MECOM
POWER & CONSTRUCTION

MECOM POWER AND CONSTRUCTION LIMITED
澳能建設控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1183)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

- Overall revenue for the six months ended 30 June 2018 increased to MOP362.9 million as compared with that of MOP290.8 million for the six months ended 30 June 2017.

- Overall gross profit maintained stable at MOP54.3 million for the six months ended 30 June 2018 as compared with that of MOP54.7 million for the six months ended 30 June 2017.

- The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 February 2018. The Group had incurred the one-off listing expenses of MOP14.4 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: MOP6.7 million). Profit for the six months ended 30 June 2018 was therefore reduced to MOP20.8 million as compared with that of MOP32.0 million for the six months ended 30 June 2017 due to significant increment on the listing expenses.

- During the six months ended 30 June 2018, the Group was awarded 12 projects (out of which, 10 and 2 are as a main contractor and subcontractor, respectively) with total original contract sum of MOP78.7 million.

- The directors of the Company resolved to declare an interim dividend of HK1.0 cent (equivalent to MOP1.03 cents) per share for the six months ended 30 June 2018, amounting to HK$12 million (equivalent to MOP12.4 million) in total.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of MECOM Power and Construction Limited (the "**Company**" or "**MECOM**") is pleased to present the unaudited interim consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018
(Expressed in MOP)

		Six months ended 30 June	
		2018	2017
	Notes	***MOP'000***	*MOP'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**362,902**	290,763
Cost of services		**(308,598)**	(236,049)
Gross profit		**54,304**	54,714
Other income		**1,790**	321
Other losses		**–***	(17)
Administrative expenses		**(16,557)**	(9,127)
Listing expenses		**(14,424)**	(6,667)
Profit before tax		**25,113**	39,224
Income tax expense	*4*	**(4,282)**	(7,202)
Profit and total comprehensive income for the period		**20,831**	32,022
Basic and diluted earnings per share (MOP cents)	*5*	**1.82**	3.34

* Less than MOP1,000

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018
(Expressed in MOP)

	Notes	30 June 2018 MOP'000 (Unaudited)	31 December 2017 MOP'000 (Audited)
Non-current asset			
Property, plant and equipment		**13,347**	15,630
Current assets			
Contract assets	*6*	**34,049**	–
Amounts due from customers for contract works		**–**	6,070
Debtors, deposits and prepayments	*7*	**167,371**	98,610
Amounts due from related companies	*8*	**78,622**	105,679
Amounts due from shareholders		**–**	46
Pledged bank deposits		**22,657**	41,108
Fixed bank deposits		**214,858**	–
Bank balances and cash		**168,582**	165,882
		686,139	417,395
Current liabilities			
Contract liabilities	*6*	**453**	–
Amounts due to customers for contract works		**–**	8,478
Amounts due to related companies	*8*	**74**	2,739
Amounts due to shareholders		**–**	5,021
Creditors and accrued charges	*9*	**146,481**	178,779
Tax liabilities		**37,744**	36,076
Dividend payables		**82,812**	–
		267,564	231,093
Net current assets		**418,575**	186,302
Net assets		**431,922**	201,932
Capital and reserves			
Share capital		**12,360**	–*
Reserves		**419,562**	201,932
Total equity		**431,922**	201,932

* Less than MOP1,000

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands with limited liability and its shares have been listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 13 February 2018.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in structural steelworks, civil engineering construction, fitting out and renovation works, high voltage power substation construction and its system installation works, facilities management, alternation and maintenance works and services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the Period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/ or disclosures.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on structural steelworks, civil engineering construction, fitting out and renovation works, high voltage power substation construction and its system installation works, facilities management, alteration and maintenance works and services.

For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further discrete financial information nor analysis of this single segment is presented.

	Six months ended 30 June	
	2018	2017
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Structural steelworks, civil engineering construction, and fitting out and renovation works	**225,013**	236,874
High voltage power substation construction and its system installation works	**96,059**	27,277
Facilities management, alteration and maintenance works and services	**41,830**	26,612
	362,902	290,763
Timing of revenue recognition		
Over time	**362,902**	290,763

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

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Current tax:		
Macau Complementary Tax	**4,282**	7,202

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

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

5. 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 June	
	2018	2017
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**20,831**	32,022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**1,142,983**	960,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2017 has been determined on the assumption that the Reorganisation and the Capitalisation issue (each as defined in Note 1 to the consolidated financial statements of the Company as set out in the Company's 2017 annual report) had been effective on 1 January 2017.

