MACAU E&M HOLDING LIMITED
濠江機電控股有限公司

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濠江機電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1408)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Macau E&M Holding Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**", "**we**", "**us**" or "**our**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative results for the year ended 31 December 2023 ("**FY 2023**") as follows:

FINANCIAL HIGHLIGHTS

*(in Macanese Pataca ("**MOP**") thousand, unless otherwise stated)*

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Revenue	**92,052**	128,283
Gross profit	**7,221**	7,384
Loss for the year	**(2,490)**	(3,759)
Loss per share *(MOP cents)*	**(0.50)**	(0.75)
Bank balances (including short-term bank deposits and pledge bank deposits)	**141,603**	141,799
Total equity	**202,957**	205,447
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Current ratio	**8.5 times**	5.3 times
Aggregate value of contracts on hand yet to complete	**63,024**	71,445

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December

	Notes	2024 MOP'000 (Audited)	2023 MOP'000 (Audited)
Revenue	3	**92,052**	128,283
Cost of services		**(84,831)**	(120,899)
Gross profit		**7,221**	7,384
Other income		**5,092**	3,805
Impairment losses under expected credit loss model, net		**(547)**	(112)
Administrative expenses		**(14,038)**	(14,861)
Finance costs		**(193)**	(19)
Loss before tax		**(2,465)**	(3,803)
Income tax (expense) credit	4	**(25)**	44
Loss and total comprehensive expense for the year		**(2,490)**	(3,759)
Loss per share *(MOPcents)*	5	**(0.50)**	(0.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	**2024** **MOP'000** **(Audited)**	2023 *MOP'000* (Audited)
Non-current assets			
Property, plant and equipment		**36,968**	38,051
Right-of-use assets		**75**	177
Deposits and receivables	*7*	**99**	–
		37,142	38,228
Current assets			
Contract assets	*6*	**30,155**	49,264
Trade and other receivables	*7*	**29,518**	30,383
Pledged bank deposits		**43**	42
Short-term bank deposits		**41,630**	27,025
Cash and cash equivalents		**99,930**	114,732
		201,276	221,446
Current liabilities			
Contract liabilities	*8*	**988**	2,310
Trade payables and accruals	*9*	**22,063**	38,884
Lease liabilities		**54**	102
Bank borrowing		**546**	516
Tax liabilities		**31**	34
		23,682	41,846
Net current assets		**177,594**	179,600
Non-current liabilities			
Bank borrowing		**11,755**	12,304
Lease liabilities		**24**	77
		11,779	12,381
Net assets		**202,957**	205,447
Capital and reserves			
Share capital		**5,150**	5,150
Reserves		**197,807**	200,297
Total equity		**202,957**	205,447

NOTES:

1. GENERAL INFORMATION

Macau E&M Holding Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 24 October 2017. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Avenida da Concórdia, nos 175–181, Edifício Industrial Wang Fu, 10 Andar B e D, Macau.

The Company is an investment holding company. The principal activities of the subsidiaries (together with the Company referred to as the "**Group**") are engaged in the provision of electrical and mechanical ("**E&M**") engineering works; and maintenance and repair services.

The consolidated financial statements are presented in MOP, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("**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 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

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS *32 Financial Instruments: Presentation.*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 21	Lack of Exchangeability[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all these new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

For the purpose of resources allocation and performance assessment, the executive directors of the Company, who are also the directors of Kento Engineering Company Limited, the sole operating subsidiary of the Group, being the chief operating decision maker ("**CODM**"), review the overall results and financial position of the Group as a whole prepared based on accounting policies stated in 5(ii) Performance obligations for contracts with customers and revenue recognition policies.

Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented. No analysis of the Group's assets and liabilities is disclosed as such information is not regularly provided to the CODM for review.

Disaggregation of revenue from contracts with customers

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Revenue from construction contracts		
E&M engineering works	**89,700**	124,738
Provision of services		
Maintenance and repair services	**2,352**	3,545
	92,052	128,283
Timing of revenue recognition		
Over time	**92,052**	128,283

Geographical information

The Group's revenue is mainly derived from operations in Macau and the Group's non-current assets are all located in Macau as at 31 December 2024 and 2023.

