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## Macau E&M Holding Limited

### 濠江機電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1408)

## ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Macau E&M Holding Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 June 2024

		Six months ended	
	Notes	30 June 2024	30 June 2023
		MOP'000	MOP'000
		(Unaudited)	(Unaudited)
Revenue	3	57,149	68,120
Cost of services		(56,627)	(68,005)
Gross profit		522	115
Other income	4	2,697	1,788
Impairment losses under expected credit loss model, net of reversal		(62)	(127)
Administrative expenses		(7,268)	(7,126)
Finance costs		(123)	(4)
Loss before tax		(4,234)	(5,354)
Income tax expense	5	(16)	(14)
Loss and total comprehensive expense for the period	6	(4,250)	(5,368)
Losses per share (Macanese Pataca (“MOP”) cents)	7	(0.85)	(1.07)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	<b>30 June 2024 MOP'000 (Unaudited)</b>	31 December 2023 MOP'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	37,509	38,051
Right-of-use assets		126	177
		<b>37,635</b>	38,228
<b>Current assets</b>			
Contract assets	10	36,462	49,264
Trade and other receivables	12	41,629	30,383
Pledged bank deposits	13	43	42
Short-term bank deposits	13	85,126	27,025
Cash and cash equivalents	13	44,785	114,732
		<b>208,045</b>	221,446
<b>Current liabilities</b>			
Contract liabilities	11	60	2,310
Trade payables and accruals	14	31,697	38,884
Lease liabilities	15	89	102
Bank borrowing		525	516
Tax liabilities		33	34
		<b>32,404</b>	41,846
<b>Net current assets</b>		<b>175,641</b>	179,600
<b>Non-current liabilities</b>			
Bank borrowing		12,039	12,304
Lease liabilities	15	40	77
		<b>12,079</b>	12,381
<b>Net assets</b>		<b>201,197</b>	205,447
<b>Capital and reserves</b>			
Share capital	16	5,150	5,150
Reserves		196,047	200,297
<b>Total equity</b>		<b>201,197</b>	205,447

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000 (Note a)	Other reserves MOP'000 (Note b)	Retained earnings MOP'000	Total MOP'000
At 1 January 2023 (audited)	5,150	111,487	30	(35,509)	133,618	214,776
Loss and total comprehensive expense for the period	-	-	-	-	(5,368)	(5,368)
Dividend paid	-	-	-	-	(5,570)	(5,570)
At 30 June 2023 (unaudited)	<u>5,150</u>	<u>111,487</u>	<u>30</u>	<u>(35,509)</u>	<u>122,680</u>	<u>203,838</u>
At 1 January 2024 (audited)	<b>5,150</b>	<b>111,487</b>	<b>30</b>	<b>(35,509)</b>	<b>124,289</b>	<b>205,447</b>
Loss and total comprehensive expense for the period	-	-	-	-	(4,250)	(4,250)
At 30 June 2024 (unaudited)	<u><b>5,150</b></u>	<u><b>111,487</b></u>	<u><b>30</b></u>	<u><b>(35,509)</b></u>	<u><b>120,039</b></u>	<u><b>201,197</b></u>

*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 meets 50% of their registered capital. The reserve is not distributable to shareholders.

*Note b:* The balance of other reserves as at the end of each reporting period represents the difference between the carrying amount of the total equity of Kento Engineering Co. Ltd. (“**Kento**”) and the consideration satisfied by way of issue of shares by the Company for the acquisition of Kento by Macau E&M Company Limited, pursuant to the reorganization.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2024*

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(4,234)	(5,354)
Adjustments for:		
Finance costs	4	4
Depreciation of		
— Property, plant and equipment	542	419
— Right-of-use assets	51	308
Impairment losses under expected credit loss model, net of reversal	62	127
Bank interest income	(2,631)	(1,719)
Bank loan interest expense	119	—
Gain arising from early termination on lease contract	—	(8)
Operating cash flows before movements in working capital	<u>(6,087)</u>	<u>(6,223)</u>
Decrease (increase) in contract assets	12,634	(19,398)
(Increase) decrease in trade and other receivables	(10,783)	27,937
(Decrease) increase in contract liabilities	(2,250)	1,266
(Decrease) increase in trade payables and accruals	<u>(7,187)</u>	<u>2,907</u>
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(13,673)</b>	6,489
Income tax paid	<u>(17)</u>	<u>(53)</u>
<b>NET CASH (USED IN) FROM OPERATIONS</b>	<b>(13,690)</b>	6,436
<b>INVESTING ACTIVITIES</b>		
Interest received	2,274	822
Purchase of property, plant and equipment	—	(2,694)
Redemption of short-term bank deposits	27,025	98,450
Placement of short-term bank deposits	(85,126)	(90,781)
Redemption of pledged bank deposits	30	3,228
Placement of pledged bank deposits	<u>(31)</u>	<u>(3,280)</u>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(55,828)</b>	5,745
<b>FINANCING ACTIVITIES</b>		
Interest paid on bank loan	(119)	—
Interest paid	(4)	(4)
Repayment of bank loan	(256)	(252)
Repayment of lease liabilities	(50)	(314)
Dividend paid	—	(5,570)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(429)</b>	(6,140)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(69,947)</b>	6,041
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>114,732</b>	19,727
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by cash and cash equivalents</b>	<b>44,785</b>	25,768

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. BASIS OF PREPARATION

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group in the current interim period, 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 Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the 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 positions 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

The Group's revenue represents the amount received and receivable for revenue arising on electrical and mechanical ("E&M") engineering works and maintenance and repair services.

For the purpose of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision maker, and the directors of the operating subsidiary, review the overall results and financial position of the Group. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from construction contracts</b>		
E&M engineering works	55,970	66,347
<b>Provision of services</b>		
Maintenance and repair services	1,179	1,773
	<u>57,149</u>	<u>68,120</u>
<b>Timing of revenue recognition</b>		
Over time	<u>57,149</u>	<u>68,120</u>
<b>Geographical information</b>		

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

### 4. OTHER INCOME

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	2,631	1,719
Others	66	69
	<u>2,697</u>	<u>1,788</u>

## 5. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
Hong Kong Profits Tax	<u>16</u>	<u>14</u>
Income tax expense relating to continuing operations	<u><u>16</u></u>	<u><u>14</u></u>

The Company was incorporated in the Cayman Islands and registered in Hong Kong. The Cayman Islands tax is exempted, but the Company is subject to Hong Kong Profits Tax and it is qualified for the two-tiered profits tax rates regime. The first HK\$2 million of the assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Company's operating subsidiary is subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding MOP600,000 for both periods.

## 6. LOSS FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments	2,053	2,053
Other staff costs:		
Salaries and other allowances	<u>10,214</u>	<u>9,208</u>
Total staff costs	12,267	11,261
Less: amounts included in cost of services	<u>(8,063)</u>	<u>(7,423)</u>
	<u>4,204</u>	<u>3,838</u>
Depreciation of		
— property, plant and equipment	542	419
— right-of-use assets	<u>51</u>	<u>308</u>

## 7. LOSSES PER SHARE

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

	<b>Six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Unaudited)
<b>Losses</b>		
Losses for the purpose of calculating basic and diluted losses per share	<u>(4,250)</u>	<u>(5,368)</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted losses per share	<u>500,000</u>	<u>500,000</u>

The amounts of basic and diluted losses per share are the same as there were no potential ordinary shares in issue for both periods.

## 8. DIVIDENDS

In the current interim period, no dividend has been proposed and distributed for the Shareholders for the six months ended 30 June 2024 (six months ended 30 June 2023: no interim dividend was declared but the aggregate amount of the final dividend for the year ended 31 December 2022 paid during the six months ended 30 June 2023 amounted to MOP5,570,000).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately MOP nil (six months ended 30 June 2023: MOP2,694,000), primarily relate to the new office premises renovation.



## 10. CONTRACT ASSETS

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Contract assets from contracts with customers	<b>36,660</b>	49,294
Less: Allowance for credit losses	<b>(198)</b>	(30)
	<b><u>36,462</u></b>	<u>49,264</u>
	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Represented by:		
E&M engineering works	<b>36,395</b>	49,207
Maintenance and repair services	<b>67</b>	57
	<b><u>36,462</u></b>	<u>49,264</u>
	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Analysed as current		
Unbilled revenue	<b>19,398</b>	32,035
Retention receivables	<b>17,064</b>	17,229
	<b><u>36,462</u></b>	<u>49,264</u>

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

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

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

As at 30 June 2024, retention money held by customers for contract works amounted to approximately MOP17,064,000 (31 December 2023: MOP17,229,000). Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contract ranging from 1 year to 2 years from the date of the completion of the respective projects.

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

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>8,880</b>	8,982
After one year	<b>8,184</b>	8,247
	<u><b>17,064</b></u>	<u>17,229</u>

As at 30 June 2024, none of the Group's retention money had past due but not impaired. The Group does not hold any collateral over these balances.