For the six months ended 30 June 2018, the diluted earnings per share does not assume the effect from the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares from the grant date to 30 June 2018. For the six months ended 30 June 2017, there was no potential ordinary shares in issue or outstanding.

6. CONTRACT ASSETS AND LIABILITIES

	30 June 2018 *MOP'000* (Unaudited)
Contract balance at the end of the reporting period are as follows:	
Structural steelworks, civil engineering construction, and fitting out and renovation works	**27,510**
High voltage power substation construction and its system installation works	**5,958**
Facilities management, alteration and maintenance works and services	**128**
	33,596
Analysed for reporting purposes as:	
Contract assets	**34,049**
Contract liabilities	**(453)**
	33,596

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 respective contracts.

The contract liabilities primarily relate to the Group's obligation to transfer construction contracts to customers for which the Group has received consideration from the customers.

As at 30 June 2018, included in contract assets are retention money held by customers for contract works amounted to MOP34,049,000, of which MOP16,040,000 represented the retention money held by a related company.

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 project.

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 each reporting period.

	30 June 2018 *MOP'000* (Unaudited)
Due within one year	**19,025**
Due after one year	**15,024**
	34,049

7. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2018 *MOP'000* (Unaudited)	31 December 2017 *MOP'000* (Audited)
Trade receivables	**159,587**	76,396
Retention receivables	**–**	14,622
Other debtors, deposits and prepayments		
– Deposits	**1,040**	1,028
– Prepayments	**4,466**	2,188
– Deferred share issue costs	**–**	2,692
– Others	**2,278**	1,684
	167,371	98,610

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

	30 June 2018 *MOP'000* (Unaudited)	31 December 2017 *MOP'000* (Audited)
Trade receivables:		
0 – 90 days	**136,264**	62,155
91 – 365 days	**22,902**	13,450
1 – 2 year	**391**	696
Over 2 years	**30**	95
	159,587	76,396

	30 June 2018 *MOP'000* (Unaudited)	31 December 2017 *MOP'000* (Audited)
Retention receivables:		
On demand or within one year	**–**	9,982
After one year	**–**	4,640
	–	14,622

8. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

(a) Amount due from a related company (trade receivables)

The Group typically allows a credit period of 45 days to its related company. The following is an aging analysis of the amount due from a related company (trade receivables) presented based on invoice date at the end of the reporting period.

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
0 – 90 days	**74,404**	84,219
91 – 365 days	**3,659**	1,653
Over 1 years	**164**	–
	78,227	85,872

(b) Amount due from a related company (retention receivables)

The following is an aging analysis of the amount due from a related company (retention receivables) which is to be settled, based on the expiry of defect liability period, at the end of the reporting period.

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
On demand or within one year	**–**	896
After one year	**–**	18,379
	–	19,275

(c) Amount due to a related company (trade payables)

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

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Within 90 days	**74**	–

9. CREDITORS AND ACCRUED CHARGES

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Trade payables	**31,604**	79,572
Retention payables	**6,870**	1,240
Other creditors and accrued charges		
– Accrued expenses and construction costs	**108,007**	97,285
– Receipt in advance	**–**	682
	146,481	178,779

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

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Trade payables:		
0 – 90 days	**31,294**	73,279
91 – 365 days	**310**	5,133
1 – 2 year	**–**	1,160
	31,604	79,572

	30 June 2018	31 December 2017
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Retention payables:		
On demand or within one year	**6,870**	1,240

10. DIVIDENDS

In June 2018, dividends of HK6.7 cents (equivalent to MOP6.9 cents) per share, which is HK$80,400,000 (equivalent to MOP82,812,000) in total, was declared to the shareholders as the final dividend for 2017.

The Directors have determined that an interim dividend of HK1.0 cent (equivalent to MOP1.03 cents) per share with a total of HK$12,000,000 (equivalent to MOP12,360,000) shall be paid to the shareholders of the Company whose names appear in the register of members on 18 September 2018.

During the six months ended 30 June 2017, EHY Construction and Engineering Company Limited and Sun Hung Yip Engineering Construction Company Limited declared and paid dividends of an aggregate amount of MOP41,200,000 to their shareholders.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

MECOM primarily undertakes highly challenging and complex construction projects in Macau, particularly those involving structural steelworks, and also high voltage power substation construction projects. It also provides facilities management, alteration, and maintenance works and services. As one of the industry leaders in Macau, the Group ranks high in the civil engineering market and the high voltage power substation construction project market in Macau.