	E&M engineering works		Maintenance and repair services	
	2024	2023	**2024**	2023
	MOP'000	*MOP'000*	***MOP'000***	*MOP'000*
Macau	**89,545**	124,738	**2,352**	3,545
Sri Lanka	**155**	–	**–**	–
	89,700	124,738	**2,352**	3,545

4. INCOME TAX (EXPENSE) CREDIT

	2024	2023
	MOP'000	*MOP'000*
Macau Complementary Tax		
Overprovision in prior year	**–**	5
Hong Kong Profits Tax		
Current tax charged	**(31)**	(34)
Overprovision in prior years	**6**	73
	(25)	44

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. No provision for Macau Complementary Tax has been provided as a subsidiary of the Company incurred loss for the year ended 31 December 2024 and 2023.

5. LOSS PER SHARE

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

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Loss		
Loss for the purpose of calculating basic loss per share	**(2,490)**	(3,759)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**500,000**	500,000

No diluted loss per share is presented for both years as there were no potential ordinary shares in issue for both years.

6. CONTRACT ASSETS

The contract assets arising from E&M engineering works, and maintenance and repair services are as follows:

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Contract assets from contracts with customers	**30,696**	49,294
Less: allowance for credit losses	**(541)**	(30)
	30,155	49,264
Represented by:		
E&M engineering works	**30,102**	49,207
Maintenance and repair services	**53**	57
	30,155	49,264
Analysed as current		
Unbilled revenue	**17,508**	32,035
Retention receivables	**12,647**	17,229
	30,155	49,264

As at 1 January 2023, contract assets amounted to MOP41,907,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of E&M engineering works and maintenance and repair services. The contract assets are transferred to trade receivables when the rights become unconditional.

Change of contract assets as at 31 December 2024 and 2023 represents the contract revenue recognised ahead of the accumulated progress billings.

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

Construction contracts

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

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

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

At 31 December 2024, retention money held by customers for contract works amounted to MOP12,647,000 (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 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.

	2024	2023
	MOP'000	*MOP'000*
Within one year	**7,828**	8,982
After one year	**4,819**	8,247
	12,647	17,229

As at 31 December 2024 and 2023, no retention money is past due. The Group does not hold any collateral over these balances.

7. TRADE AND OTHER RECEIVABLES

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Trade receivables from contracts with customers	**25,303**	28,096
Less: allowance for credit losses	**(327)**	(291)
	24,976	27,805
Other receivables, deposits and prepayments		
— Deposits	**155**	91
— Prepayments	**3,359**	1,899
— Interest receivables	**1,028**	531
— Other receivables	**99**	57
	4,641	2,578
Total trade and other receivables	**29,617**	30,383
Analysed as:		
Current	**29,518**	30,383
Non-current	**99**	–
	29,617	30,383

As at 1 January 2023, trade receivables from contracts with customers amounted to MOP40,780,000.

The Group allows a credit period of 30–60 days to its customers. The aging analysis of the Group's trade receivables at gross amount based on invoice date at the end of each reporting period are as follows:

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
0–30 days	**17,487**	18,491
31–60 days	**1,484**	6,050
61–90 days	**209**	501
Over 90 days	**6,123**	3,054
	25,303	28,096

As at 31 December 2024, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of MOP7,279,000 (2023: MOP9,605,000) which are past due as at the reporting date. Out of the past due balances MOP5,972,000 (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 amounts are still considered as recoverable based on historical experience.

8. CONTRACT LIABILITIES

The contract liabilities arising from E&M engineering works are as follows:

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Contract liabilities from contract with customers in relation to E&M works	**988**	2,310

As at 1 January 2023, there is no contract liability.

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

Change of contract liabilities as at 31 December 2024 and 2023 represents the reduction of accumulated progress billings ahead of the contract revenue recognised.

The following table shows the amount of the revenue recognised relates to carried-forward contract liabilities:

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**2,310**	–

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 construction activities commence, contract liabilities will arise at the start of the relevant contracts, until the revenue recognised on such relevant contracts exceeds the amount of the cash advances.

