %     |
| Fitting-out works            | 49,959                               | 76.2         | 65,282  | 93.1  |
| Construction works           | 13,581                               | 20.7         | 3,408   | 4.8   |
| Repair and maintenance works | 2,005                                | 3.1          | 1,459   | 2.1   |
| <b>Total</b>                 | <b>65,545</b>                        | <b>100.0</b> | 70,149  | 100.0 |

During the six months ended 30 June 2022, the Group's revenue decreased by approximately MOP4.6 million or 6.6%. The decrease was attributable to the continuing 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 2022 and 2021 by business segments:

|                              | Six months ended 30 June (Unaudited) |                               |                              |                               |
|------------------------------|--------------------------------------|-------------------------------|------------------------------|-------------------------------|
|                              | 2022                                 |                               | 2021                         |                               |
|                              | Gross profit/ (loss) MOP'000         | Gross profit/ (loss) margin % | Gross profit/ (loss) MOP'000 | Gross profit/ (loss) margin % |
| Fitting-out works            | 11,978                               | 24.0                          | 11,159                       | 17.1                          |
| Construction works           | (42)                                 | (0.3)                         | 43                           | 1.3                           |
| Repair and maintenance works | 191                                  | 9.5                           | 99                           | 6.8                           |
| <b>Total/overall</b>         | <b>12,127</b>                        | <b>18.5</b>                   | 11,301                       | 16.1                          |



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

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

During the six months ended 30 June 2022, the Group's gross profit increased by approximately MOP0.8 million or 7.3% from approximately MOP11.3 million for the six months ended 30 June 2021 to approximately MOP12.1 million for the six months ended 30 June 2022. The increase in gross profit was due to increase in gross profit margin of fitting-out works.

The Group's gross profit margin increased from approximately 16.1% for the six months ended 30 June 2021 to approximately 18.5% for the six months ended 30 June 2022. The increase in gross profit margin was mainly attributable to increase gross profit margin of fitting-out works for the six months ended 30 June 2022.

#### Other income, gains and losses, net

The Group's other income, gains and losses, net, decreased from approximately MOP1.8 million for the six months ended 30 June 2021 to approximately MOP1.5 million for the six months ended 30 June 2022. There was no material fluctuation.

#### Administrative expenses

The Group's administrative expenses decreased by approximately MOP2.3 million or 15.3% from approximately MOP15.2 million for the six months ended 30 June 2021 to approximately MOP12.8 million for the six months ended 30 June 2022. The decrease were due to cost saving measures taken during the period.

#### Reversal of impairment losses on financial assets and contract assets, net

The amount represented the provision made for financial assets and contract assets. The Group has assessed recoverability of financial assets and contract assets from time to time, and adjusted expected credit losses provision when deterioration of credit quality has come to management's attention. For the six months ended 30 June 2022, there was MOP1.2 million reversal (30 June 2021: MOP12.7 million losses) under current assessment.

#### Impairment losses on prepayments

The amount approximately MOP1.8 million for the six months ended 30 June 2021 represented the provision on prepayments for purchase of materials due to suspension of a fitting-out project in Hong Kong. There was no such impairment loss for the six months ended 30 June 2022.

#### Fair value loss on investment properties

The amount approximately MOP1.1 million represented the decrease of market value of the investment properties held as at 30 June 2022 as compared with that as at 31 December 2021.

#### Finance costs

The Group's finance costs were approximately MOP0.7 million for the six months ended 30 June 2022, compared to that for the six months ended 30 June 2021 of approximately MOP0.7 million. There was no significant change.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

#### Income tax (credit)/expense

The Group had income tax credit of approximately MOP0.1 million for the six months ended 30 June 2022. There was approximately MOP0.1 million income tax expense for the six months ended 30 June 2021. The change was due to deferred tax.

#### Profit/(loss) for the period attributable to owners of the Company

As a combined result of the above, the Group's profit for the period attributable to owners of the Company amounted to approximately MOP0.3 million for the six months ended 30 June 2022 as compared to the Group's loss attributable to owners of the Company of approximately MOP16.6 million for the six months ended 30 June 2021.

#### Earnings/(loss) per Share

The Company's earnings per Share for the six months ended 30 June 2022 was Macau cents 0.1 (30 June 2021: loss per Share Macau cents 4.1), representing an increase in earnings of Macau cents 4.2 per Share. Even though the poor operating environment continued in the overall fitting-out industry in Macau and Hong Kong upon the outbreak of COVID-19 since January 2020, there was bounce back from loss per Share to earnings per Share. This was in line with improvement in financial performance.

#### Interim dividend

The board (the "Board") of directors (the "Directors") resolved not to declare payment of any interim dividend for the six months ended 30 June 2022 (30 June 2021: 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 2022, the Group had net current assets of approximately MOP6.7 million, increased by approximately MOP1.5 million over the net current assets of approximately MOP5.3 million as recorded at 31 December 2021.

As at 30 June 2022, the Group had cash and bank balances of MOP2.3 million (31 December 2021: MOP11.5 million).

As at 30 June 2022, the Group had an aggregate of pledged bank deposits of MOP15.1 million (31 December 2021: MOP14.5 million) that were used to secure banking facilities.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE FINANCE AND RISK MANAGEMENT (continued)

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

As at 30 June 2022, interest-bearing bank borrowings amounted to MOP56.6 million (31 December 2021: MOP47.8 million) of which MOP16.2 million, MOP4.5 million, MOP13.9 million and MOP22.0 million (31 December 2021: MOP4.9 million, MOP4.9 million, MOP13.7 million and MOP24.3 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 2022 (which were also equal to contracted interest rates) ranged from 2.6% to 4.0% (31 December 2021: 2.5% to 4.0%).