MECOM was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 February 2018 (the "**Listing**"), opening a new chapter in its development history. The Listing has enhanced the Group's corporate profile and strengthened recognition from customers, which has solidified its foundation for future development.

For the six months ended 30 June 2018, the Group continued to actively expand its businesses. Total revenue of the Group from the three business segments, namely (a) structural steelworks, civil engineering construction and fitting out and renovation works, (b) high voltage power substation construction and its system installation works, and (c) facilities management, alteration and maintenance works and services, amounted to MOP362.9 million, 24.8% higher than that of MOP290.8 million for the same period last year. The increase was mainly due to the significant growth in high voltage power substation construction and its system installation works as well as facilities management, alteration and maintenance works and services business. However, part of the growth was offset by the slight decline in the structural steelworks, civil engineering construction and fitting out and renovation works business.

Gross profit maintained stable at MOP54.3 million for the Period, 0.7% lower than that of MOP54.7 million in the same period last year. The gross profit margin was 15.0% (for the same period of 2017: 18.8%). The decline was a result of the completion of several hotel projects during the Period which reduced the Group's available labour quota and drove labour costs up, and the Group's adoption of a more competitive pricing strategy in order to secure more projects. The Group recorded profit of MOP20.8 million in the Period, 34.9% lower than that of MOP32.0 million for the same period last year. Excluding the one-off listing expenses of MOP14.4 million, the adjusted profit for the Period would have been MOP35.2 million, 8.9% lower than that of the same period last year. Net profit margin and adjusted net profit margin was 5.7% and 9.7%, respectively (for the same period of 2017: 11.0% and 13.3%, respectively).

Segment Analysis

Structural Steelworks, Civil Engineering Construction, and Fitting Out and Renovation Works

The Group's structural steelworks services generally include the provision of customised and target-oriented steel structure erection services which typically consist of structural steelworks, concreting and builder works, using a suitable combination of each to produce an efficient structure. Civil engineering construction services generally include demolition, ground field investigation, site formation and foundation works, as well as substructures and superstructures, roads and drainage. Fitting out and renovation works generally include the provision of alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal and installation of equipment and general renovation works.

During the Period, revenue from structural steelworks, civil engineering construction, and fitting out and renovation works was MOP225.0 million, representing a decrease of 5.0% from the corresponding period last year, and accounted for 62.0% of the Group's total revenue. The decrease was mainly due to the completion of some of the large-scale structural steelworks and civil engineering construction projects during the Period, leading to a decline in revenue recognised. To maximise the chance of winning tenders, the Group has carefully considered the nature and complexity of the projects and adopted more competitive pricing after conducting costing and pricing analysis. While this strategy may pose pressure on segmental gross profit margin, the Group believes that it is conducive to the Group's effort to expand its customer base which can further facilitate its overall development. In the future, the Group will strive to achieve a balance and maintain the gross profit margin at a reasonable level.

High Voltage Power Substation Construction and Its System Installation Works

The Group's high voltage power substation construction and its system installation works generally involve the provision of the planning, scheduling, project management and construction of customised and technologically advanced high-voltage substations and complex power transmission infrastructure with installation of high voltage power system.

During the Period, revenue of this segment amounted to MOP96.1 million, representing an increase of 252.2% from the same period last year, which accounted for 26.5% of the Group's total revenue. The increase was mainly attributable to the provision of electrical and mechanical ("**E&M**") works, together with its power project partner, to the 110/11kV high voltage power substation in the theme park of a casino gaming operator in Macau during the Period, thus the revenue recognised from high voltage power substation construction and its system installation works increased substantially.

Facilities Management, Alteration and Maintenance Works and Services

The Group's facilities management, alteration and maintenance works and services generally involve the provision of facilities operation and maintenance management, alteration, upgrading, maintenance works and emergency repairs of a variety of buildings, properties and their components (especially for hotels and resorts) and high voltage power substations and its systems.

During the Period, benefitting from the rising demand for facilities management and related works and services in Macau, the Group secured more engineering contracts, resulting in the revenue climbing 57.2% as compared to the same period last year to MOP41.8 million and contributing 11.5% of its total revenue during the Period. However, there was a shortage of construction workers in Macau during the Period. The number of foreign workers introduced into Macau was insufficient to meet the demand, so labour costs have notably increased, thus affecting the operation of its facilities management, alteration and maintenance works and services segment. The Group will apply for additional labour quota after new project(s) are secured to mitigate the cost pressure.