9. TRADE PAYABLES AND ACCRUALS

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
Trade payables	**5,721**	15,733
Accruals:		
— Accrued construction costs	**14,559**	19,515
— Accrued staff bonus	**–**	1,695
— Accrued legal and professional fees	**1,473**	1,424
— Other accrued charges	**310**	517
	22,063	38,884

The credit period on trade payables ranges from 0 to 90 days. The aging analysis of the Group's trade payables based on invoice dates at the end of each reporting period are as follows:

	2024	2023
	MOP'000	*MOP'000*
	(Audited)	(Audited)
0–90 days	**783**	11,695
91–365 days	**4,938**	4,038
	5,721	15,733

10. DIVIDENDS

	2024	2023
	MOP'000	*MOP'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Final — Nil (2023: 2022 final — HK1.08 cents (equivalent to MOP1.11 cents))	**–**	5,570
	–	5,570

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Company, I hereby announce the annual results of the Group for the year ended 31 December 2024.

During the Year, the economy of the Macau Special Administrative Region ("**Macau**") remained resilience, despite adverse geo-political and economic headwinds. Macau continued its recovery in 2024, with gross domestic product ("**GDP**") growing by 8.8%[1] year-on-year. The city's robust economy can be attributed to the support of the Central People's Government, coupled with Macau's active integration into the motherland. This is evident in Macau's recovering gaming and tourism industries, which saw gaming revenue rise by 23.9%[2] and visitor arrivals up 23.8%[3] year on year, respectively. As for the E&M engineering industry in Macau, there has been a steady stream of public and private projects, though at the same time intensifying competition for securing the contracts in respect of such projects.

With respect to the Group, total revenue of MOP92.1 million was recorded for the Year, with gross profit at MOP7.2 million and gross profit margin at 7.8%, up 2.0 percentage points for the latter year-on-year. It is worth noting that we were able to secure a fair number of projects, including one which involved closed-circuit television ("**CCTV**") work for a casino in Sri Lanka. At the same time, we have continued to implement strict cost-control measures to fortify our financial performance. Moreover, our organisational structure has been streamlined to ensure that resources are allocated and utilised efficiently and effectively.

1 https://www.dsec.gov.mo/zh-MO/Home/News?id=30417
2 https://www.dicj.gov.mo/web/en/information/DadosEstat_mensal/2024/index.html
3 https://www.dst.gov.mo/en/about-us/press-release/a4ca2fbe7a9c4264afcf32268ad8da61.html

Looking ahead to the new financial year ending 31 December 2025, we are cautiously optimistic towards the economic prospects for the region, as well as the outlook for the E&M industry in Macau as a whole. According to the University of Macau, it has forecasted a GDP growth rate of 7.7%[4] for Macau in 2025, despite an uncertain global economic outlook taking into account the consequence of slowing growth in Mainland China and uncertainties surrounding the economic policies of various countries and their downside risks. Given that the Macau Government will continue to diversify its economy, pursue public administration reforms, and ensure social harmony, we will seek to capitalise on such efforts. This will include seizing opportunities that arise from public housing projects and new government initiatives. In unison, we will look at diversifying our business interests abroad. To promote the steady growth of our business, we will also continue optimising all facets of operations to enhance efficiencies. Moreover, we will embrace the latest construction solutions so that we remain one of the top E&M engineering services works contractors in Macau and overseas.

On behalf of the Board and management of the Company, I would like to express my sincere gratitude to all our shareholders, investors, customers and partners for their trust in and continuous support for the Group. My heartfelt appreciation also goes to all our staff members for their tremendous effort and remarkable performance in 2024, despite the many obstacles confronted.

CHEONG Ka Wo
Chairman, CEO and Executive Director

20 March 2025

4 https://www.gov.mo/en/news/350158/

MANAGEMENT DISCUSSION & ANALYSIS COMPANY

OVERVIEW

As an integrated E&M engineering service works contractor registered with the Land, Public Works and Transport Bureau of Macau, the Company provides a comprehensive mix of E&M engineering service works based on the needs of its customers in Macau. The comprehensive mix of E&M engineering works involves a combination of the supply and/or installation of (i) low voltage systems works; (ii) heating, ventilation and air-conditioning systems works; and (iii) extra low voltage systems works, and the relevant testing and commissioning thereof as well as management and monitoring of quality and delivery of E&M engineering services works in Macau. The Group began its business through focusing on the public sector E&M engineering services works projects and gradually expanded into the private sector. The Group offers repair and maintenance service for property and hospitality facilities in Macau, including world class hotels and integrated entertainment resorts. The demand from this sector would be driven by the strategy and planning of the casinos and hotel operators in Macau, which would in turn increase the demand for repair and maintenance related E&M works.

