MECOM

POWER & CONSTRUCTION

澳能建設控股有限公司

MECOM Power and Construction Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1183

2024

INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kuok Lam Sek *(Chairman)*
Mr. Sou Kun Tou
(Chief Executive Officer and Deputy Chairman)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Tam Wing Yee

AUTHORISED REPRESENTATIVES

Mr. Sou Kun Tou
Ms. Tam Wing Yee

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 05, 7th Floor
Hing Yip Commercial Centre
272-284 Des Voeux Road Central
Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

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

Corporate Information (Continued)

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to Macau law:
José Liu
Avenida da Amizade, nº 555
Landmark, 13º andar
Sala No. 1308
Macau

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
Cayman Islands

PRINCIPAL BANKERS

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

STOCK CODE

1183

WEBSITE

www.mecommacau.com

Management Discussion & Analysis

COMPANY OVERVIEW

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

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

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

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

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

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

Through the steel structures business, the Group is also engaged in the supply of new material steel structures, such as reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions to the main contractors and/or construction companies for use in their construction projects, which enables the Group to cover the upstream industries of its principal construction business.

Management Discussion & Analysis (Continued)

BUSINESS REVIEW

With the strong support of the central government for Macau's policy on tourism development, in the first half of 2024, Macau enjoyed a rapid recovery to the pre-COVID-19 levels in terms of the number of visitor arrivals and recorded a significant upturn in gaming revenue, which offered brighter business prospects for casino operators. During the Period, casino operators and integrated resort operators continuously worked on facility upgrades and additions at their casinos and hotels and the Macau SAR government progressively carried out construction works of large-scale public housing projects on the newly-reclaimed artificial island. This helped the Group achieve sustained and steady growth of the steel structures business.

During the Period, the Group's revenue decreased by 6.7% to MOP746.2 million (the Previous Period: MOP800.1 million). Revenue from the steel structures business reached MOP554.9 million (the Previous Period: MOP536.0 million), which accounted for 74.4% (the Previous Period: 67.0%) of the Group's overall revenue. Due to less contracts for large-scale construction projects secured during the Period, the Group's revenue from the construction business decreased by 27.8% to MOP189.8 million (the Previous Period: MOP262.9 million). Overall gross margin dropped by 6.9 percentage points from 13.3% for the Previous Period to 6.4% for the Period, which was attributable to the lower gross margin of the projects undertaken by the Group together with the drop in average rebar prices during the Period. With the commencement of formal production of the Group's manufacturing facilities in Jiangmen, Guangdong Province, the People's Republic of China (the "PRC") during the Period, additional administrative expenses and interest expenses were incurred for the steel structures business. Due to the combined effects of the above, the Group's net margin fell from 4.8% for the Previous Period to 1.1% for the Period.

As at 30 June 2024, the value of the Group's contracts on hand yet to complete in respect of construction and fitting out works and steel trading was MOP709.8 million (31 December 2023: MOP574.4 million) and MOP529.6 million (31 December 2023: MOP466.8 million), respectively.

Steel Structures Business

MECOM International New Materials Technology (Guangdong) Co., Ltd.* (澳能國際新材料科技(廣東)有限公司) ("MECOM International"), an indirect non-wholly owned subsidiary of the Company, has put its manufacturing facilities into formal production and operation in early 2024. It has also set up and commenced operation of a research and manufacturing base for the development of new materials and equipment for other new energy businesses.

During the Period, MECOM International invited major PRC steel manufacturers to visit its manufacturing facilities for the promotion of its production business and co-development of structural steel components and new construction materials that could meet the rapid growth in market demand for prefabricated construction materials, so as to quickly capture the growing new construction materials market with advantages in technological research and development, optimised production process and material cost savings.

During the Period, MECOM International, Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司) and Ao Gang Construction (Hong Kong) Limited (澳港建設(香港)有限公司) (collectively, "Ao Gang Construction"), which are indirect non-wholly owned subsidiaries of the Company, secured order contracts for the supply of a total of approximately 116,187 tons of rebars, steel sheet piles, galvanized sheets and other steel materials in various dimensions. During the Period, MECOM International and Ao Gang Construction delivered a total of approximately 108,842 tons of steel materials which contributed MOP554.9 million to the Group's revenue, making the business the main source of revenue of the Group.

Management Discussion & Analysis (Continued)

Construction Business

The Group continued to maintain good relationships with its customers. It further expanded its business scope, which involves targeting at diverse clienteles and expanding the construction business in Cyprus.

During the Period, the Group was awarded a number of large-scale construction and fitting out works projects, E&M engineering projects and facilities management services projects, including, among others, (i) the provision of facade lighting systems maintenance services for an integrated casino resort; (ii) the fitting out works for the lobby and lounge of a hotel; (iii) the construction of structural steel corridors for the public housing construction projects in Lot A1 of New Urban Zone Area A; and (iv) the provision of repair and maintenance services to the air-conditioning, electrical and building facilities of the Macao Cultural Centre complex. During the Period, the Group renewed three facility management services agreements for the provision of operation and maintenance services for the energy centre and mechanical, electrical and plumbing (MEP) systems of a hotel complex for a term of two years; and renewed two and secured one new facility management services agreements for the provision of maintenance services for the swimming pools and artificial water features of hotel complexes for a term of three years. The aggregate contract value of the above new projects amounted to approximately MOP250.0 million.

As stipulated in the new gaming concession contracts signed between each of the six casino operators and the Macau SAR government at the end of 2022, in the event that the gross gaming revenue reaches MOP180 billion in any year within the first five years of the new concession period, the six casino operators are required to increase their total investment in non-gaming projects by an additional 20%. As the gross gaming revenue came in at MOP183 billion for 2023, the six casino operators are expected to significantly increase their investments in renovating and modifying the existing ancillary hardware facilities. The Group will work on expansion of its business scope and exploration of new lines of business in line with the Macau SAR government's policy directive and casino operators' project development plans, and will draw on the human resources currently available to enhance its cost effectiveness and competitive strengths.