Prospects

Taking advantage of the national policies and holistic planning of Macau, the city continues to develop its tourism industry which presents an advantageous situation. More facilities are to be built to turn Macau into an international tourism and leisure centre. Many operators of hotels and entertainment facilities already announced that they will step up investments and launch a variety of large-scale projects for hotels and sight-seeing facilities. Existing hotels, casinos and other entertainment venues have also confirmed their upgrade and renovation plans. The Group believes that infrastructure-related industries including integrated construction engineering services and power generation facilities offer enormous room for development, as more large-scale construction projects commence in the city.

To capture these opportunities, the Group intends to leverage its extensive professional technological capabilities and experience and its in-depth knowledge of the market. Most notably, it intends to more actively participate in biddings for new projects to expand its businesses, and also add new facilities and hire additional staff in order to enlarge its market share in the potentially lucrative Macau market. The Group has been invited to take part in biddings for the development projects of large-scale hotels and entertainment facilities in Macau. Based on its successful experience, it is confident that it can continue to secure new construction projects in the future. Looking ahead to the second half of the year, several projects, tenders for which were won by the Group, including the high voltage power substation construction for Macau's light rail transit system, will begin construction and are expected to contribute to the Group's future operating results.

Furthermore, given the surging power consumption in Macau in recent years and after the typhoon disaster last August, the Macau SAR Government has decided to build a new power plant and is also evaluating the feasibility of upgrade of power substations in old districts. The decision has stimulated a huge demand for high voltage power substation construction and system installation works. To meet the demand for surging power consumption, the market has promoted the development of renewable energy. Amongst all renewable energies, solar power technology has the strongest development potential as the technology matures and becomes more widespread. Through its accumulated experience in the design, construction and management of solar power generation facilities, the Group is capable of implementing quality and efficient construction and management and, at the same time, it has maintained a solid cooperative relationship with the providers of related technologies and equipment. Hence, it is confident that it will achieve more fruitful results in the solar power generating facilities business.

Moreover, the Group will endeavor to enhance its efficiency in all aspects of its operations. It will also maintain its profitability and financial stability through an effective pricing strategy and stringent cost control policy. Measures taken towards this end include applying for a larger quota for the employment of more imported workers in line with the progress of the construction projects, so as to avoid delays in works and rising costs due to labour shortages, and hiring additional project management staff to raise the Group's overall professional technological capability, ensuring that the construction works will be completed smoothly and efficiently.

FINANCIAL REVIEW

Revenue

Our revenue increased by MOP72.1 million, or 24.8%, from MOP290.8 million for the six months ended 30 June 2017 to MOP362.9 million for the six months ended 30 June 2018, which was primarily attributable to the combined effect of the following:

(i) Structural Steelworks, Civil Engineering Construction, and Fitting Out and Renovation Works

Our revenue from structural steelworks, civil engineering construction, and fitting out and renovation works decreased by MOP11.9 million, or 5.0%, from MOP236.9 million for the six months ended 30 June 2017 to MOP225.0 million for the six months ended 30 June 2018. Such decrease was mainly due to the fact that we had substantial progress of works for some of our large-scale projects in this business stream (such as the site management project and the high end atrium fitting out project for the world's first free-form exoskeleton skyscraper luxury hotel) during 2017 (which were completed in 2018).

(ii) High Voltage Power Substation Construction and Its System Installation Works

Our revenue from high voltage power substation construction and its system installation works increased by MOP68.8 million, or 252.2%, from MOP27.3 million for the six months ended 30 June 2017 to MOP96.1 million for the six months ended 30 June 2018. Such increase was mainly due to the revenue of MOP66.4 million generated from the E&M works contract for the 110/11kV high voltage power substation of the theme park of a casino gaming operator in Macau as part of a consortium with its power projects partner in 2018.

(iii) Facilities Management, Alteration and Maintenance Works and Services

Our revenue from facilities management, alteration and maintenance works and services increased by MOP15.2 million, or 57.2%, from MOP26.6 million for the six months ended 30 June 2017 to MOP41.8 million for the six months ended 30 June 2018. Such increase was mainly due to the commencement of certain new hotel and casino high/mid/low voltage power system facilities management and maintenance works and services in July 2017.