## 11. CONTRACT LIABILITIES

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Audited)
Contract liabilities from contract with customers in relation to E&M works	<u><b>60</b></u>	<u>2,310</u>

Contract liabilities are classified as current as they are expected to be settled with the Group's normal operating cycle.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

### Construction contracts

When the Group receives upfront payments or cash advances before E&M engineering works commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contracts exceeds the amount of the cash advances.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables from contracts with customers	<b>38,156</b>	28,096
Less: Allowance for credit losses	<b>(185)</b>	(291)
	<b>37,971</b>	27,805
Other receivables, deposits and prepayments		
— Deposits	<b>152</b>	91
— Prepayments	<b>2,491</b>	1,899
— Interest receivables	<b>888</b>	531
— Other receivables	<b>127</b>	57
	<b>3,658</b>	2,578
	<b>41,629</b>	30,383
Analysed as:		
Current	<b>41,629</b>	30,383
	<b>41,629</b>	30,383

The Group allows an average credit period of 30 days to its customers. The aging analysis of the Group's trade receivables, based on invoice date at the end of each reporting period are as follows:

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Audited)
0–30 days	<b>11,758</b>	18,491
31–60 days	<b>4,578</b>	6,050
61–90 days	<b>18,484</b>	501
Over 90 days	<b>3,336</b>	3,054
	<b>38,156</b>	28,096

As at 30 June 2024, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately MOP26,398,000 (31 December 2023: MOP9,605,000), which are past due. Out of the past due balances approximately MOP2,762,000 (31 December 2023: MOP595,000) have been past due over 90 days or more and are not considered as in default as there has not been a significant change in credit quality and the amounts are still considered as recoverable based on historical experience.

### 13. PLEDGED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantee to the Group. As at 30 June 2024, the pledged bank deposits carried interest rate at 4.2% to 4.5% per annum and with an original maturity of 6 months.

At 30 June 2024, the short-term bank deposits carried interest rates ranging from 3.4% to 5.0% per annum (31 December 2023: 4.2% to 4.5%) and with original maturity more than three months (31 December 2023: more than three months).

The cash and cash equivalents carry interest at prevailing market rates of 0.01% (31 December 2023: 0.01%) per annum.

### 14. TRADE PAYABLES AND ACCRUALS

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Audited)
Trade payables	<b>13,141</b>	15,733
Accruals:		
— Accrued construction costs	<b>16,413</b>	19,515
— Accrued staff bonus	—	1,695
— Accrued legal and professional fees	<b>1,154</b>	1,424
— Other accrued charges	<b>989</b>	517
	<u><b>31,697</b></u>	<u>38,884</u>

The credit period on trade payables 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:

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Audited)
0–90 days	<b>13,068</b>	11,695
91–365 days	<b>73</b>	4,038
	<u><b>13,141</b></u>	<u>15,733</u>

No retention payable is held at the end of the reporting period, which is interest-free and payable at the end of defect liability period of individual contracts ranging from one to two years from the date of completion of the respective project.

## 15. LEASE LIABILITIES

	<b>30 June 2024 MOP'000 (Unaudited)</b>	31 December 2023 MOP'000 (Audited)
Lease liabilities payable:		
Within one year	<b>89</b>	102
Within a period of more than one year but not more than two years	<b>21</b>	54
Within a period of more than two years but not more than five years	<b>19</b>	23
	<b>129</b>	179
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(89)</b>	(102)
Amount due for settlement after 12 months shown under non-current liabilities	<b>40</b>	77

The weighted average incremental borrowing rate applied to lease liabilities is 5% (31 December 2023: 5%).

## 16. SHARE CAPITAL

	<b>30 June 2024 MOP'000</b>	31 December 2023 MOP'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	<b>20,600</b>	20,600
Issued and fully paid:		
500,000,000 ordinary shares of HK\$0.01 each	<b>5,150</b>	5,150

## 17. PERFORMANCE BONDS AND CONTINGENT LIABILITY

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

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

	<b>30 June 2024</b>	31 December 2023
	<i>MOP'000</i>	<i>MOP'000</i>
	<b>(Unaudited)</b>	(Audited)
Issued to the Group by a bank	<u><b>1,217</b></u>	<u>1,216</u>

As at 30 June 2024, the Group has outstanding performance bonds of approximately MOP1.2 million (31 December 2023: MOP1.2 million) which were secured by pledged bank deposits of approximately MOP43,000 (31 December 2023: MOP42,000) and a property with carrying amount of approximately MOP16.6 million (31 December 2023: MOP16.6 million). The Group has obtained total credit facilities of approximately MOP118.8 million (31 December 2023: MOP98.8 million) and these credit facilities were secured by the promissory notes of approximately MOP174.0 million (31 December 2023: MOP154.0 million).