BUSINESS REVIEW

In 2024, the Macau E&M industry presents a mixed landscape, there was a recovery in projects, yet this growth was met with heightened competition and cost pressures. Major projects were predominantly awarded to international firms because of their established brands and economies of scale, while a vast number of local players competed for minor projects with limited scope or slim profit margins.

For the Year, the Group recorded total revenue of MOP92.1 million, slipping from MOP128.3 million in 2023 — a reflection of fewer contracts secured by the Group during the Year. The decline in projects won by the Group was largely due to intensified market rivalry and subdued demand from both the entertainment and resorts sector and public sectors, which remained cautious in their investment and expansion plans, leading to fewer tendering opportunities. Despite lower revenue, the Group reduced its net loss to MOP2.5 million during the Year from MOP3.8 million in 2023, demonstrating progress in managing costs and improving operational efficiency. During the Year, the Group implemented strategic measures to streamline internal operations in order to enhance cost efficiency. By optimising resource allocation, reducing unnecessary expenditures, and improving project execution, the Group was able to lower operating expenses and deliver certain projects more effectively. These initiatives not only enhanced the Group's adaptability in a challenging market, but also contributed to a 2.0 percentage point increase in the gross profit margin year-on-year.

In 2024, the Group managed 25 projects, with 19 from the private sector and 6 from the public sector. During the Year, the Group actively submitted tenders for new projects to maintain revenue growth and business stability. It secured a significant CCTV-related project for a casino in Sri Lanka, with a contract sum of MOP26.5 million. This marked a significant achievement for the Group for successfully capitalising on overseas business ventures to drive future growth.

The Group remains in a healthy financial position. As at 31 December 2024, it had cash and bank balances (including short-term bank deposits and pledged bank deposits) of MOP141.6 million, as well as bank mortgage borrowings of MOP12.3 million. The Group's net current assets totalled approximately MOP177.6 million.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2024 and 2023:

	2024		2023	
	MOP'000 **(Audited)**	***%***	*MOP'000* (Audited)	*%*
E&M engineering works	**89,700**	**97.4**	124,738	97.2
Maintenance and repair services	**2,352**	**2.6**	3,545	2.8
	92,052	**100**	128,283	100

The Group recorded revenue of MOP 92.1 million for the Year, which represented a year-on-year decrease of 28.2% (2023: MOP128.3 million), the decrease of which was primarily attributable to the awarded projects with a smaller contract sum in the Year as compared to FY2023.

Slow recovery and longer tendering process of the E&M industrial market in Macau during the Year, especially for the projects from the entertainment and resorts sector and public sector, resulted in sluggish demand for E&M engineering services in Macau, and significantly affected the Group's revenue.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin for the years ended 31 December 2024 and 2023:

	2024		2023	
	Gross profit *MOP'000* **(Audited)**	**Gross margin** *%*	Gross profit *MOP'000* (Audited)	Gross margin *%*
E&M engineering works	**6,838**	**7.6**	7,410	5.9
Maintenance and repair services	**383**	**16.3**	(26)	(0.7)
	7,221	**7.8**	7,384	5.8

For the Year, the Group recorded a gross profit of MOP7.2 million (2023: MOP7.4 million), which represented a year-on-year decrease of 2.2%, primarily attributable to (i) a decrease in the number of awarded projects during the Year with a smaller contract sum as compared to FY2023; and (ii) slow recovery and longer tendering process of the E&M industrial market in Macau during the Year, especially for the projects from the entertainment and resorts sector and public sector, resulted in sluggish demand for E&M engineering services in Macau, and indirectly affected the Group's gross profit.

Notwithstanding the profit has decreased slightly, the profit margin increased by 2 percentage points year-on-year, mainly benefiting from the stringent internal resources and cost control measures adopted by the Group including optimisation of resource allocation, reduction of unnecessary expenditures, and improvement in project execution. Nevertheless, upon the combination of the above factors, the gross profit for the Year was still unable to cover all the associated fixed costs and salaries in respect of certain projects. Despite the challenging business environment, during the Year, the Group still strives to be socially responsible and with a view to maintain its competitiveness and capability, the Group has maintained as many members within the workforce as possible while striking a balance on project cost.