Cost of Services

Our cost of services increased by MOP72.5 million, or 30.7%, from MOP236.1 million for the six months ended 30 June 2017 to MOP308.6 million for the six months ended 30 June 2018, which was largely in line with an increase in our revenue, and mainly reflected by an increase in our material costs by MOP60.3 million, or 165.2%, from MOP36.5 million for the six months ended 30 June 2017 to MOP96.8 million for the six months ended 30 June 2018 mainly due to an increase in costs of power systems used in the E&M works contract for the 110/11kV high voltage power substation for 2018.

Gross Profit and Gross Profit Margin

Our gross profit for the six months ended 30 June 2018 amounted to MOP54.3 million, which was about in line compared to that of MOP54.7 million for the six months ended 30 June 2017. The fluctuation of our gross profit of each of our business streams also followed the fluctuation of our cost of services of each of our business streams.

The gross margin of our structural steelworks, civil engineering construction, and fitting out and renovation works decreased from 19.7% for the six months ended 30 June 2017 to 18.2% for the six months ended 30 June 2018 primarily attributable to the adoption of a more competitive pricing strategy in tendering our large-scale projects awarded since the second half of 2016 in the view of the keen market competition.

The gross margin of our high voltage power substation construction and its system installation works increased from 10.6% for the six months ended 30 June 2017 to 12.7% for the six months ended 30 June 2018 primarily attributable to the increase in revenue in the Period, with a significant gross profit of MOP6.1 million generated from the provision of power systems for the E&M works contract of the 110/11kV high voltage power substation.

The gross margin of our facilities management, alteration and maintenance works and services decreased from 19.0% for six months ended 30 June 2017 to 2.5% for six months ended 30 June 2018 primarily attributable to more repair and replacement costs incurred and more subcontracting works were used for our facilities management and maintenance works and services in 2018.

Due to the decrease in the gross margins of each of our business streams as mentioned above, our overall gross margin decreased from 18.8% for the six months ended 30 June 2017 to 15.0% for the six months ended 30 June 2018.

Other Income

Our other income increased by MOP1.5 million, from MOP0.3 million for the six months ended 30 June 2017 to MOP1.8 million for the six months ended 30 June 2018. Other income mainly consisted of bank interest income.

Administrative Expenses

Our administrative expenses increased by 81.4% from MOP9.1 million for the six months ended 30 June 2017 to MOP16.6 million for six months ended 30 June 2018 primarily attributable to (i) an increase in our staff costs mainly due to the recognition of our Directors' emoluments of MOP4.5 million; and (ii) an increase in our legal and professional fees incurred after the Listing.

Listing Expenses

Listing expenses of MOP14.4 million was incurred for the six months ended 30 June 2018, compared to that of MOP6.7 million for the six months ended 30 June 2017.

Income Tax Expense

Our income tax expense decreased by 40.5% from MOP7.2 million for the six months ended 30 June 2017 to MOP4.3 million for the six months ended 30 June 2018, which was largely in line with the decrease in our profit before tax mainly due to an increase in our administrative expenses as disclosed above.

Profit for the Period

Our profit for the Period decreased by 34.9% from MOP32.0 million for the six months ended 30 June 2017 to MOP20.8 million for the six months ended 30 June 2018 primarily attributable to (i) the combined effect of the abovementioned items; and (ii) the recognition of our listing expenses of MOP14.4 million for the six months ended 30 June 2018.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June 2018	As at 31 December 2017
	MOP'000	*MOP'000*
Current assets	**686,139**	417,395
Current liabilities	**267,564**	231,093
Current ratio	**2.6**	1.8

As at 30 June 2018, the Group had net current assets of MOP 418.6 million (31 December 2017: MOP186.3 million). The current ratio of the Group as at 30 June 2018 was 2.6 (31 December 2017: 1.8).

Cash Position and Fund Available

During the Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and proceeds from the Listing. As at 30 June 2018, our bank balances and cash (including fixed bank deposits) were MOP383.4 million (as at 31 December 2017: MOP165.9 million). The unutilised credit facilities was MOP209.7 million (as at 31 December 2017: MOP309.7 million) as at 30 June 2018.

Gearing Ratio

As at 30 June 2018, the Group had no bank borrowings (as at 31 December 2017: Nil) and the Group's gearing ratio was zero (as at 31 December 2017: zero).

CAPITAL STRUCTURE

As at 30 June 2018, the share capital and equity amounted to MOP12.4 million and MOP431.9 million, respectively (as at 31 December 2017: MOP20 and MOP201.9 million, respectively).