Save as disclosed above, the Group had no other pledged asset or other significant contingent liability as at 30 June 2024 and 31 December 2023.

## **18. COMMITMENTS**

As at 30 June 2024 and 31 December 2023, the Group did not have any significant capital commitments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Period, the global general business environment remained challenging, with factors such as persistent inflation and geopolitical uncertainties continuing to cause difficulties for companies in various industries. The Group's operations were inevitably affected by these challenging market conditions. As a result, revenue of the Group amounted to approximately MOP57.1 million. Gross profit was approximately MOP0.5 million, with a gross profit margin of 0.9% and net loss margin of 7.4%.

The first half of 2024 was characterized by steady but lacklustre global economic growth, along with continued measures to contain inflation and cautious consumer sentiment. Macau's tourism industry experienced robust growth during the Period. However, this growth did not translate to the E&M industry, which experienced sluggish overall performance as the parallel engineering and construction industry failed to recover and customers in both the private and public sectors tightened project budgets. This led a number of customers to seek discounted pricing from the Group, which in turn resulted in lower profit margins.

Despite these headwinds, the Group leveraged its leading expertise and efficient workforce to ensure stable operations during the Period, with no temporary work suspensions or significant project delays, in accordance with the project delivery schedules. In addition, recognizing the importance of having a professional and project-ready team at hand, and as an effort to uphold its commitment to social responsibility, the Group avoided large-scale layoffs during the Period. The Group capitalized on its strong team and reputation to bid for new projects to stimulate new growth. The Group's effective operational strategies and prudent cost management enabled it to maintain a healthy financial position, with bank balances (including short-term bank deposits and pledged bank deposits) of approximately MOP130 million recorded as at 30 June 2024.

## **FINANCIAL REVIEW**

### **Revenue**

During the Period, most of the industries in Macau were still in slow recovery and along with the uncertainties of the global economy, resulted in sluggish demand for E&M engineering services in Macau. Both the private and public sectors in Macau have launched more project tendering after the pandemic. However, the E&M projects have been split into relatively smaller size and scales for subcontracting services. Therefore, the Group's revenue for the Period decreased by approximately MOP11.0 million or 16.1% as compared with that for the corresponding period in 2023. Despite the tourism industry is gradually recovering, the other industries, including the E&M industry in Macau, are still challenging and trying hard to survive with current situation.

### **Gross profit and gross profit margin**

The gross profit margin increased from 0.2% for the six months ended 30 June 2023 to 0.9% for the Period, as a result of the tightening cost management on project budgeting by the Group. The gross profit increased from approximately MOP115,000 for the six months ended 30 June 2023 to approximately MOP522,000 for the Period accordingly.

### **Other income**

Other income for the Period increased by approximately MOP0.9 million or 50.8% as compared with that for the corresponding period in 2023, which was mainly attributable to the increase in fixed deposit interest rates during the Period.

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

The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables and the contract assets on the same basis. The Group's impairment losses of trade receivables and contract assets decreased from approximately MOP127,000 for the six months ended 30 June 2023 to approximately MOP62,000 for the Period, mainly due to the decrease in expected loss in respect of a dispute on trade receivables contract assets of the Group.



### **Administrative expenses**

Administrative expenses for the Period increased by approximately MOP0.1 million or 2.0% as compared with that for the corresponding period in 2023, which was mainly due to the increase of staff expenses during the Period.

### **Income tax expense**

Income tax expense for the Period increased by approximately MOP2,000 or 14.3% as compared with that for the corresponding period in 2023, primarily due to the increase in profit before tax of the Company during the Period.

### **Loss for the Period**

The Group recorded a net loss of approximately MOP4.3 million for the Period, as compared to approximately MOP5.4 million for the corresponding period in 2023, which was mainly due to the tightening cost management on project budgeting by the Group.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

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

In respect of the management of the liquidity risk, the Group monitors and maintains an adequate level of cash and cash equivalents 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 approximately MOP175.6 million (31 December 2023: MOP179.6 million). The current ratio of the Group as at 30 June 2024 was 6.4 times (31 December 2023: 5.3 times).

The Group has maintained a healthy liquidity position. As at 30 June 2024, the Group had bank balances (including short-term bank deposits and pledged bank deposits) of approximately MOP130.0 million (31 December 2023: MOP141.8 million), which include cash and cash equivalents of approximately MOP44.8 million (31 December 2023: MOP114.7 million). As at 30 June 2024, the Group's cash and cash equivalents were denominated in MOP and Hong Kong dollars.