EV Business

During the Period, MUCharging (Macau) Limited ("MUCharging"), an indirect wholly-owned subsidiary of the Company, introduced a charging tariff for the installed charging systems in the hotel premises of a number of casino operators (including City of Dreams, Altira, Studio City, the Venetian, Lisboeta, the Londoner, the Macau Roosevelt and Fisherman's Wharf). In addition, MUCharging undertook EV charging projects for several residential and commercial buildings, under which separate contracts are entered into with landlords and/or tenants of parking spaces for the provision of EV charging services. The optimisation of the charging business and the provision of fee-paying service have brought a stable stream of revenue to the Group and contributed to the revenue diversification of the Group's EV business.

Management Discussion & Analysis (Continued)

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue during the six months ended 30 June 2024 and 2023:

	Six months ended			
	30.6.2024		30.6.2023	
	MOP'000 (Unaudited)	**%**	MOP'000 (Unaudited)	%
Construction business				
Construction and fitting out works	**64,069**	**8.6**	152,100	19.0
High voltage power substation construction and its system installation works	**9,183**	**1.2**	9,252	1.2
E&M engineering services works	**34,384**	**4.6**	42,945	5.4
Facilities management services	**82,210**	**11.0**	58,624	7.3
	189,846	**25.4**	262,921	32.9
EV business	**1,452**	**0.2**	1,186	0.1
Steel structures business	**554,866**	**74.4**	536,036	67.0
Total	**746,164**	**100.0**	800,143	100.0

The Group's revenue for the Period decreased by MOP54.0 million or 6.7% to MOP746.2 million.

Revenue from the construction business for the Period decreased by MOP73.1 million or 27.8%, which was mainly attributable to the decrease in revenue generated from construction and fitting out works of MOP88.0 million or 57.9% as less large-scale construction projects were rolled out by the casino gaming and integrated resort operators during the Period. The recurring revenue was strengthened with new maintenance contracts secured during the Period and revenue from facilities management services increased by MOP23.6 million or 40.2%.

Revenue from the steel structures business for the Period increased by MOP18.8 million or 3.5% which was mainly attributable to the increase in the sales volume and drop in average rebar prices. During the Period, the Group delivered approximately 108,842 tons (the Previous Period: 92,452 tons) of steel materials, including reinforced bars, steel sheet piles and galvanized sheets, and contributed MOP554.9 million (the Previous Period: MOP536.0 million) to the Group's revenue.

Management Discussion & Analysis (Continued)

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during the six months ended 30 June 2024 and 2023:

	Six months ended			
	30.6.2024		30.6.2023	
	Gross profit/(loss) MOP'000 (Unaudited)	**Gross margin %**	Gross profit/(loss) MOP'000 (Unaudited)	Gross margin %
Construction business				
Construction and fitting out works	**(10,273)**	**(16.0)**	21,932	14.4
High voltage power substation construction and its system installation works	**140**	**1.5**	1,313	14.2
E&M engineering services works	**152**	**0.4**	9,134	21.3
Facilities management services	**28,323**	**34.5**	26,571	45.3
	18,342	**9.7**	58,950	22.4
EV business	**(1,008)**	**(69.4)**	(1,396)	(117.7)
Steel structures business	**30,143**	**5.4**	48,677	9.1
Total	**47,477**	**6.4**	106,231	13.3

The Group's gross profit decreased by MOP58.8 million or 55.3% to MOP47.5 million for the Period. Gross margin dropped from 13.3% for the Previous Period to 6.4% for the Period.

During the Period, gross profit for the construction business decreased by MOP40.6 million or 68.9% to MOP18.3 million due to the decrease in (i) number of construction and fitting out works projects; and (ii) gross profit margin of the projects undertaken by the Group. The construction and fitting out works generated gross loss margin of 16.0% during the Period (the Previous Period: gross profit margin of 14.4%) and gross profit margin of the facilities management services dropped from 45.3% for the Previous Period to 34.5% for the Period, which was mainly attributable to the decrease in gross margin of the projects undertaken by the Group as the pricing strategies and profit margins have been adjusted to remain competitive and secure contracts, coupled with an increase in construction costs due to inflation.

To expand the market share and get prepared for a prospective rapid growth in the number of customers, the Group continued its investment in the EV business, and therefore recorded a gross loss of MOP1.0 million for the Period in respect of the EV business segment.

Gross margin of the steel structures business dropped from 9.1% for the Previous Period to 5.4% for the Period, which was mainly due to the drop in average rebar prices during the Period.

Management Discussion & Analysis (Continued)

Other gains and losses

Other gains and losses increased by MOP4.5 million during the Period, which was attributable to the Group's recognition of exchange gain of MOP1.8 million mainly arising from its PRC operations (the Previous Period: exchange loss of MOP2.7 million).

Distribution costs

During the Period, the Group incurred transportation costs of MOP10.6 million (the Previous Period: MOP10.9 million) for the steel structures business.

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

The Group reversed impairment losses of MOP6.2 million (the Previous Period: recognised impairment losses of MOP7.5 million) for trade receivables, contract assets and other receivables under the ECL model, which was primarily attributable to the recovery of monies from customers during the Period.

Loss on fair value changes of derivative financial instruments

During the Period, the Group's foreign exchange hedging contracts were matured and settled with the bank and resulted in a loss on fair value changes of MOP474,000 (the Previous Period: MOP9.7 million) due to the depreciation of Renminbi ("RMB") against Hong Kong dollar ("HK$").

Administrative expenses

Administrative expenses increased by MOP10.0 million or 40.0% mainly due to salaries and other promotion costs incurred for the steel structures business due to commencement of formal production for the manufacturing facilities in the PRC during the Period.

Finance costs

During the Period, the Group incurred interest expenses on bank borrowings of MOP5.4 million on the bank loans (the Previous Period: MOP3.3 million) due to the increase in bank borrowings during the Period.

Income tax expense

Income tax expense decreased by MOP9.1 million or 84.9% mainly due to the decrease in gross profit during the Period.

Profit for the Period

The Group's profit for the Period decreased by MOP30.2 million or 79.1%, which was primarily attributable to the combined effect of the abovementioned items. Net margin dropped from 4.8% for the Previous Period to 1.1% for the Period.

Management Discussion & Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 30 June 2024, the Group had net current assets of MOP285.4 million (31 December 2023: MOP255.3 million). The current ratio of the Group as at 30 June 2024 was 1.5 (31 December 2023: 1.4).

The Group continued to maintain a healthy liquidity position. As at 30 June 2024, the Group had total cash and bank balances of MOP94.4 million (31 December 2023: MOP57.6 million).

As at 30 June 2024, the Group had outstanding bank borrowings of MOP277.2 million (31 December 2023: MOP267.2 million) and the Group's unutilised credit facilities was MOP121.1 million (31 December 2023: MOP120.5 million). The Group's gearing ratio (calculated by dividing total debts with total equity) was 57.6% (31 December 2023: 55.7%).

CAPITAL STRUCTURE

As at 30 June 2024, the Company's share capital and equity amounted to MOP41.1 million and MOP481.6 million, respectively (31 December 2023: MOP41.1 million and MOP480.0 million, respectively).

FOREIGN EXCHANGE EXPOSURE

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risks primarily through the purchases of steel materials which are denominated in RMB, while the sales are denominated in HK$. The management will monitor and review the Group's foreign exchange exposure from time to time and ensure that appropriate measures are adopted effectively in a timely manner to manage the currency risks.

On 20 April 2023, MECOM International entered into a set of foreign exchange hedging contracts with Agricultural Bank of China, Jiangmen Xinhui 2nd Sub-branch*, to hedge against RMB/HK$ currency risk, in respect of the principal amount of HK$120 million, which were settled in batches during the period from May 2023 to October 2023. On 28 April 2023, MECOM International entered into another set of foreign exchange hedging contracts with Bank of Communications, Zhuhai Branch*, to hedge against RMB/HK$ currency risk, in respect of the principal amount of HK$100 million, which were settled in batches during the period from June 2023 to March 2024. Please refer to the announcements of the Company dated 20 April 2023 and 28 April 2023 for further details.

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

Moreira Dos Santos Mobilities Eléctrica Lda., an associate of the Group which was engaged in EV business, was wound up on 31 March 2024.

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

Save as disclosed above and in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plans for material investments or capital assets as at 30 June 2024.

Management Discussion & Analysis (Continued)

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company (the "Shares") have been listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 February 2018 (the "Listing").

The net proceeds from the global offering (the "Global Offering") were approximately HK$261.6 million (equivalent to approximately MOP269.4 million) after deducting underwriting fees and commissions and all related expenses. Details of the proposed applications of such net proceeds are disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 30 June 2024:

	Revised applications (HK$ million)	**Amount of unutilised proceeds as at 1 January 2024** (HK$ million)	**Actual usage up to 30 June 2024** (HK$ million)
Financing the issuance of performance bonds when undertaking new projects	112.4	1.1	112.4
Establishing storage facilities *(Note)*	44.3	–	44.3
Recruiting additional staff	45.2	–	45.2
Acquiring additional machinery	16.8	–	16.8
Financing the upfront costs for new projects *(Note)*	16.7	–	16.7
General working capital	26.2	–	26.2
	261.6	1.1	261.6

Note:

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

PLEDGE OF ASSETS

As at 30 June 2024, the Group had pledged (i) bank deposits of MOP28.5 million (31 December 2023: MOP24.8 million); (ii) property, plant and equipment (including right-of-use assets) of MOP152.8 million (31 December 2023: MOP48.0 million); and (iii) construction in progress of MOP47.0 million (31 December 2023: MOP124.8 million) with banks as security for credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2024 (31 December 2023: nil).

Management Discussion & Analysis (Continued)

COMMITMENTS

As at 30 June 2024, the Group had capital commitments of approximately MOP10,023,000 in relation to the construction works for setting up new manufacturing and research and development facilities at the site in Jiangmen, Guangdong Province, the PRC (31 December 2023: MOP63,874,000).

EMPLOYEES AND REMUNERATION POLICY

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

As a main contractor for some of the projects we undertake, we apply work permits for our non-Macau resident workers on a project-by-project basis. As at 30 June 2024, the Group had 403 (31 December 2023: 366) employees in Hong Kong, Macau, the PRC, Singapore and Cyprus.

The Company has adopted a share option scheme (the "Share Option Scheme") on 23 January 2018, which was effective upon the Listing. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the eligible participants had or may have made to the Group. During the Period, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

PROSPECTS

Gross gaming revenue hit MOP113.7 billion for the first half of 2024. In view of a sharp rebound in the number of visitor arrivals to Macau, casino operators and integrated resort operators are optimistic over their business outlook and therefore have increasingly stronger demand for renovation, alteration and addition works. Meanwhile, the Macau SAR government will continue to expand investment in infrastructure and public housing projects to improve people's livelihood. The Group will strive to involve in the renovation and modification works for the existing ancillary facilities of casino operators and the Macau SAR government's infrastructure projects. By doing so, the Group's construction and fitting out works business is expected to maintain steadfast development. Besides, as the Group expanded the business scope of the facilities management services to serving government departments, which has in turn solicited modification works for the related facilities, the Group's construction business is envisaged to realise steady growth and development.

As to the steel structures business, the Group will expedite its efforts to tap into the markets of Hong Kong and Southeast Asia for a consolidated market share. The Group will also further expand the sales, prefabrication and processing of steel structures business by capitalising on the manufacturing facilities and technologies that have been commissioned in Jiangmen and the environmentally- and technologically-advanced technology platform.

Simultaneously, in order to lift up the gross profit of the EV business, the Group seeks to develop the business at pace in parallel with the rapid growth of demand in the EV market, with a focus on the provision of hourly fee-paying charging services at the installed chargers in casinos, hotel premises and resorts of casino operators and integrated resort operators.

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

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
MECOM POWER AND CONSTRUCTION LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of MECOM Power and Construction Limited (the "Company") and its subsidiaries set out on pages 14 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Six months ended **30.6.2024** **MOP'000** **(Unaudited)**	30.6.2023 MOP'000 (Unaudited)
Revenue	3	**746,164**	800,143
Cost of services		**(698,687)**	(693,912)
Gross profit		**47,477**	106,231
Other income	4	**1,343**	1,686
Other gains and losses	5	**1,792**	(2,707)
Distribution costs		**(12,002)**	(10,937)
Impairment losses reversed (recognised) under expected credit loss model	9	**6,153**	(7,511)
Loss on fair value changes of derivative financial instruments	21	**(474)**	(9,658)
Administrative expenses		**(35,108)**	(25,077)
Finance costs	8	**(5,388)**	(3,328)
Share of profit of associates		**7,213**	205
Loss on deregistration of an associate	7	**(1,408)**	–
Profit before tax		**9,598**	48,904
Income tax expense	6	**(1,616)**	(10,723)
Profit for the period	9	**7,982**	38,181
Other comprehensive expenses			
Item that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		**(6,460)**	(8)
Total comprehensive income for the period		**1,522**	38,173
Profit for the period attributable to:			
Owners of the Company		**6,949**	32,242
Non-controlling interests		**1,033**	5,939
		7,982	38,181
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**2,970**	32,203
Non-controlling interests		**(1,448)**	5,970
		1,522	38,173
Basic earnings per share (MOP cents)	10	**0.17**	0.81
Diluted earnings per share (MOP cents)	10	**0.17**	0.81

Condensed Consolidated Statement of Financial Position

	NOTES	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**273,718**	231,620
Interests in associates		**7,664**	14,812
Deposits paid for property, plant and equipment	14	**1,250**	10,483
		282,632	256,915
Current assets			
Inventories	12	**108,583**	44,420
Contract assets	13	**87,222**	111,423
Trade and other receivables	14	**535,511**	588,073
Amounts due from related companies	15	**4,487**	5,056
Pledged bank deposits	16	**28,480**	24,770
Cash and cash equivalents	16	**94,443**	57,635
		858,726	831,377
Current liabilities			
Amounts due to related companies	15	**72**	147
Trade payables and accrued charges	17	**354,088**	295,957
Derivative financial instruments	21	**–**	1,412
Tax liabilities		**10,960**	10,414
Bank borrowings	18	**190,854**	235,146
Lease liabilities		**189**	185
Contract liabilities		**7,389**	19,595
Bank overdrafts	16	**9,813**	13,250
		573,365	576,106
Net current assets		**285,361**	255,271
Total asset less current liabilities		**567,993**	512,186
Non-current liabilities			
Bank borrowings	18	**86,366**	32,052
Lease liabilities		**67**	169
		86,433	32,221
Net assets		**481,560**	479,965
Capital and reserves			
Share capital	19	**41,056**	41,056
Reserves		**338,101**	335,058
Equity attributable to owners of the Company		**379,157**	376,114
Non-controlling interests		**102,403**	103,851
Total equity		**481,560**	479,965

Condensed Consolidated Statement of Changes in Equity

	Attributed to owners of the Company								
	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000 *(Note a)*	Other reserve MOP'000 *(Note b)*	Translation reserve MOP'000	Retained earnings MOP'000	Sub-total MOP'000	Non-controlling interests MOP'000	Total MOP'000
At 1 January 2023 (audited)	27,440	354,746	45	(147,114)	(9,531)	171,057	396,643	86,756	483,399
Profit for the period	–	–	–	–	–	32,242	32,242	5,939	38,181
Other comprehensive (expense) income for the period	–	–	–	–	(39)	–	(39)	31	(8)
Total comprehensive (expense) income for the period	–	–	–	–	(39)	32,242	32,203	5,970	38,173
Exercise of bonus warrants	1	293	–	–	–	–	294	–	294
Bonus issue of shares	13,720	(13,720)	–	–	–	–	–	–	–
Transaction costs attributable to issue of bonus warrants	–	(577)	–	–	–	–	(577)	–	(577)
Transaction costs attributable to issue of bonus shares	–	(108)	–	–	–	–	(108)	–	(108)
At 30 June 2023 (unaudited)	41,161	340,634	45	(147,114)	(9,570)	203,299	428,455	92,726	521,181
At 1 January 2024 (audited)	**41,056**	**335,524**	**45**	**(147,114)**	**(12,869)**	**159,472**	**376,114**	**103,851**	**479,965**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**6,949**	**6,949**	**1,033**	**7,982**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**(3,979)**	**–**	**(3,979)**	**(2,481)**	**(6,460)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(3,979)**	**6,949**	**2,970**	**(1,448)**	**1,522**
Exercise of bonus warrants	**–***	**73**	**–**	**–**	**–**	**–**	**73**	**–**	**73**
At 30 June 2024 (unaudited)	**41,056**	**335,597**	**45**	**(147,114)**	**(16,848)**	**166,421**	**379,157**	**102,403**	**481,560**

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

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

* *less than MOP1,000*

Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**9,598**	48,904
Adjustments for:		
Depreciation of property, plant and equipment (including right-of-use assets)	**4,566**	4,214
Bank interest income	**(503)**	(293)
Interest expense on bank borrowings	**5,373**	3,328
Interest expense on lease liabilities	**15**	–
Share of profit of associates	**(7,213)**	(205)
Loss on deregistration of an associate	**1,408**	–
Loss on fair value changes of derivative financial instruments	**474**	9,658
Write-off of inventories	**–**	418
Impairment losses (reversed) recognised under expected credit loss model	**(6,153)**	7,511
Loss on write-off of property, plant and equipment	**54**	–
Operating cash flows before movements in working capital	**7,619**	73,535
Decrease (increase) in contract assets	**24,796**	(72,657)
Decrease in trade and other receivables	**58,168**	5,262
Decrease in amounts due from related companies	**–**	3,270
Increase in inventories	**(64,163)**	(76,912)
Increase (decrease) in trade payables and accrued charges	**58,131**	(61,351)
Decrease in contract liabilities	**(12,206)**	–
Cash generated from (used in) operations	**72,345**	(128,853)
Income taxes paid	**(1,056)**	(101)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**71,289**	(128,954)
INVESTING ACTIVITIES		
Interest received	**475**	129
Dividends received from an associate	**12,875**	–
Payment arising from net settlement of derivative financial instruments	**(1,860)**	–
Purchases of property, plant and equipment	**(42,080)**	(46,979)
Net proceeds from deregistration of an associate	**78**	–
Advances to related companies	**(10,638)**	(13,855)
Repayments from related companies	**11,207**	15,781
Withdrawal of pledged bank deposits	**4,225**	–
Placement of pledged bank deposits	**(8,011)**	(5,853)

Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
NET CASH USED IN INVESTING ACTIVITIES	**(33,729)**	(50,777)
FINANCING ACTIVITIES		
Advances from related companies	**472**	363
Repayments of bank borrowings	**(198,837)**	(158,564)
New bank borrowings raised	**210,598**	298,280
Interest paid for bank borrowings	**(5,373)**	(3,328)
Repayments of lease liabilities	**(104)**	–
Repayments to related companies	**(547)**	(581)
Drawdown on bank overdrafts	**29,224**	–
Repayments of bank overdrafts	**(32,661)**	–
Proceeds from exercise of bonus warrants	**73**	294
Transaction costs attributable to issue of bonus warrants	**–**	(577)
Transaction costs attributable to issue of bonus shares	**–**	(108)
NET CASH FROM FINANCING ACTIVITIES	**2,845**	135,779
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**40,405**	(43,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**57,635**	74,795
Effect of foreign exchange rate changes	**(3,597)**	889
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by cash and cash equivalents	**94,443**	31,732

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the consolidated financial statements for the year ended 31 December 2023 of the Company and its subsidiaries (collectively referred to as the "Group").

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on the category of services delivered or provided. The Group's reportable segments under IFRS 8 *Operating Segments* are therefore as follows:

(1) Construction business – the provision of construction services, including construction and fitting out works, high voltage power substation construction and its system installation works, electrical and mechanical ("E&M") engineering services works, and provision of facilities management services.

(2) Electric vehicles ("EV") business – the provision of EV related services, including but not limited to (i) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (ii) distribution of EVs; (iii) design, production, sales and marketing of EVs and EV charging systems; (iv) manufacturing and production of battery packs; and (v) provision of EV charging/swapping solutions.

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(i) Disaggregation of revenue from contracts with customers

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Construction business		
Construction and fitting out works	**64,069**	152,100
High voltage power substation construction and its system installation works	**9,183**	9,252
E&M engineering services works	**34,384**	42,945
Facilities management services	**82,210**	58,624
	189,846	262,921
EV business		
Sale of EV charging systems	**33**	93
Distribution of EVs	**423**	–
Subscription fee income	**996**	1,093
	1,452	1,186
Steel structures business		
Sale and processing of metal materials	**554,866**	536,036
	746,164	800,143
Timing of revenue recognition		
A point in time	**555,322**	536,129
Over time	**190,842**	264,014
	746,164	800,143

Notes to the Condensed Consolidated Financial Statements (Continued)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information

	Six months ended 30 June 2024			
	Construction business MOP'000 (Unaudited)	EV business MOP'000 (Unaudited)	Steel structures business MOP'000 (Unaudited)	Total 2024 MOP'000 (Unaudited)
Revenue from external customers	189,846	1,452	554,866	746,164
Intersegment revenue	40	–	–	40
	189,886	1,452	554,866	746,204
Elimination of intersegment revenue				(40)
				746,164
Segment results	3,203	(1,690)	3,734	5,247
Central administration costs				(1,454)
Share of profit of associates				7,213
Loss on deregistration of an associate				(1,408)
Profit before tax				9,598

Notes to the Condensed Consolidated Financial Statements (Continued)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

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

Segment results represent the profit before tax resulted from each segment without allocation of certain other income and administrative expenses of head office, loss on deregistration of an associate and share of profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Condensed Consolidated Financial Statements (Continued)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iii) Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers Six months ended		**Non-current assets**	
	30.6.2024 MOP'000 (Unaudited)	30.6.2023 MOP'000 (Unaudited)	**30.6.2024 MOP'000 (Unaudited)**	31.12.2023 MOP'000 (Audited)
Macau	**587,798**	748,864	**50,212**	58,802
The PRC	**60,692**	44,944	**231,754**	197,298
Hong Kong	**81,187**	–	**–**	–
Singapore	**1,986**	–	**–**	–
Cyprus	**14,501**	6,335	**666**	815
	746,164	800,143	**282,632**	256,915

4. OTHER INCOME

	Six months ended	
	30.6.2024 MOP'000 (Unaudited)	30.6.2023 MOP'000 (Unaudited)
Bank interest income	**503**	293
Government grants	**203**	–
Others	**637**	1,393
	1,343	1,686

During the current interim period, the Group recognised government grant of Macau Patacas ("MOP") 203,000 (six months ended 30 June 2023: Nil) in respect of Covid-19 related Bank Loan Interest Subsidy for Industrial and Commercial Support scheme provided by the Macau government.

Notes to the Condensed Consolidated Financial Statements (Continued)

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Exchange gain (loss), net	**1,846**	(2,707)
Loss on write-off of property, plant and equipment	**(54)**	–
	1,792	(2,707)

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Current tax		
– Macau Complementary Tax	**1,464**	10,241
– PRC Enterprise Income Tax	**520**	–
– Cyprus Corporate Income Tax	**643**	434
– Hong Kong Profits Tax	**18**	–
	2,645	10,675
(Over) under provision in prior year	**(1,029)**	48
	1,616	10,723

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

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

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

The subsidiary in Cyprus is subject to Cyprus Corporate Income Tax at a rate of 12.5% on the assessable income for both periods.

Subsidiaries in Hong Kong which are qualified for the two-tiered profit tax regime are subject to Hong Kong Profits Tax at a rate of 8.25% on the first HK$2 million assessable income and 16.5% on the assessable income above HK$2 million. Subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at a rate of 8.25% for the six months ended 30 June 2024.

Notes to the Condensed Consolidated Financial Statements (Continued)

6. INCOME TAX EXPENSE *(Continued)*

No provision for taxation in Singapore has been made as the subsidiary operating in this jurisdiction incurred a loss for both periods.

At the end of the current interim period, the Group has unused tax losses of MOP29,990,000 (31 December 2023: MOP30,681,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of MOP2,168,000, MOP1,838,000, MOP15,597,000, MOP2,912,000, MOP3,077,000 and MOP2,070,000 (31 December 2023: MOP3,048,000, MOP1,787,000, MOP16,494,000, MOP3,711,000 and MOP4,753,000) that will expire in 2024, 2025, 2026, 2027, 2028 and 2029 respectively. Other losses may be carried forward indefinitely.