The Group continued to maintain a healthy liquidity position. As at 30 June 2022, the Group's current assets and current liabilities were MOP110.2 million (31 December 2021: MOP100.3 million) and MOP103.5 million (31 December 2021: MOP95.1 million), respectively. The Group's current ratio as at 30 June 2022 remained stable at 1.1 (31 December 2021: 1.1). 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 0.48 as at 30 June 2022 (31 December 2021: 0.41). The increase was primarily due to increase bank borrowings.

As at 30 June 2022, the share capital and equity attributable to owners of the Company amounted to MOP4.1 million and MOP118.4 million, respectively (31 December 2021: MOP4.1 million and MOP118.1 million, respectively).

#### Charge on the Group's assets

As at 30 June 2022, land and building, investment properties and bank deposits were pledged to secure certain borrowings granted to the Group amounted to MOP80.0 million, MOP25.8 million and MOP15.1 million (31 December 2021: MOP80.4 million, MOP27.0 million and MOP14.5 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)

The first hearing date for the lawsuit filed by several flat owners of Sin Fong Garden Building is postponed to 17 November 2022. After consulting the Group's lawyer, the Directors 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 as at 30 June 2022. The Controlling Shareholders (as defined in the Company's 2021 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 31 December 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 MOP4,627,000. 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.

On 29 November 2021, the Court of Final Appeal has made the final verdict for lawsuit amounting MOP2,932,000 and the subsidiary of the Group has won the litigation. On 7 February 2022, Primary Court of Macau has made the verdict for a lawsuit amounting MOP1,695,000 and the subsidiary of the Group has won the litigation, and the plaintiff subcontractor decided not to look forward to the Court of First Instance on 17 May 2022.

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

As at 30 June 2022 and 31 December 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 MOP1,926,000.

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 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 2022.

##### **Dispute with Mr. Chan Chi Hung**

On 3 November 2021, the Company and two Directors, were served on a sealed copy of an amended writ of summons (the "**Amended Writ**") issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**Court**"). The plaintiff named in the Amended Writ is Mr. Chan Chi Hung, and the Company being one of the defendants. The plaintiff claims against the Company for damages of approximately HK\$172,500,000 for alleged breach of oral agreement by, amongst others, the Company related to advisory services provided by the plaintiff for the initial listing of the Company on the Main Board of the Stock Exchange in February 2017.

On 3 May 2022, the Company submitted the strike out application and the hearing for the strike out application will be heard by the Court on 7 November 2022. After consulting the Group's lawyer, the Directors 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 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE FINANCE AND RISK MANAGEMENT (continued)

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

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

As at 30 June 2022, 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 with interest of MOP2,428,000.

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 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 2022.

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: Nil).

#### 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.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE FINANCE AND RISK MANAGEMENT (continued)

#### Credit exposure (continued)

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. The management closely monitors the subsequent settlement of the counterparties.

In addition to the above, in year 2018, upon the implementation of Hong Kong Financial Reporting Standard 9, the Group 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 2022 on trade receivables and contract assets from the Group's five major customers amounting to approximately MOP46.3 million (31 December 2021: MOP23.1 million) and accounted for approximately 61.1% (31 December 2021: 43.0%) 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 2022 and up to the date of this interim report.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the total number of full-time employees of the Group was 157 (31 December 2021: 146).

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 MOP18.4 million for the six months ended 30 June 2022 (30 June 2021: MOP25.5 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 (the "**Listing**"), no share option had been granted under the share option scheme.

## 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<br/>from the<br/>Share Offer*</b><br><i>HK\$ million</i> | <b>Utilised<br/>up to<br/>31 December<br/>2021</b><br><i>HK\$ million</i> | <b>Utilised<br/>during the<br/>interim 2022</b><br><i>HK\$ million</i> | <b>Unutilised<br/>up to<br/>30 June<br/>2022</b><br><i>HK\$ million</i> | <b>Expected<br/>timeline of full<br/>utilisation of<br/>the remaining<br/>proceeds from<br/>the Share<br/>Offer as at<br/>30 June<br/>2022</b> |
|--|--|---|--|---|--|
| Finance fitting-out projects in Macau                              | 49.4   | 49.4  | -  | -   | N/A  |
| Finance construction projects in Macau                             | 17.9   | 15.9  | -  | 2.0   | By the end<br>of 2022  |
| Finance the start-up costs<br>of fitting-out business in Hong Kong | 9.0  | 9.0   | -  | -   | N/A  |
| Hire additional staff for the Group’s business<br>operation        | 4.5  | 4.5   | -  | -   | N/A  |
| General working capital  | 9.0  | 9.0   | -  | -   | N/A  |
| <b>Total</b>   | <b>89.8</b>  | <b>87.8</b>   | <b>-</b>   | <b>2.0</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 six months ended 30 June 2022, 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 has continued for almost three years since its outbreak in early 2020, under which the world has been impacted and hence, resulting in a severe economic downturn. In the first half of 2022, the development of the pandemic in Macau should have stabilised and gradually emerged from the uncertainties. However, in late June 2022, the pandemic turned erratic and suddenly broke out, causing the various activities throughout Macau to be kept at the minimum level and reducing the output of many Macau businesses to zero.

At present, all customs clearance measures and economic activities have not yet been fully resumed, which has seriously affected the Macau economy. In particular, the gaming industry, one of the pillar industries in Macau, has suffered a significant decline in gaming revenue amid the pandemic; and the construction industry, a complementary industry to the gaming industry, has also been facing an unprecedented crisis accordingly. Since the large-scale gaming companies are now subject to the pending license renewal, which has prevented the companies from investing a large amount of capital in construction and fitting-out projects, resulting in a significant reduction in the number of projects for gaming companies as a whole and a contraction in the private sector market.

Although other businesses developed by the Group have not been satisfactory due to the pandemic, we maintained local strengths and edge as a local construction company. As the Macau government's public construction projects are now in full swing, we are looking for opportunities arising from New Town Zone A and other government projects, and plan to partner with other major contractors to jointly engage in these construction projects.

### OUTLOOK

Under the doldrums of the COVID-19 pandemic, Macau's economy has suffered a serious downturn and all sectors have been hard hit, with the construction industry not being spared. The construction industry, being a complementary industry to the gaming industry, has also seen a significant reduction in related construction work due to the renewal of gambling licenses. In addition, most Macau corporates are also facing a shortage of foreign labour quotas. In the second half of 2022, the Macau government will eventually open bidding for gambling licenses, and the Group expects to see an increase in the volume of work for gaming companies upon the bidding is settled, which will certainly boost the Group's results.

At present, due to the contraction in the private sector market, Macau's construction market has evolved to be oriented towards government projects. As such, the Group has been proactively seeking opportunities arising from the burgeoning projects in New Town A Zone. The Group believes that with our reputation and competitiveness in the Macau construction industry, we will be able to leverage on government projects to enhance our performance and revenue.

The Group expects the global economy to gradually recover in the second half of 2022 as the world emerges from the doldrums of the COVID-19 pandemic, and the construction market to gradually stabilise while simultaneously seeking opportunities in overseas markets. In addition, 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 2022.

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

As at 30 June 2022, 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 2022, 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 2022, 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 leng Man, 30% by Mr. Lai Meng San and 20% by Ms. Lai leng Wai.

Save as disclosed above, as at 30 June 2022, 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, no share option had been granted under the Share Option Scheme.



## OTHER INFORMATION (continued)

### CHANGES IN DIRECTORS' INFORMATION

There was no change in the Directors' information which was required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules during the six months ended 30 June 2022.

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

During the six months ended 30 June 2022, 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 2022, 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 2022.

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 2022.

### AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Siu Wing Hay (the chairman of the Audit Committee), Mr. Chan Lok Chun and Dr. Liu Ting Chi.

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 2022 has been reviewed by the Audit Committee. The Group's auditor, Messrs. Baker Tilly Hong Kong Limited, has reviewed the unaudited interim condensed consolidated financial information in this interim report.





## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION



**To the board of directors of Lai Si Enterprise Holding Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial information of Lai Si Enterprise Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 18 to 44, which comprise the interim condensed consolidated statement of financial position as of 30 June 2022 and the related interim condensed consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the six months 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial information 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 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 condensed consolidated financial information are not prepared, in all material respects, in accordance with HKAS 34.



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### OTHER MATTER

The comparative interim condensed consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flow for six months period ended 30 June 2021 and the relevant explanatory notes included in these condensed consolidated financial information were extracted from the interim financial information of the Group for the six months period ended 30 June 2021 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 27 August 2021.

#### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 30 August 2022

Tong Wai Hang

Practising certificate number P06231



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022  
(Expressed in Macau Pataca)

|   | Notes | 2022<br>MOP'000<br>(Unaudited) | 2021<br>MOP'000<br>(Unaudited) |
|---|-------|--------------------------------|--------------------------------|
| <b>CONTINUING OPERATIONS</b>  |       |                                |                                |
| Revenue   | 4     | 65,545                         | 70,149                         |
| Cost of sales   |       | (53,418)                       | (58,848)                       |
| <b>Gross profit</b>   |       | <b>12,127</b>                  | 11,301                         |
| Other income, gains and losses, net                                       |       | 1,467                          | 1,797                          |
| Administrative expenses   |       | (12,826)                       | (15,147)                       |
| Reversal of/(impairment losses) on financial assets and contract assets   |       | 1,213                          | (12,699)                       |
| Impairment losses on prepayments  |       | -                              | (1,843)                        |
| Changes in fair value of investment properties                            |       | (1,133)                        | 1,133                          |
| Share of loss of an associate   |       | (10)                           | -                              |
| Finance costs   |       | (657)                          | (691)                          |
| <b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>                | 5     | <b>181</b>                     | (16,149)                       |
| Income tax credit/(expense)   | 6     | 97                             | (136)                          |
| <b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>            |       | <b>278</b>                     | (16,285)                       |
| <b>DISCONTINUED OPERATION</b>   |       |                                |                                |
| Loss for the period from a discontinued operation                         | 7     | -                              | (313)                          |
| <b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |       | <b>278</b>                     | (16,598)                       |
|   |       | <b>Macau cents</b>             | Macau cents                    |
| <b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>    |       |                                |                                |
| <b>Basic and diluted</b>  |       |                                |                                |
| - For profit/(loss) for the period  | 9     | 0.1                            | (4.1)                          |
| - For profit/(loss) from continuing operations                            | 9     | 0.1                            | (4.1)                          |



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022  
(Expressed in Macau Pataca)

|  | 2022<br>MOP'000<br>(Unaudited) | 2021<br>MOP'000<br>(Unaudited) |
|--|--------------------------------|--------------------------------|
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>  | <b>278</b>                     | (16,598)                       |
| <b>OTHER COMPREHENSIVE LOSS</b>  |                                |                                |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:    |                                |                                |
| Equity investments designated at fair value through other comprehensive income:                    |                                |                                |
| Changes in fair value, net of nil tax  | <b>(17)</b>                    | -                              |
| Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods | <b>(17)</b>                    | -                              |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>   | <b>(17)</b>                    | -                              |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>      | <b>261</b>                     | (16,598)                       |



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022  
(Expressed in Macau Pataca)

|   | Notes | <b>30 June<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|---|-------|---|---|
| <b>NON-CURRENT ASSETS</b>   |       |   |   |
| Property, plant and equipment   | 10    | <b>80,370</b>                                       | 80,908                                      |
| Investment properties   |       | <b>25,853</b>                                       | 26,986                                      |
| Investment in an associate  |       | <b>6,910</b>  | 6,920                                       |
| Equity investments designated at fair value through<br>other comprehensive income |       | <b>1,363</b>  | 1,380                                       |
| <b>Total non-current assets</b>   |       | <b>114,496</b>                                      | 116,194                                     |
| <b>CURRENT ASSETS</b>   |       |   |   |
| Inventories   |       | -   | 3,360                                       |
| Trade receivables   | 11    | <b>40,007</b>                                       | 27,056                                      |
| Contract assets   | 12    | <b>37,151</b>                                       | 26,720                                      |
| Prepayments, other receivables and other assets                                   |       | <b>14,954</b>                                       | 16,534                                      |
| 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>15,079</b>                                       | 14,463                                      |
| Cash and bank balances  |       | <b>2,337</b>  | 11,502                                      |
| <b>Total current assets</b>   |       | <b>110,227</b>                                      | 100,334                                     |
| <b>CURRENT LIABILITIES</b>  |       |   |   |
| Trade payables  | 13    | <b>17,198</b>                                       | 24,252                                      |
| Contract liabilities  |       | <b>19,294</b>                                       | 13,246                                      |
| Other payables and accruals   |       | <b>10,501</b>                                       | 10,234                                      |
| Interest-bearing bank borrowings  |       | <b>56,426</b>                                       | 47,309                                      |
| Tax payable   |       | <b>59</b>   | 20  |
| <b>Total current liabilities</b>  |       | <b>103,478</b>                                      | 95,061                                      |
| <b>NET CURRENT ASSETS</b>   |       | <b>6,749</b>  | 5,273                                       |
| <b>Total assets less current liabilities</b>                                      |       | <b>121,245</b>                                      | 121,467                                     |



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

as at 30 June 2022  
(Expressed in Macau Pataca)

|                                      | Note | <b>30 June<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|--------------------------------------|------|---|---|
| <b>NON-CURRENT LIABILITIES</b>       |      |   |   |
| Interest-bearing bank borrowings     |      | <b>176</b>  | 523   |
| Deferred tax liabilities             |      | <b>2,664</b>  | 2,800                                       |
| <b>Total non-current liabilities</b> |      | <b>2,840</b>  | 3,323                                       |
| <b>Net assets</b>                    |      | <b>118,405</b>                                      | 118,144                                     |
| <b>EQUITY</b>                        |      |   |   |
| Share capital                        | 14   | <b>4,120</b>  | 4,120                                       |
| Reserves                             |      | <b>114,285</b>                                      | 114,024                                     |
| <b>Total equity</b>                  |      | <b>118,405</b>                                      | 118,144                                     |



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022  
(Expressed in Macau Pataca)

|   | Attributable to owners of the Company |                   |                       |                       |                       |                                  |                        |  | Total    |
|---|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|----------------------------------|------------------------|--|----------|
|   | Share<br>capital                      | Share<br>premium* | Legal<br>reserve*     | Other<br>reserve*     | Merger<br>reserve*    | Asset<br>revaluation<br>reserve* | Fair value<br>reserve* | (Accumulated)<br>loss/<br>retained<br>profits* |          |
|   | MOP'000                               | MOP'000           | MOP'000<br>(Note (a)) | MOP'000<br>(Note (b)) | MOP'000<br>(Note (c)) | MOP'000<br>(Note (d))            | MOP'000<br>(note(e))   | MOP'000  | MOP'000  |
| At 1 January 2022 (audited)   | 4,120                                 | 105,390           | 50                    | (5,098)               | 85                    | 20,499                           | -                      | (6,902)  | 118,144  |
| Profit for the period   | -                                     | -                 | -                     | -                     | -                     | -                                | -                      | 278  | 278      |
| Other comprehensive loss<br>for the period:   |                                       |                   |                       |                       |                       |                                  |                        |  |          |
| - change in fair value of equity<br>investment at fair value<br>through other comprehensive<br>income | -                                     | -                 | -                     | -                     | -                     | -                                | (17)                   | -  | (17)     |
| Total comprehensive income<br>for the period  | -                                     | -                 | -                     | -                     | -                     | -                                | (17)                   | 278  | 261      |
| At 30 June 2022 (unaudited)   | 4,120                                 | 105,390           | 50                    | (5,098)               | 85                    | 20,499                           | (17)                   | (6,624)  | 118,405  |
| 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<br>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  |

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 2017 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, LSM AHL 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.
- (e) The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.
- \* These reserve accounts comprise the consolidated reserves of MOP114,285,000 (31 December 2021: MOP114,024,000) in the condensed consolidated statement of financial position.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022  
(Expressed in Macau Pataca)

| Notes   | <b>2022</b><br><b>MOP'000</b><br><b>(Unaudited)</b> | 2021<br>MOP'000<br>(Unaudited) |
|---|---|--------------------------------|
| <b>Cash flows from operating activities</b>                             |   |                                |
| Profit/(loss) before tax:   |   |                                |
| From continuing operations  | <b>181</b>  | (16,149)                       |
| From a discontinued operation   | -   | (313)                          |
| Adjustments for:  |   |                                |
| Finance costs   | <b>657</b>  | 691                            |
| Share of loss of an associate   | <b>10</b>   | -                              |
| Interest income   | <b>(105)</b>  | (174)                          |
| Depreciation of property, plant and equipment                           | <b>507</b>  | 668                            |
| Depreciation of right-of-use assets                                     | -   | 40                             |
| (Reversal of)/impairment losses on financial assets and contract assets | <b>(1,213)</b>                                      | 12,699                         |
| Impairment losses on prepayments  | -   | 1,843                          |
| Loss on written-off of items of property, plant and equipment           | <b>31</b>   | 277                            |
| Changes in fair value of investment properties                          | <b>1,133</b>  | (1,133)                        |
| Gain on termination of a lease  | -   | (7)                            |
|   | <b>1,201</b>  | (1,558)                        |
| Decrease in inventories   | <b>3,360</b>  | -                              |
| Increase in trade receivables   | <b>(12,156)</b>                                     | (9,103)                        |
| (Increase)/decrease in contract assets                                  | <b>(10,013)</b>                                     | 13,471                         |
| Decrease/(increase) in prepayments, other receivables and other assets  | <b>1,580</b>  | (6,061)                        |
| Decrease in trade payables  | <b>(7,054)</b>                                      | (8,550)                        |
| Increase in contract liabilities  | <b>6,048</b>  | 1,728                          |
| Increase in other payables and accruals                                 | <b>267</b>  | 2,647                          |
| <b>Net cash flows used in operating activities</b>                      | <b>(16,767)</b>                                     | (7,426)                        |
| <b>Cash flows from investing activities</b>                             |   |                                |
| Interest received   | <b>105</b>  | 328                            |
| Purchase of items of property, plant and equipment                      | -   | (354)                          |
| Decrease in bank deposits with original maturity over three months      | <b>4,115</b>  | 3,604                          |
| Increase in pledged bank deposits                                       | <b>(616)</b>  | (280)                          |
| <b>Net cash flows from investing activities</b>                         | <b>3,604</b>  | 3,298                          |
| <b>Cash flows from financing activities</b>                             |   |                                |
| Repayment of bank borrowings  | <b>(2,190)</b>                                      | (2,373)                        |
| New bank loans  | <b>6,592</b>  | -                              |
| Payment for principal portion of leases                                 | -   | (40)                           |
| Payment for interest component of leases                                | -   | (1)                            |
| Interest paid   | <b>(657)</b>  | (690)                          |
| <b>Net cash flows from/(used in) financing activities</b>               | <b>3,745</b>  | (3,104)                        |





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

for the six months ended 30 June 2022  
(Expressed in Macau Pataca)

|   | 2022<br>MOP'000<br>(Unaudited) | 2021<br>MOP'000<br>(Unaudited) |
|---|--------------------------------|--------------------------------|
| <b>Net decrease in cash and cash equivalents</b>                          | <b>(9,418)</b>                 | (7,232)                        |
| Cash and cash equivalents at beginning of period                          | <b>7,387</b>                   | 17,972                         |
| <b>Cash and cash equivalents at end of period</b>                         | <b>(2,031)</b>                 | 10,740                         |
| Analysis of balances of cash and cash equivalents                         |                                |                                |
| Cash and bank balances as stated in the statement of financial position   | <b>2,337</b>                   | 11,182                         |
| Bank deposits with original maturity over three months                    | -                              | (442)                          |
| Bank overdrafts included in interest-bearing bank borrowings              | <b>(4,368)</b>                 | -                              |
| <b>Cash and cash equivalents as stated in the statement of cash flows</b> | <b>(2,031)</b>                 | 10,740                         |



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Macau Pataca)

## 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   |
|--|---|--|--|------|--|
|  |   |  | 2022   | 2021 |  |
| 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 |
| Well Team Engineering Company Limited (“Well Team”)          | Macau   | MOP25,000  | 100%   | 100% | Holding of an office building  |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 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   |
|---|---|--|--|------|--|
|   |   |  | 2022   | 2021 |  |
| 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 holding   |
| 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 2022 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 2021.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 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 2021, 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 3                   | Reference to the Conceptual Framework  |
| Amendments to HKAS 16                   | Property, Plant and Equipment: Proceeds before Intended Use                              |
| Amendments to HKAS 37                   | Onerous Contracts - Cost of Fulfilling a Contract  |
| Annual Improvements to HKFRSs 2018-2020 | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

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

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group does not have business combinations that occurred on or after 1 January 2022, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

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

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 3 OPERATING SEGMENT INFORMATION

Six months ended 30 June 2022

|   | <b>Fitting-out,<br/>alternation and<br/>addition works<br/>MOP'000<br/>(Unaudited)</b> | <b>Construction<br/>works<br/>MOP'000<br/>(Unaudited)</b> | <b>Repair and<br/>maintenance<br/>services<br/>MOP'000<br/>(Unaudited)</b> | <b>Total<br/>MOP'000<br/>(Unaudited)</b> |
|---|--|---|--|--|
| <b>Segment revenue</b>  |  |   |  |  |
| Sales to external customers from continuing operations                | <b>49,959</b>  | <b>13,581</b>   | <b>2,005</b>   | <b>65,545</b>                            |
| <b>Segment results</b>  | <b>11,844</b>  | <b>(70)</b>   | <b>185</b>   | <b>11,959</b>                            |
| Corporate expenses  |  |   |  | <b>(12,658)</b>                          |
| Other income, gains and losses, net                                   |  |   |  | <b>1,467</b>                             |
| Reversal of impairment losses on financial assets and contract assets |  |   |  | <b>1,213</b>                             |
| Changes in fair value of investment properties                        |  |   |  | <b>(1,133)</b>                           |
| Share of loss of an associate   |  |   |  | <b>(10)</b>                              |
| Finance costs   |  |   |  | <b>(657)</b>                             |
| Profit before tax from continuing operations                          |  |   |  | <b>181</b>                               |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 3 OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2021

|  | Fitting-out,<br>alteration and<br>addition works<br>MOP'000<br>(Unaudited) | Construction<br>works<br>MOP'000<br>(Unaudited) | Repair and<br>maintenance<br>services<br>MOP'000<br>(Unaudited) | Total<br>MOP'000<br>(Unaudited) |
|--|--|---|---|---------------------------------|
| <b>Segment revenue</b>                                       |  |   |   |                                 |
| Sales to external customers from<br>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<br>assets and contract assets |  |   |   | (12,699)                        |
| Impairment losses on prepayments                             |  |   |   | (1,843)                         |
| Changes in fair value of investment<br>properties            |  |   |   | 1,133                           |
| Finance costs  |  |   |   | (691)                           |
| Loss before tax from continuing<br>operations                |  |   |   | (16,149)                        |

### 4 REVENUE

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

|  | For the six months<br>ended 30 June |                                |
|--|-------------------------------------|--------------------------------|
|  | 2022<br>MOP'000<br>(Unaudited)      | 2021<br>MOP'000<br>(Unaudited) |
| <i>Revenue from contracts with customers</i> |                                     |                                |
| Fitting-out, alteration and addition works   | 49,959                              | 65,282                         |
| Construction works                           | 13,581                              | 3,408                          |
| Repair and maintenance services              | 2,005                               | 1,459                          |
|  | 65,545                              | 70,149                         |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 4 REVENUE (continued)

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

For the six months ended 30 June 2022

| Segments                                    | Fitting-out, alternation and addition works<br>MOP'000<br>(Unaudited) | Construction works<br>MOP'000<br>(Unaudited) | Repair and maintenance services<br>MOP'000<br>(Unaudited) | Total<br>MOP'000<br>(Unaudited) |
|---|---|--|---|---------------------------------|
| <b>Geographical markets</b>                 |   |  |   |                                 |
| Macau                                       | 46,861  | 13,581                                       | 1,874   | 62,316                          |
| Hong Kong                                   | 3,098   | -  | 131   | 3,229                           |
| Total revenue from contracts with customers | 49,959  | 13,581                                       | 2,005   | 65,545                          |
| <b>Timing of revenue recognition</b>        |   |  |   |                                 |
| Services transferred over time              | 49,959  | 13,581                                       | -   | 63,540                          |
| Services transferred at a point in time     | -   | -  | 2,005   | 2,005                           |
| Total revenue from contracts with customers | 49,959  | 13,581                                       | 2,005   | 65,545                          |

For the six months ended 30 June 2021

| Segments                                    | Fitting-out, alternation and addition works<br>MOP'000<br>(Unaudited) | Construction works<br>MOP'000<br>(Unaudited) | Repair and maintenance services<br>MOP'000<br>(Unaudited) | Total<br>MOP'000<br>(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 | 65,282  | 3,408  | 1,459   | 70,149                          |
| <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 | 65,282  | 3,408  | 1,459   | 70,149                          |





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 5 PROFIT/(LOSS) BEFORE TAX

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

|  | For the six months<br>ended 30 June |                                |
|--|-------------------------------------|--------------------------------|
|  | 2022<br>MOP'000<br>(Unaudited)      | 2021<br>MOP'000<br>(Unaudited) |
| Cost of services provided*   | <b>53,418</b>                       | 58,848                         |
| Bank interest income   | <b>(105)</b>                        | (174)                          |
| Loss on written-off of items of property, plant and equipment            | <b>31</b>                           | -                              |
| (Reversal of)/impairment losses on financial assets and contract assets: |                                     |                                |
| (Reversal of)/impairment losses on trade receivables                     | <b>(795)</b>                        | 1,606                          |
| (Reversal of)/impairment losses on contract assets                       | <b>(418)</b>                        | 11,093                         |
|  | <b>(1,213)</b>                      | 12,699                         |
| Foreign exchange differences, net  | <b>426</b>                          | 911                            |

\* Included in cost of services provided are the staff costs incurred in the amount of approximately MOP10,805,000 (six months ended 30 June 2021: MOP13,417,000).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 6 INCOME TAX

In current period, Macau complementary tax has been provided at progressive rates up to 12% on the estimated taxable profits arising in Macau and there are no assessable profits arising in Hong Kong. In prior period, 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.

|   | <b>For the six months ended 30 June</b> |                                |
|---|---|--------------------------------|
|   | <b>2022<br/>MOP'000<br/>(Unaudited)</b> | 2021<br>MOP'000<br>(Unaudited) |
| Current - Macau   |   |                                |
| - Charge for the period   | <b>39</b>                               | -                              |
| Deferred  | <b>(136)</b>                            | 136                            |
| Total tax (credit)/charge for the period from continuing operations | <b>(97)</b>                             | 136                            |
| Total tax charge for the period from a discontinued operation       | <b>-</b>                                | -                              |
|   | <b>(97)</b>                             | 136                            |

### 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<br>six months<br>ended<br>30 June<br>2021<br>MOP'000<br>(Unaudited) |
|---|---|
| Revenue   | -   |
| Cost of sales                                       | -   |
| Other income, gains and losses, net                 | (277)   |
| Expenses  | (36)  |
| Finance costs                                       | -   |
| Loss for the period from the discontinued operation | (313)   |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 7 DISCONTINUED OPERATION (continued)

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

|                      | For the<br>six months<br>ended<br>30 June<br>2021<br>MOP'000<br>(Unaudited) |
|----------------------|---|
| Operating activities | (60)  |
| Investing activities | -   |
| Financing activities | -   |
| Net cash outflow     | (60)  |

Macau cents

|  |    |
|--|----|
| Loss per share:                                    |    |
| Basic and diluted, from the discontinued operation | -* |

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

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

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

### 8 DIVIDENDS

No dividend has been paid or declared by the Group during the six months ended 30 June 2022 and 2021.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 9 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2021: 400,000,000) in issue during the six months ended 30 June 2022.