Other income

During the Year, other income increased by MOP1.3 million to MOP5.1 million (2023: MOP3.8 million), which was primarily attributable to most of the fixed deposit principal in high rank of interest rate during the year.

Impairment losses under expected credit model, net

The impairment losses in trade receivables and contract assets were MOP0.5 million for the Year (2023: MOP0.1 million). The increase in the provision for impairment losses for the Year was attributable to the higher receivables risk globally and taking into account the increase in long-aged receivables from certain customers of the Group as at 31 December 2024. The Group applied a simplified approach to measure expected credit loss ("**ECL**") which uses a lifetime ECL for all trade receivables and contract assets in accordance with the relevant accounting standards regardless of the settlement status of the underlying receivables and assets subsequent to 31 December 2024. Trade receivables and contract assets with individual significant balances are assessed for impairment individually, the remaining trade receivables and contract assets are assessed collectively using a collective basis with appropriate groupings.

Administrative expenses

Administrative expenses decreased by MOP0.9 million to MOP14.0 million for the Year (2023: MOP14.9 million). The decrease was contributed by the saving of MOP0.4 million in rental cost as the Group began to use its own properties as office and warehouse during Year 2024, with all previous rental contracts expired in the second quarter of Year 2024. Another cost saving of MOP0.5 million from professional fees, transportation and other daily routine cost which benefited from the Group's strict cost control and re-negotiation with vendors.

Income tax (expense) credit

Income tax expense recorded for the Year amounted to MOP25,000 (2023: credit of MOP44,000) which was attributed to the written-back of the overprovision of tax payable of MOP6,000 for the Year and the provision of current tax of MOP31,000.

Loss and total comprehensive expense for the year

The Group recorded a loss for the Year of MOP2.5 million (2023: loss of MOP3.8 million) which was primarily attributable to the combined effect of the abovementioned items.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

In the management of liquidity risks, 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. The Company had a high level of cash as at 31 December 2024. Due to economic uncertainty, the Group prefers a conservative financial strategy to maintain a high year-end cash balance to ensure liquidity for potential projects and mitigate the liquidity risks.

As at 31 December 2024, the Group had net current assets of MOP177.6 million (2023: MOP179.6 million). The current ratio of the Group as at 31 December 2024 was 8.5 times (2023: 5.3 times).

The Group has maintained a healthy liquidity position. As at 31 December 2024, the Group had total bank balances (including short- term bank deposits and pledge bank deposits) of MOP141.6 million (2023: MOP141.8 million). The Group's bank balances were mainly denominated in MOP and HK$.

As at 31 December 2024, the Group had bank mortgage borrowing of MOP12.3 million (2023: MOP12.8 million) at The Bank of China Macau Branch with interest rate at 1 month Hibor +1.3% and capped interest rate at Prime –3%, and the Group's gearing ratio (calculated as total debts dividing by total equity) was 6.1% (2023: 6.2%).

As at 31 December 2024, the Group's share capital and reserves amounted to MOP5.2 million and MOP197.8 million, respectively (2023: MOP5.2 million and MOP200.3 million, respectively).

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions, assets and liabilities are principally denominated in HK$ and MOP. While the Group's business has entered into a new geographic location due to the new project in Sri Lanka, as the contract was confirmed in USD the Company considers that it does not have significant impact on the Group's exposure to foreign exchange risks. As at 31 December 2024, the Group had no exposure to foreign exchange contracts, interest, currency swaps or other financial derivatives.

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

The Group had no significant investments held and no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

The Group had no future plan for material investments or capital assets as at 31 December 2024.

PLEDGE OF ASSETS, PERFORMANCE BONDS AND CONTINGENT LIABILITY

At 31 December 2024, the Group has issued the following promissory notes:

a. an amount of MOP14.4 million (2023: MOP14.4 million) to secure the bank borrowing of MOP12.3 million (2023: MOP12.8 million) in favour of a bank, which is also secured by office premises with carrying amount of MOP16.2 million (2023: MOP16.6 million); and

b. an amount of MOP20 million (2023: Nil) to secure a credit facility of MOP20 million in favour of a bank.