As at 30 June 2024, the Group had bank mortgage borrowing of approximately MOP12.6 million (31 December 2023: MOP12.8 million) at Bank of China Macau Branch with interest rate at 1 month Hong Kong Interbank Offered Rate plus 1.3% and capped interest rate at prime rate minus 3%, and the Group's gearing ratio (calculated as total debts dividing by total equity) was 6.2% (31 December 2023: 6.2%).

As at 30 June 2024, the Group's share capital and reserves amounted to approximately MOP5.2 million and MOP196.0 million, respectively (31 December 2023: MOP5.2 million and MOP200.3 million, respectively).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and MOP. As at 30 June 2024, the Group had no exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION OR DISPOSAL, AND FUTURE PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSET**

The Group had no significant investment held and no material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

The Group had no future plan for material investment or capital asset as at 30 June 2024.

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITY**

As at 30 June 2024, the Group had outstanding performance bonds of approximately MOP1.2 million (31 December 2023: MOP1.2 million) which were secured by pledged bank deposits of approximately MOP43,000 (31 December 2023: 42,000) and a property with carrying amount of approximately MOP16.6 million (31 December 2023: MOP16.6 million). As at 30 June 2024, the Group obtained total credit facilities of approximately MOP118.8 million (31 December 2023: MOP98.8 million) and these credit facilities were secured by the promissory notes of approximately MOP174.0 million (31 December 2023: MOP154.0 million).

Save as disclosed above, the Group had no other pledged assets or other significant contingent liability as at 30 June 2024 and 31 December 2023.

## **COMMITMENTS**

As at 30 June 2024, the Group did not have any significant capital commitment.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group entered into labour contracts with its employees in accordance with the labour laws of Macau. The remuneration package offered to employees generally includes basic salaries, allowances, benefits-in-kind and bonus. In general, the Group determines package of its employees based on each employee's qualification, position and seniority.

As a main contractor for some of the projects the Group undertakes, the Group applies for work permits for its non-Macau resident workers on a project-by-project basis. As at 30 June 2024, the Group had 67 (31 December 2023: 65) employees in Macau, comprising 48 Macau residents and 19 non-Macau residents (31 December 2023: 47 Macau residents and 18 non-Macau residents).

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 August 2020, which was effective upon the listing of its shares on the Stock Exchange. 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. Since the adoption of the Share Option Scheme and up to 30 June 2024, no share option had been granted thereunder.

## **PROSPECTS**

While the macroeconomic environment continues to face a number of uncertainties, the Group’s management team remains cautiously optimistic about its near-term prospects. Macau’s gross domestic product is expected to see steady growth for the second half of the year, with new opportunities for the E&M sector arising from the recovery in the tourism industry in Macau and efforts to further develop the region’s infrastructure by the Macau government. With its market-leading reputation and stable workforce, the Group is well positioned to capitalize on new opportunities and deliver projects on time, on budget and to a high standard. Going forward, the Group will continue to strive to secure new projects in an agile and prudent manner to maintain stable operations and reinforce its position as a leading E&M player in Macau.

## **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 shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

During the Period, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”) except for the deviation from code provision C.2.1 of Part 2 of the CG Code. Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheong Ka Wo (“**Mr. Cheong**”) is currently the chairman and chief executive officer of the Company. In view of the fact that Mr. Cheong has been assuming the responsibilities in the overall management and supervision of the daily operations of the Group since the

establishment of Kento (a wholly-owned subsidiary of the Group) in January 2011, the Board believes that it is in the best interest of the Group to have Mr. Cheong taking up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

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

## **INTERIM DIVIDEND**

The Directors have resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Group did not purchase, sell or redeem any of the listed securities of the Company during the Period and up to the date of this announcement. As at 30 June 2024, the Company did not hold any treasury shares.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. Law Lap Tak, Ms. Lee Sze Ming and Mr. Chan Ming Kit, all being independent non-executive Directors. The Audit Committee is chaired by Mr. Law Lap Tak 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 has reviewed the accounting principles and practices adopted by the Group, the condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this announcement. The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have not been audited or reviewed by the external auditor of the Company.

## **EVENTS AFTER THE PERIOD**

As at the date of this announcement, the Board is not aware of any other significant events after the Period.

By order of the Board  
**Macau E&M Holding Limited**  
**Cheong Ka Wo**  
*Chairman*

Hong Kong, 28 August 2024

*As of the date of this announcement, the board of directors of the Company comprises Mr. Cheong Ka Wo and Mr. Leong Kam Leng as executive Directors; Mr. Law Lap Tak, Ms. Lee Sze Ming and Mr. Chan Ming Kit as independent non-executive Directors.*