The calculations of basic and diluted earnings/(loss) per share are based on:

|  | <b>2022</b><br><b>MOP'000</b><br><b>(Unaudited)</b> | 2021<br>MOP'000<br>(Unaudited) |
|--|---|--------------------------------|
| Profit/(loss) attributable to owners of the Company,<br>used in the basic earnings/(loss) per share calculation: |   |                                |
| From continuing operations   | <b>278</b>  | (16,285)                       |
| From a discontinued operation  | -   | (313)                          |
| Profit/(loss) attributable to owners of the Company  | <b>278</b>  | (16,598)                       |

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

### 10 PROPERTY, PLANT AND EQUIPMENT

Assets with a net book value of MOP31,000 was written off by the Group during the six months ended 30 June 2022, resulting in a net loss on written off of items of 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.

### 11 TRADE RECEIVABLES

|                   | <b>30 June</b><br><b>2022</b><br><b>MOP'000</b><br><b>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|-------------------|---|---|
| Trade receivables | <b>61,381</b>   | 49,225                                      |
| Impairment        | <b>(21,374)</b>   | (22,169)                                    |
|                   | <b>40,007</b>   | 27,056                                      |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 11 TRADE RECEIVABLES (continued)

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 Mr. Lai Ieng Man, the Group's director of MOP2,084,000 (31 December 2021: MOP1,571,000) and related parties of MOP1,155,000 (31 December 2021: MOP418,000), which 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<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|--------------------|---|---|
| Within 1 month     | <b>23,900</b>                                       | 21,191                                      |
| 1 to 2 months      | <b>13,153</b>                                       | 1,628                                       |
| 2 to 3 months      | <b>795</b>  | 1,124                                       |
| 3 to 6 months      | <b>1,207</b>  | 2,273                                       |
| 6 months to 1 year | <b>952</b>  | 808   |
| Over 1 year        | <b>-</b>  | 32  |
|                    | <b>40,007</b>                                       | 27,056                                      |

### 12 CONTRACT ASSETS

|  | <b>30 June<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|--|---|---|
| Contract assets arising from:              |   |   |
| Fitting-out, alteration and addition works | <b>56,429</b>                                       | 50,173                                      |
| Construction works                         | <b>14,212</b>                                       | 10,455                                      |
|  | <b>70,641</b>                                       | 60,628                                      |
| Impairment                                 | <b>(33,490)</b>                                     | (33,908)                                    |
|  | <b>37,151</b>                                       | 26,720                                      |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 12 CONTRACT ASSETS (continued)

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 increase in contract assets in 2022 was resulted from the lock-down in Macau near the six months ended 30 June 2022 causing the delay of completion of work. During the six months ended 30 June 2022, reversal of MOP418,000 (six months ended 30 June 2021: provision of MOP11,093,000) was recognised impairment 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<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|----------------|---|---|
| Within 1 month | <b>3,363</b>  | 6,038                                       |
| 1 to 2 months  | <b>1,581</b>  | 6,751                                       |
| 2 to 3 months  | <b>956</b>  | 2,216                                       |
| Over 3 months  | <b>11,298</b>                                       | 9,247                                       |
|                | <b>17,198</b>                                       | 24,252                                      |

### 14 SHARE CAPITAL

|   | <b>30 June<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|---|---|---|
| Issued and fully paid:                          |   |   |
| 400,000,000 (2021: 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 2022 (six months ended 30 June 2021: Nil).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 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.

The first hearing date for the lawsuit filed by several flat owners of Sin Fong Garden Building is postponed to start on 17 November 2022. 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 as at 30 June 2022. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

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

As at 31 December 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 MOP4,627,000. 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.

On 29 November 2021, the Court of Final Appeal has made the final verdict for lawsuit amounting MOP2,932,000 and the subsidiary of the Group has won the litigation. On 7 February 2022, Primary Court of Macau has made the verdict for a lawsuit amounting MOP1,695,000 and the subsidiary of the Group has won the litigation, and the plaintiff subcontractor decided not to look forward to the Court of First Instance on 17 May 2022.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 15 CONTINGENT LIABILITIES (continued)

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

As at 30 June 2022 and 31 December 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 MOP1,926,000.

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 as at 30 June 2022.

#### (d) Dispute with Mr. Chan Chi Hung

On 3 November 2021, the Company and two directors, were served on a sealed copy of an amended writ of summons (the "Amended Writ") issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "Court"). The plaintiff named in the Amended Writ is Mr. Chan Chi Hung, and the Company being one of the defendants. The plaintiff claims against the Company for damages of approximately HK\$172,500,000 for alleged breach of oral agreement by, amongst others, the Company related to advisory services provided by the plaintiff for the initial listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited in February 2017.

On 3 May 2022, the Company submitted the strike out application and the hearing for the strike out application will be heard by the court on 7 November 2022. 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 2022.

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

As at 30 June 2022, 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 with interest of MOP2,428,000.

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 as at 30 June 2022.





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 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<br/>2022<br/>MOP'000<br/>(Unaudited)</b> | 31 December<br>2021<br>MOP'000<br>(Audited) |
|--|---|---|
| Investment properties  | <b>25,853</b>                                       | 26,986                                      |
| Land and buildings included in property, plant and equipment | <b>79,965</b>                                       | 80,368                                      |
| Pledged bank deposits (Note)                                 | <b>15,079</b>                                       | 14,463                                      |
|  | <b>120,897</b>                                      | 121,817                                     |

Note: Pledged bank deposits 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<br/>ended 30 June</b> |                                |
|--|---|--------------------------------|
|  | <b>2022<br/>MOP'000<br/>(Unaudited)</b>     | 2021<br>MOP'000<br>(Unaudited) |
| Lai Si Construction (Thailand) Company Limited (Note i)<br>- Consultancy service income* | <b>1,133</b>                                | 1,030                          |
| Lai Si Construction (Singapore) Pte. Ltd. (Note ii)<br>- Consultancy service income*     | <b>-</b>                                    | 800                            |
| Easy Storage Company Limited (Note iii)<br>- Fitting-out work income                     | <b>865</b>                                  | -                              |
| Ou Wai Health Company Limited (Note iv)<br>- Fitting-out work income*                    | <b>41</b>                                   | -                              |
| - Repair and maintenance services income*  | <b>106</b>                                  | -                              |

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



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 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.
- (iii) Mr. Lai Meng San, executive director of the Company, held 25% equity interest in this related company.
- (iv) Mr. Lai Meng San, executive director of the Company and Mr. Chan lok Chun, independent non-executive director of the Company, jointly held 42% 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 MOP2,084,000 (31 December 2021: MOP1,571,000) 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 2021: MOP698,000) presented as an amount due from a director in the interim condensed consolidated statement of financial position 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 2021: 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 MOP1,030,000 included in other receivables as at 31 December 2021.
- (v) The Group had an outstanding balance due from its related company, Lai Si Construction (Singapore) Pte. Limited, of MOP496,000 (31 December 2021: MOP800,000) included in other receivables.
- (vi) The Group had an outstanding balance due from its related company, Ou Wai Health Company Limited, of MOP668,000 (31 December 2021: MOP418,000) and MOP42,000 (31 December 2021: MOP418,000) included in trade receivables and contract assets, respectively. The payment term is disclosed in note 11.
- (vii) The Group had an outstanding balance due from its related company, Easy Storage Company Limited, of MOP487,000 (31 December 2021: MOPNil) and MOP84,000 (31 December 2021: MOP220,000) included in trade receivables and contract assets, respectively. The payment term is disclosed in note 11.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 17 RELATED PARTY TRANSACTIONS (continued)

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

|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2022<br>MOP'000<br>(Unaudited)   | 2021<br>MOP'000<br>(Unaudited) |
| Fees  | 80                               | 83                             |
| Salaries and other allowances                       | 4,707                            | 4,598                          |
| Discretionary bonus                                 | -                                | 444                            |
| Pension scheme contribution                         | 24                               | 32                             |
| Total compensation paid to key management personnel | 4,811                            | 5,157                          |

### 18 PERFORMANCE BOND

As at 30 June 2022, the Group has issued performance bonds amounting to MOP21,096,000 (31 December 2021: MOP13,986,000) 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 and guaranteed by the directors of the Company, Lai Ieng Man and Lai Meng San.

### 19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to the short maturities of these instruments.

Management of the Group has estimated the fair values of unlisted equity investments at fair value through other comprehensive income with reference to recent transaction prices of the investment that are not supported by observable market prices or rates as at 31 December 2021 and income approach as at 30 June 2022. The directors believe that the estimated fair values based on the above valuation technique, which are recorded in the interim condensed consolidated statement of financial position are reasonable, and that they were the most appropriate values at the end of the reporting period.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2022:

|  | Valuation technique  | Significant unobservable input  | Sensitivity of fair value to the input  |
|--|----------------------|---------------------------------|---|
| Equity investments designated at fair value through other comprehensive income | Discounted cash flow | Post-tax discount rate of 9.20% | 10% increase/decrease in discount rate would result in (decrease)/increase in fair value by (MOP174,000)/MOP236,000 |

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

**As at 30 June 2022 (Unaudited)**

|  | Fair value measurement using              |   |   | Total               |
|--|---|---|---|---------------------|
|  | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                     |
|  | MOP'000 (Unaudited)                       | MOP'000 (Unaudited)                     | MOP'000 (Unaudited)                       | MOP'000 (Unaudited) |
| Equity investments designated at fair value through other comprehensive income | -   | -                                       | 1,363                                     | 1,363               |



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

(Expressed in Macau Pataca)

### 19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

As at 31 December 2021 (Audited)

|  | Fair value measurement using   |  |  | Total<br>MOP'000<br>(Audited) |
|--|--|--|--|-------------------------------|
|  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>MOP'000<br>(Audited) | Significant<br>observable<br>inputs<br>(Level 2)<br>MOP'000<br>(Audited) | Significant<br>unobservable<br>inputs<br>(Level 3)<br>MOP'000<br>(Audited) |                               |
| Equity investments designated<br>at fair value through other<br>comprehensive income | -  | -  | 1,380  | 1,380                         |

The movements in fair value measurements within Level 3 during the period are as follows:

|  | <b>2022</b><br><b>MOP'000</b><br><b>(Unaudited)</b> | 2021<br>MOP'000<br>(Unaudited) |
|--|---|--------------------------------|
| <b>Equity investments at fair value through other<br/>comprehensive income</b> |   |                                |
| At 1 January   | <b>1,380</b>  | -                              |
| Total losses recognised in other comprehensive income                          | <b>(17)</b>   | -                              |
| At 30 June   | <b>1,363</b>  | -                              |

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).