In addition, a credit facility of MOP41.3 million was granted by a bank with effect from 5 March 2025 which was secured by a promissory note of MOP45.4 million provided by the Company.

COMMITMENTS

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

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 the remuneration package of its employees based on each employee's qualification, position and seniority.

As the main contractor for some of the projects undertaken, the Group applies for work permits for its non-Macau resident workers on a project-by-project basis. As at 31 December 2024, the Group had 49 (2023: 65) employees in Macau, comprising 30 Macau residents and 19 non-Macau residents (2023: 47 Macau residents and 18 non-Macau residents).

The Company has adopted a share option scheme on 11 September 2020, the purpose of which is to recognise and acknowledge the contributions that the eligible participants had or may have made to the Group.

PROSPECTS

Although the Group will continue to be confronted by intense competition and ongoing macroeconomic developments, there are encouraging signs of recovery in key markets, offering a sense of cautious optimism moving forward. Moreover, Macau, benefiting from the Central People's Government's support and the efforts of different local sectors, will achieve greater economic diversification and further rise in its stature as a global leisure and tourism hub. This will, in turn, give rise to the development of large-scale resorts, entertainment venues and infrastructure projects, all of which will create tremendous opportunities for E&M companies such as the Group to provide advanced engineering and maintenance solutions.

Ready to capitalise on Macau's economic recovery, the Group is in robust financial health and has a solid business foundation. Furthermore, it is a leading member of the E&M industry in Macau with a sterling reputation, which is why it secured 16 projects that are expected to contribute revenue to the Group in 2025. Moreover, the Group has received numerous tender invitations from government departments, casinos, hotels, and resorts in Macau for 2025, which present opportunities to expand its project portfolio and sustain long-term growth.

Beyond Macau, the successful tender for the CCTV-related project in Sri Lanka marks a strategic milestone in the Group's overseas expansion. Building on the success of this project, the Group plans to actively pursue new opportunities in the region. By delivering high-quality and large-scale projects, the Group aims to establish itself as a trusted partner for international clients in the E&M sector, further diversifying its revenue streams and strengthening its presence in the target key markets.

To ensure that long-term sustainable growth is realised, the Group will continue adhering to a prudent management approach so that all costs are well reined in. It will also observe stringent budgeting practices, review operational expenses in a timely manner, and maintain financial discipline while allocating resources. At the same time, focus will be directed towards identifying cost-saving opportunities that do not compromise efficiency or service quality. This meticulous approach will enable the Group to navigate market challenges effectively and drive profitability.

Despite the challenges posed by the current economic climate, the Group is unperturbed. It remains poised to capture emerging opportunities by leveraging its market leadership, solid financial position, and commitment to operational excellence. With proven areas of expertise and the determination to create lasting value, the Group is confident in its ability to overcome adversity, achieve sustainable progress, and deliver favourable returns to its stakeholders.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: nil per ordinary share of the Company (the "**Share(s)**").

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM

The 2025 annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 23 May 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 16 May 2025 to Friday, 23 May 2025 (both days inclusive), during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 May 2025.

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 of the Company (the "**Shareholder(s)**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

During the Year, 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 (the "**CG Code**") to the Rule Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") except for the deviation from code provision C.2.1 of Part 2 of the CG Code. Code provision C.2.1 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 Engineering Company Limited (a direct wholly-owned subsidiary of the Company) 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 such deviation, 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 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 Year.

Pursuant to paragraph 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 of the Company, 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 from dealing by the Model Code as if he/she were a Director.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) during the Year. As at 31 December 2024, the Company does not hold any treasury shares.

AUDIT COMMITTEE

The Board has established an audit committee (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 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 Audit Committee has reviewed the consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group, as well as the risk management and internal control systems of the Group.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after 31 December 2024 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the Company's website at www.macauem.com and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Company for the Year will be despatched to the Shareholders (if so requested) and will be made available on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the Shareholders, business associates and other professional parties for their continuous support to the Group throughout the Year.

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

Macau, 20 March 2025

As at the date of this announcement, the executive Directors are Mr. Cheong Ka Wo and Mr. Leong Kam Leng, and the independent non-executive Directors are Mr. Law Lap Tak, Ms. Lee Sze Ming and Mr. Chan Ming Kit.