7. LOSS ON DEREGISTRATION OF AN ASSOCIATE

In the current interim period, the Group's interest in an associate, Moreira Dos Santos Mobilidade Eléctrica Lda. ("MS E. Mobi") had been deregistered and the Group shared net assets of MS E. Mobi of approximately MOP78,000 as at 16 May 2024. Before the deregistration, the Group owned 49% interest in MS E. Mobi and the investment was previously accounted as an investment in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a loss of approximately MOP1,408,000 in profit or loss, calculated as follows:

	MOP'000
Net assets shared/net proceeds from deregistration	78
Less: carrying amount of the 49% investment on the date of loss of significant influence of MS E. Mobi	(1,486)
Loss recognised in profit or loss	(1,408)

8. FINANCE COSTS

	Six months ended	
	30.6.2024 MOP'000 (Unaudited)	30.6.2023 MOP'000 (Unaudited)
Interest on bank borrowings	**5,373**	3,238
Interest on lease liabilities	**15**	–
	5,388	3,238

Notes to the Condensed Consolidated Financial Statements (Continued)

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	**4,487**	4,487
Other staff costs:		
Salaries and other allowances	**74,137**	57,067
Retirement benefit scheme contributions	**1,655**	769
Total staff costs	**80,279**	62,323
Less: amounts included in cost of services	**(62,772)**	(49,561)
	17,507	12,762
Impairment losses (reversed) recognised on:		
– Trade receivables	**(5,262)**	6,791
– Contract assets	**(595)**	762
– Other receivables	**(296)**	–
– Trade-nature amounts due from related companies	**–**	(42)
	(6,153)	7,511
Depreciation of property, plant and equipment (including right-of-use assets)	**4,566**	4,214
Expenses relating to short-term leases	**2,262**	2,672
Write-off of inventories	**–**	418

Notes to the Condensed Consolidated Financial Statements (Continued)

10. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2024	30.6.2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**6,949**	32,242

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**3,986,007**	3,996,126

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

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, (i) the Group acquired approximately MOP10,428,000 (six months ended 30 June 2023: MOP2,773,000) plant and machinery and computer equipment; (ii) the Group incurred approximately MOP31,652,000 (six months ended 30 June 2023: MOP44,206,000) for the construction in progress in setting up new manufacturing and research and development facilities in relation to steel structure business at the site in Jiangmen, Guangdong Province, the PRC; and (iii) the Group transferred construction in progress of approximately MOP107,356,000 (31 December 2023: Nil) to leasehold land and building upon completion of the manufacturing and research and development facilities at the site in Jiangmen, Guangdong Province, the PRC.

During the current interim period, the Group wrote-off certain plant and machinery resulted in a loss on write-off of property, plant and equipment which amounted to MOP54,000 (six months ended 30 June 2023: Nil).

As at 30 June 2024, the capital expenditure in respect of setting up new manufacturing and research and development facilities contracted for but not provided in the condensed consolidated financial statements is approximately MOP10,023,000 (31 December 2023: MOP63,874,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

12. INVENTORIES

The inventories represent raw materials, work in progress and finished goods (2023: raw materials and finished goods) from the EV business and the steel structures business and are stated at the lower of cost or net realisable value.

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Raw materials	**2,506**	148
Work in progress	**2,686**	–
Finished goods	**103,391**	44,272
	108,583	44,420

13. CONTRACT ASSETS

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Contract assets from contract with customers	**89,392**	114,188
Less: Allowance for credit losses	**(2,170)**	(2,765)
	87,222	111,423
Analysed as current		
Unbilled revenue	**29,724**	43,236
Retention receivables	**57,498**	68,187
	87,222	111,423

Notes to the Condensed Consolidated Financial Statements (Continued)

13. CONTRACT ASSETS *(Continued)*

Construction business

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

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

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

As at 30 June 2024, retention money held by customers for contract works amounted to MOP57,498,000 (31 December 2023: MOP68,187,000) of which MOP2,340,000 (31 December 2023: MOP2,333,000) represented the retention money held by related companies. Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts ranging from one year to two years from the date of the completion of the respective projects.

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

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Within one year	**20,357**	24,233
After one year	**37,141**	43,954
	57,498	68,187

Notes to the Condensed Consolidated Financial Statements (Continued)

14. TRADE AND OTHER RECEIVABLES

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Trade receivables from contracts with customers	**407,920**	479,486
Less: Allowance for credit losses	**(28,298)**	(33,580)
	379,622	445,906
Other debtors, deposits and prepayments		
– Deposits	**3,391**	1,060
– Prepayments for new material steel structures	**87,878**	70,109
– Prepayments for construction	**51,250**	58,127
– Others	**15,233**	24,263
Less: allowance for credit losses	**(613)**	(909)
	536,761	598,556
Analysed as:		
Current assets	**535,511**	588,073
Non-current assets *(Note)*	**1,250**	10,483
	536,761	598,556

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

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

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
0 – 90 days	**216,469**	229,551
91 – 365 days	**122,962**	185,941
1 – 2 years	**40,137**	29,023
Over 2 years	**54**	1,391
	379,622	445,906

At 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of MOP335,996,000 (31 December 2023: MOP279,566,000) which are past due as at the reporting date. Out of the past due balances, MOP135,095,000 (31 December 2023: MOP192,383,000) has been past due more than 90 days and is not considered as in default. Majority of the Group's trade receivables that are past due but not impaired are from customers with good credit quality with reference to their respective settlement history and forward-looking information. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements (Continued)

15. AMOUNTS WITH RELATED COMPANIES

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Non-trade nature		
Amounts due from related companies		
ACEL Engineering Company Limited *(note a)*	**552**	1,123
China State Construction (Hong Kong) - China Construction (Macau) – EHY Joint Venture ("CSHK – CCM – EHY JV") *(Note b)*	**3,935**	3,933
	4,487	5,056
Non-trade nature		
Amounts due to related companies		
Lei Hong Engineering Limited *(Note a)*	**72**	147

Notes:

(a) Mr. Sou Kun Tou ("Mr. Sou") and Mr. Kuok Lam Sek ("Mr. Kuok") have beneficial interests in these related companies. The amounts are unsecured, interest free and repayable/recoverable on demand.

(b) CSHK-CCM-EHY JV is an associate of the Group. The amounts are unsecured, interest free and recoverable on demand.

16. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS/BANK OVERDRAFTS

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantees, foreign exchange forward contracts and bills payables of the Group. As at 30 June 2024, the pledged bank deposits carried interest rate ranging from 0.14% – 3.5% (31 December 2023: 0.14% – 3.8%) per annum and with an original maturity of three to six months.

As at 30 June 2024, the bank balances carry interest at prevailing market rate of 0.01% – 0.3% (31 December 2023: 0.01% – 0.3%) per annum.

Bank overdrafts carry interest at market rates at Prime rate less 1.375% per annum (2023: Prime rate less 1.375% per annum).

Notes to the Condensed Consolidated Financial Statements (Continued)

17. TRADE PAYABLES AND ACCRUED CHARGES

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Trade payables	**230,565**	170,422
Retention payables	**31,999**	33,136
Bills payables *(Note)*	**1,865**	–
Other creditors and accrued charges		
– Accrued staff costs	**18,101**	21,235
– Accrued construction costs	**59,837**	60,313
– Other accruals	**11,688**	10,416
– Receipts in advance	**33**	435
	354,088	295,957

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

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

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
0 – 90 days	**107,515**	42,509
91 – 365 days	**120,204**	101,489
Over 1 year	**2,846**	26,424
	230,565	170,422

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

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
On demand or within one year	**23,849**	24,326
After one year	**8,150**	8,810
	31,999	33,136

Notes to the Condensed Consolidated Financial Statements (Continued)

17. TRADE PAYABLES AND ACCRUED CHARGES *(Continued)*

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

18. BANK BORROWINGS

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Bank loans		
– repayable within one year	**190,854**	235,146
– repayable more than one year but not exceeding two years	**21,674**	10,450
– repayable more than two years but not more than five years	**64,692**	21,602
	277,220	267,198
Less: amount shown under current liabilities	**(190,854)**	(235,146)
Amount shown under non-current liabilities	**86,366**	32,052
Analysis by:		
– Secured *(Note)*	**113,432**	72,614
– Unsecured	**163,788**	194,584
	277,220	267,198

During the current interim period, the Group held variable-rate bank loans with interest rates ranging from Prime rate less 1.05% to 2% (31 December 2023: Prime rate less 1% to 2%) and Loan Prime Rate ("LPR") plus 0.25% or LPR less 0.25% (31 December 2023: LPR plus 0.25% or LPR less 0.25%) for the floating rate bank loans in Macau and the PRC, respectively.

In addition, the Group has fixed-rate bank loans in PRC with carrying amounts of MOP26,296,000 (31 December 2023: MOP27,836,000) which are repayable within one year with interest rate ranging from 3% to 3.7% (31 December 2023: ranging from 3.5% to 3.7%).

Note: As at 30 June 2024, the Group's bank borrowings amounted to MOP113,432,000 (31 December 2023: MOP72,614,000), which are secured by property, plant and equipment (including right-of-use assets) of MOP152,843,000 (31 December 2023: MOP48,010,000) and construction in progress of MOP47,053,000 (31 December 2023: MOP124,832,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

19. SHARE CAPITAL

	Number of shares	Amount MOP'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	**5,000,000,000**	**51,500**
Issued and fully paid:		
At 1 January 2023	**2,664,063,850**	**27,440**
Exercise of bonus warrants	**103,601**	**1**
Bonus issue of shares	**1,332,083,725**	**13,720**
At 30 June 2023	**3,996,251,176**	**41,161**
Exercise of bonus warrants	**40**	**–***
Shares repurchased and cancelled	**(10,254,000)**	**(105)**
At 31 December 2023	**3,985,997,216**	**41,056**
Exercise of bonus warrants *(Note)*	**59,972**	**–***
At 30 June 2024	**3,986,057,188**	**41,056**

* *less than MOP1,000*

Note: The bonus warrants were issued to the qualifying shareholders on the basis of one warrant for every ten shares held on 18 May 2023. During the current interim period, 59,972 bonus warrants have been exercised at a total consideration of approximately MOP73,000.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current interim period.

Notes to the Condensed Consolidated Financial Statements (Continued)

20. RELATED PARTY DISCLOSURES

(i) Transactions

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

Name of related parties	Nature of transaction	Six months ended 30.6.2024 MOP'000 (Unaudited)	30.6.2023 MOP'000 (Unaudited)
Mr. Kuok and Ms. Wong Fong Peng (the spouse of Mr. Kuok)	Short-term office rental expenses paid	**343**	343
CSHK – CCM – EHY JV *(Note 15b)*	Management expenses paid	**57**	114
Sisint Engenharia Lda *(Note)*	Consultancy fee	**–**	210

Note: Mr. Pedro Moreira dos Santos, who holds 51% shareholding in MS E. Mobi (an associate of the Group), has beneficial interests over Sisint Engenharia Lda. The amounts are unsecured, interest free and repayable on demand.

(ii) Compensation of key management personnel

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

	Six months ended 30.6.2024 MOP'000	30.6.2023 MOP'000
Short term benefits	**7,058**	7,047
Post-employment benefits	**11**	11
	7,069	7,058

Notes to the Condensed Consolidated Financial Statements (Continued)

21. DERIVATIVE FINANCIAL INSTRUMENTS

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Foreign exchange forward contracts – liabilities	–	1,412
Analysis by:		
Current	–	1,412

During the current interim period, the Group's derivative financial instruments have been matured and settled with the bank and a loss on fair value change of MOP474,000 has been recognised at the date of maturity.

As at 31 December 2023, the Group's derivative financial instruments were secured by a pledged bank deposit of approximately MOP4,279,000.

22. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by pledged bank deposits (Note 16), promissory notes and corporate guarantee. The performance bonds are released when the construction contracts are completed or substantially completed.

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

	30.6.2024 MOP'000 (Unaudited)	31.12.2023 MOP'000 (Audited)
Issued to the Group by banks	**59,754**	56,583

As at 30 June 2024, the Group has obtained total credit facilities of approximately MOP133,900,000 (31 December 2023: MOP133,900,000) for the issuance of performance bonds and these credit facilities were secured by (i) the pledged bank deposits of approximately MOP17,816,000 (31 December 2023: MOP20,409,000); (ii) the promissory notes of approximately MOP309,000,000 (31 December 2023: MOP309,000,000); and (iii) the corporate guarantee provided by the Company.

23. DIVIDENDS

No dividend had been declared by the directors of the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

Other Information

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as the basis of the Company's corporate governance practices.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (for the six months ended 30 June 2023: nil).

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

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

BONUS WARRANTS ISSUE

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

The 2023 Warrants were issued to the qualifying shareholders on the basis of one 2023 Warrant for every ten shares held on 18 May 2023. A total of 266,408,595 2023 Warrants were issued by the Company to the qualifying shareholders, represented by the 2023 Warrant certificates. The 2023 Warrants were issued in registered form and each 2023 Warrant entitles the holder thereof to subscribe in cash for 1 new Share at an initial subscription price of HK$1.78 per share during the subscription period from Thursday, 25 May 2023 to Friday, 24 May 2024 (both days inclusive). The subscription price was adjusted from HK$1.78 to HK$1.19 per share with effect from 7 June 2023. Details of the adjustments are disclosed in the Company's announcement dated 6 June 2023. A total of 60,012 2023 Warrants were exercised and all of the 2023 Warrants, to the extent not yet exercised, were expired and lapsed on 24 May 2024.

Other Information (Continued)

PRE-EMPTIVE RIGHTS

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

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code contained in the Listing Rules were as follows:

(i) Long positions in the Shares and underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest (Note 1)
Mr. Kuok Lam Sek ("Mr. Kuok") *(Note 2)*	Interest of the controlled corporation	2,040,800,000	51.20%
Mr. Sou Kun Tou ("Mr. Sou") *(Note 2)*	Interest of the controlled corporation	2,040,800,000	51.20%
Ms. Chan Po Yi, Patsy	Beneficial interest	675,000	0.02%

Notes:

(1) Based on 3,986,057,188 Shares in issue as at 30 June 2024.

(2) MECOM Holding Limited is owned as to 35% by Mr. Kuok, 35% by Mr. Sou, 15% by Mr. Lam Kuok Wa ("Mr. Lam") and 15% by Mr. Lao Ka Wa ("Mr. Lao"), respectively. Mr. Kuok, Mr. Sou, Mr. Lam and Mr. Lao are parties acting in concert.

Other Information (Continued)

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

(ii) Interests in associated corporation of the Company

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

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

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests or short positions of persons other than the Directors and chief executive of the Company in the Shares and underlying Shares as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares of the Company

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding interest(Note 1)
Mr. Lam(Note 2)	Interest of the controlled corporation	2,040,800,000	51.20%
Mr. Lao(Note 2)	Interest of the controlled corporation	2,040,800,000	51.20%
MECOM Holding Limited	Beneficial owner	2,040,800,000	51.20%
Mr. Kuan Chio Man ("Mr. Kuan")(Note 3)	Interest of the controlled corporation	540,617,500	13.56%
Mr. Lei Kuok Hong ("Mr. Lei")(Note 3)	Beneficial owner	2,220,750	0.06%
	Interest of the controlled corporation	540,617,500	13.56%
Macau New Base Investment Company Limited ("Macau New Base")	Beneficial owner	540,617,500	13.56%

Notes:

(1) Based on 3,986,057,188 Shares in issue as at 30 June 2024.

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

(3) Macau New Base is owned as to 35% by Mr. Kuan and 35% by Mr. Lei. By virtue of the SFO, Mr. Kuan and Mr. Lei are deemed to be interested in the Shares held by Macau New Base.

Save as disclosed above, as at 30 June 2024, the Directors had not been notified by any other persons (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information (Continued)

SHARE OPTION SCHEME

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

During the Period, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreements dated 27 September 2022

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

Facility Agreements dated 13 September 2023

In September 2023, EHY, SHY and Ao Gang Construction (Macau) as borrowers and the Company as guarantor entered into two facility agreements (the "2023 Facility Agreements") with the Bank for (i) a revolving commitment for issuance of bank guarantees of up to HK$130,000,000 for EHY and SHY for the period up to 11 July 2024, and (ii) a revolving invoice financing facility of up to HK$40,000,000 for Ao Gang Construction (Macau) for the period up to 11 October 2024, and (iii) a revolving loan facility of up to HK$60,000,000 for Ao Gang Construction (Macau) with a term of one year from the drawdown date (collectively, the "2023 Facilities").

Facility Agreement dated 4 July 2024

In July 2024, EHY and SHY as borrowers and the Company as guarantor entered into the facility agreement (the "2024 Facility Agreement") with the Bank for (i) a revolving commitment for issuance of bank guarantees of up to HK$110,000,000 for EHY and SHY, and (ii) a revolving loan facility of up to HK$43,000,000 and a bank overdraft facility of up to HK$10,000,000 for EHY, for the period up to 11 July 2025 (collectively, the "2024 Facilities").

Under the terms of the 2022 Facility Agreements, the 2023 Facility Agreements and the 2024 Facility Agreement (collectively, the "Facility Agreements"), it will constitute an event of default if, among other things, Mr. Kuok and Mr. Sou cease to act as the key management of the Company. On and at any time after the occurrence of a continuing event of default, the Bank may, upon notice to the borrowers and/or guarantors thereunder (as the case may be), cancel all or any part of the commitment immediately and/or declare that all or part of the 2022 Facilities, the 2023 Facilities and the 2024 Facilities (collectively, the "Facilities"), together with the accrued interest, and all other amounts accrued or outstanding become immediately due and payable and/or declare that all or part of the Facilities be payable on demand; and/or exercise any or all of its rights, remedies, powers and discretions under the Facility Agreements.

Please refer to the Company's announcements dated 30 September 2022, 25 September 2023 and 5 July 2024 for further information.

Other Information (Continued)

AUDIT COMMITTEE

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

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

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee and the Company's external auditor, Deloitte Touche Tohmatsu, have reviewed the accounting principles and practices adopted by the Group and have reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this interim report.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other important events affecting the Group that had occurred after 30 June 2024 and up to the date of this report.

On behalf of the Board

MECOM Power and Construction Limited
Kuok Lam Sek
Chairman

Hong Kong, 28 August 2024

* *For identification purpose only*