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions amounts, assets and liabilities are principally denominated in Hong Kong dollars and MOP. As at 30 June 2018, the Group had no exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

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

The Group had no significant investments, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period. Save as disclosed in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plan for material investments or capital assets as at 30 June 2018.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 13 February 2018.

The net proceeds from the global offering (the "**Global Offering**") were HK$261.6 million (equivalent to approximately MOP269.4 million) after deducting underwriting fees and commissions and all related expenses. Such net proceeds are intended to be applied in accordance with the proposed applications as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing.

The following table sets out the proposed applications of the net proceeds and actual usage as at 30 June 2018:

	Proposed applications *(HK$ million)*	**Actual usage** *(HK$ million)*
Financing the issuance of performance bonds when undertaking new projects	112.4	5.7
Establishing storage facilities	61.0	–
Recruiting additional staff	45.2	1.6
Acquiring additional machinery	16.8	0.2
General working capital	26.2	26.2
	261.6	33.7

As at 30 June 2018, the unutilised net proceeds from the Global Offering were deposited in the bank accounts of the Group.

PLEDGE OF ASSETS

As at 30 June 2018, the Group had pledged bank deposits of MOP22.7 million (as at 31 December 2017: MOP41.1 million) that were pledged with banks as security of credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2018.

COMMITMENTS

The contractual commitments of the Group are primarily related to the leasing of its office premise and warehouses. The Group's operating lease commitments amounted to MOP328,000 (as at 31 December 2017: MOP328,000) as at 30 June 2018.

As at 30 June 2018, the Group did not have any significant capital commitments (as at 31 December 2017: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 406 employees in Hong Kong and Macau. The Group entered into separate labour contracts with its employees in accordance with the applicable labour laws of Hong Kong and Macau. The remuneration package offered to employees generally includes salaries, allowances, benefits-in-kind, fringe benefits including medical insurance and contributions to pension funds and bonus. In general, the Group determines salaries of its employees based on each employee's qualification, position and seniority.

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 from 13 February 2018 (the "**Listing Date**") to 30 June 2018 (the "**Relevant Period**"), 1,900,000 options have been granted to the eligible participants pursuant to the Share Option Scheme. As at 30 June 2018, none of the options granted has been exercised or lapsed.

FUTURE PROSPECTS

The Listing marked an important milestone in the development history of the Group and opened up good opportunities for the Group's future development in the construction industry. With the Listing and taking into account the ongoing dedication of the government of Macau to upgrading Macau's infrastructure, the Board is optimistic that the Group can maintain steady growth in net profit and scale of operations having considered its long established reputation, experience and proven ability in the industry.

CORPORATE GOVERNANCE AND 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 Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices. During the Relevant Period, the Board is of the view that the Company has complied with all the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. 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 Relevant 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 from dealing by the Model Code as if he/she were a Director.

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of HK1.0 cent per share for the Period. Such interim dividend will be paid to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 18 September 2018. It is expected that the interim dividend will be paid on or about Friday, 28 September 2018.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 17 September 2018 to Tuesday, 18 September 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the abovementioned interim dividend, all transfer documents accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 September 2018.

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

The shares of the Company were listed on the Main Board of the Stock Exchange on 13 February 2018 by way of the Global Offering.

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

AUDIT COMMITTEE

The Company has established the audit committee of the Board (the "**Audit Committee**") on 23 January 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Ms. Chan Po Yi, Patsy (the Chairlady of the Audit Committee), Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong, all being independent non-executive Directors.

The primary duties of the Audit Committee are to (among others) 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 2018.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2018, save as disclosed in the announcement of the Company dated 31 July 2018 in respect of (among others) certain proposed continuing connected transactions for project and supply works and facility management services, the Group did not have any material events which need to be brought to the attention of The Stock Exchange or the shareholders of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY AND THE HONG KONG STOCK EXCHANGE

This announcement is published on the Company's website at www.mecommacau.com and the Stock Exchange's website at www.hkexnews.hk. The 2018 interim report of the Company will be despatched to the shareholders of the Company and will be made available on the above websites in due course in accordance with the Listing Rules.

By Order of the Board
MECOM Power and Construction Limited
Kuok Lam Sek
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the executive Directors are Mr. Kuok Lam Sek and Mr. Sou Kun Tou, and the independent non-executive Directors are Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong.