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 2019

The board (the "Board") of directors (the "Directors") of MECOM Power and Construction Limited ("MECOM" or the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019 (the "Period"), together with the comparative figures for the corresponding period in 2018 (the "Previous Period") as follows:

FINANCIAL HIGHLIGHTS

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Revenue	**134,161**	362,902
Gross profit	**22,296**	54,304
Profit for the period	**4,694**	20,831
Earnings per share (MOP cents)	**0.39**	1.82

	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Bank balances and cash (including fixed deposits)	**268,412**	315,172
Total equity	**411,297**	451,149
Current ratio	**3.6 times**	3.7 times
Aggregate value of contracts on hand yet to complete	**463,509**	264,971

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***MOP'000***	*MOP'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**134,161**	362,902
Cost of services		**(111,865)**	(308,598)
Gross profit		**22,296**	54,304
Other income		**3,225**	1,790
Administrative expenses		**(19,983)**	(16,557)
Listing expenses		**—**	(14,424)
Share of profit of an associate		**9**	—
Profit before tax		**5,547**	25,113
Income tax expense	*4*	**(853)**	(4,282)
Profit and total comprehensive income for the period		**4,694**	20,831
Basic and diluted earnings per share (MOP cents)	*5*	**0.39**	1.82

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	**30 June 2019** *MOP'000* **(Unaudited)**	31 December 2018 *MOP'000* (Audited)
Non-current assets			
Property, plant and equipment		**62,726**	17,451
Deposit paid for property, plant and equipment		**—**	8,245
Interest in an associate		**35**	26
		62,761	25,722
Current assets			
Contract assets	*6*	**28,844**	29,863
Debtors, deposits and prepayments	*7*	**116,633**	154,393
Amounts due from related companies	*8*	**35,368**	59,802
Pledged bank deposits		**32,841**	22,649
Fixed bank deposits		**128,859**	214,858
Bank balances and cash		**139,553**	100,314
		482,098	581,879
Current liabilities			
Amounts due to related companies	*8*	**124**	129
Creditors and accrued charges	*9*	**60,780**	126,475
Tax liabilities		**30,701**	29,848
Dividend payables		**41,957**	—
		133,562	156,452
Net current assets		**348,536**	425,427
Net assets		**411,297**	451,149
Capital and reserves			
Share capital		**12,340**	12,360
Reserves		**398,957**	438,789
Total equity		**411,297**	451,149

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated as a company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is MECOM Holding Limited. 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 Units Q, R and S, 6/F, Praca Kin Heng Long-Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D'Assumpcao, Macau.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in provision of construction services, including construction and fitting out works and high voltage power substation construction and its system installation works; and provision of facilities management 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 and an interpretation to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

The new and amendments and an interpretation 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 (1) construction and fitting out works, (2) high voltage power substation construction and its system installation works, and (3) facilities management services.

Information reported to the executive directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and performance assessment, review 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	
	2019	2018
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Revenue from construction contracts		
Construction and fitting out works	**63,012**	225,013
High voltage power substation construction and its system installation works	**28,737**	96,059
	91,749	321,072
Provision of service income		
Facilities management services	**42,412**	41,830
	134,161	362,902
Timing of revenue recognition		
Over time	**134,161**	362,902

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	
	2019	2018
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Current tax		
Macau Complementary Tax	**853**	4,282

The Company was incorporated in the Cayman Islands and is exempted from 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	
	2019	2018
	MOP'000	*MOP'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**4,694**	20,831
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	**1,199,554**	1,142,983

For the six months ended 30 June 2019 and 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 for both periods.

6. CONTRACT ASSETS

	30 June	31 December
	2019	2018
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Construction and fitting out works	**24,018**	23,850
High voltage power substation construction and its system installation works	**4,826**	5,885
Facilities management services	**—**	128
	28,844	29,863

As at 30 June 2019, included in contract assets of MOP29,201,000 (31 December 2018: MOP30,212,000) was allowance for credit losses of MOP357,000 (31 December 2018: MOP349,000).

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

As at 30 June 2019, included in contract assets are retention money held by customers for contract works amounted to MOP28,844,000 (31 December 2018: MOP29,863,000) of which MOP10,244,000 (31 December 2018: MOP11,431,000) represented the retention money held by related companies.

Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual 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.

	30 June 2019 MOP'000 (Unaudited)	31 December 2018 MOP'000 (Audited)
Within one year	**11,313**	14,188
After one year	**17,531**	15,675
	28,844	29,863

7. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2019 MOP'000 (Unaudited)	31 December 2018 MOP'000 (Audited)
Trade receivables	**106,606**	150,443
Less: Allowance for credit losses	**(2,755)**	(2,294)
	103,851	148,149
Other debtors, deposits and prepayments		
— Deposits	**1,214**	998
— Prepayments	**8,124**	4,219
— Others	**3,444**	1,027
	116,633	154,393

Trade receivables

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 for credit losses, based on invoice date at the end of the reporting period are as follows:

	30 June 2019 MOP'000 (Unaudited)	31 December 2018 MOP'000 (Audited)
0–90 days	**84,086**	94,594
91–365 days	**19,472**	50,137
1–2 year	**284**	3,388
Over 2 years	**9**	30
	103,851	148,149

As at 30 June 2019, included in the Group's trade receivables balance are debtors with carrying amounts of MOP23,154,000 (31 December 2018: MOP60,458,000) which are past due as at the reporting date. Out of the past due balances, MOP15,056,000 (31 December 2018: MOP30,430,000) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

8. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

(a) Amounts due from related companies (trade nature)

The Group typically allows a credit period of 30 to 45 days to its related companies. The following is an aging analysis of the amounts due from related companies (trade nature), presented based on invoice date at the end of the reporting period.

	30 June 2019	31 December 2018
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
0–90 days	**25,238**	45,154
91–365 days	**7,369**	11,024
1–2 year	**1,332**	784
	33,939	56,962

As at 30 June 2019, included in the Group's amounts due from related companies (trade nature) are receivables with carrying amounts of MOP15,411,000 (31 December 2018: MOP21,928,000) which are past due. Out of the past due balances, MOP6,508,000 (31 December 2018: MOP11,481,000) has been past due more than 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

(b) Amount due to a related company (trade nature)

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 2019	31 December 2018
	MOP'000	*MOP'000*
	(Unaudited)	(Audited)
Within 90 days	**—**	5

9. CREDITORS AND ACCRUED CHARGES

	30 June 2019 *MOP'000* **(Unaudited)**	31 December 2018 *MOP'000* (Audited)
Trade payables	**12,913**	36,438
Retention payables	**5,135**	5,135
Other creditors and accrued charges		
— Accrued staff costs	**8,466**	13,855
— Accrued construction costs	**32,274**	61,881
— Other accruals	**1,992**	9,166
	60,780	126,475

Trade payables

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

	30 June 2019 *MOP'000* **(Unaudited)**	31 December 2018 *MOP'000* (Audited)
0–90 days	**12,903**	36,035
91–365 days	**10**	403
	12,913	36,438

Retention payables

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

	30 June 2019 *MOP'000* **(Unaudited)**	31 December 2018 *MOP'000* (Audited)
On demand or within one year	**1,344**	1,344
After one year	**3,791**	3,791
	5,135	5,135

10. DIVIDENDS

The directors declared and paid a final dividend of HK6.7 cents (equivalent to MOP6.9 cents) per share with a total of HK$80,400,000 (equivalent to MOP82,812,000) for the year ended 31 December 2017, to the shareholders of the Company.

The directors declared a final dividend of HK3.4 cents (equivalent to MOP3.5 cents) per share with a total of HK$40,735,000 (equivalent to MOP41,957,000) for the year ended 31 December 2018, to the shareholders of the Company, which was paid on 5 July 2019.

No dividend for the six months ended 30 June 2019 had been declared by the directors of the Company (six months ended 30 June 2018: 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) was paid).

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

The Group is one of the leading companies in the civil engineering industry and high voltage power substation construction industry in Macau. The Group primarily undertakes highly challenging and complex construction projects in three major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, as well as provision for facilities management services.

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

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

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

BUSINESS REVIEW

During the Period, uncertainty still loomed large in the macroeconomic environment. As such, Macau's construction market developed sluggishly with the tenders not being released in the market. As a result, the Group was operating under great pressure. According to the Macau Bureau of Statistics, the overall demand of the society has weakened and the pressure of economic downturn continued to increase. Combining such impacts, the number of construction works from both private and public sectors shrank. On the other hand, following completion of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, public investment on construction works decreased. During the Period, Macau government also delayed the processing time of public and private projects to concentrate on preparing for the Chief Executive election. In the private market, casino owners, project owners or customers became cautious about the operating environment, and thereby withheld or delayed the launch of most projects. As a consequence, the number of construction works in the first quarter of 2019 contracted by 15.0% year-on-year. According to the Macao Land, Works and Transportation Bureau's data with respect to the construction sector, the gross floor area (GFA) for designed guest rooms of the first quarter of 2019 was about 261,221 m^2, down by 8.2% as compared with the first quarter of 2018 and about 13.4% as compared with the fourth quarter of 2018. As at the end of the first quarter of 2019, GFA of guest rooms in progress did not increase and maintained at the same level as the end of 2018. Summing up the aforementioned data, there were insufficient incentives to boost the growth in the overall public and private construction market.

Against the backdrop of slow project demand, MECOM leveraged on its solid fundamentals and relentless efforts to obtain the hotel project on Travessa Do Comandante Mata E Oliveira and the construction works of the Public Prosecutions Office of the Macao Special Administrative Region (Phase II), which involved the provision of extra low voltage systems, as well as ventilation and air conditioning systems. Such projects' contract sum totalled approximately MOP210 million. As at 30 June 2019, the Group's aggregate value of contracts on hand yet to complete reached MOP463.5 million (31 December 2018: MOP265.0 million). The Group has also been actively expanding into various new business sectors through several cooperation to broaden the revenue source and mitigate risks. The Group entered into a strategic cooperation agreement with China Resources Black Spade New Energy Limited in February 2019 to develop green environmental projects in Macau, with the mission of promoting energy conservation, environmental protection, clean technology and applications of new technologies in Macau. The Group also entered into a cooperation agreement with companies of Germany, Mauritius and Macau background in April 2019 to jointly build solar energy farms and power stations in Mauritius, with the aim of promoting environmental development in the area.

However, since the Group has not received major construction and renovation projects during the Period, total revenue decreased by 63.0% to MOP134.2 million. The Group's major portion of revenue for the Period was contributed by facilities management, alteration and maintenance works and services. Net profit was MOP4.7 million (First half of 2018: MOP20.8 million).

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue during the six months ended 30 June 2019 and 2018:

	Six months ended 30 June			
	2019		2018	
	MOP'000	%	*MOP'000*	%
Construction and fitting out works	**63,012**	**47.0**	225,013	62.0
High voltage power substation construction and its system installation works	**28,737**	**21.4**	96,059	26.5
Facilities management services	**42,412**	**31.6**	41,830	11.5
Total	**134,161**	**100.0**	362,902	100.0

The Group's revenue for the Period decreased by MOP228.7 million or 63.0%. The decrease was attributable to the decrease in revenue from construction and fitting out works by MOP162.0 million or 72.0% and decrease in revenue from high voltage power substation construction and its system installation works by MOP67.3 million or 70.1%.

The decrease in revenue of construction and fitting out works was mainly due to the poor operating environment in the overall construction industry in Macau. The Group undertook a few new projects during the Period, however, the contract sums were not significant. In addition, the Group experienced the unexpected delays in obtaining construction project approval, construction work licensing and work permits for foreign workers from the relevant regulatory and supervisory authority in Macau.

The decrease in revenue of high voltage power substation construction and its system installation works was mainly due to the fact that we had substantial progress of works for the electrical and mechanical (E&M) works contract for the 110/11kV high voltage power substation of the theme park of a casino gaming operator in Macau during 2018.

Gross profit

	Six months ended 30 June			
	2019		2018	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	MOP'000	***%***	*MOP'000*	*%*
Construction and fitting out works	**15,256**	**24.2**	41,052	18.2
High voltage power substation construction and its system installation works	**3,986**	**13.9**	12,217	12.7
Facilities management services	**3,054**	**7.2**	1,035	2.5
Total/overall	**22,296**	**16.6**	54,304	15.0

The Group's gross profit for the Period decreased by MOP32.0 million or 58.9%. The decrease was mainly due to the decrease in contract revenue during the Period as compared to that of the Previous Period. As the Directors decided to maintain the team structure and resources for capturing opportunities to bid for major projects as they may arise from time to time, overhead costs such as equipment depreciation and labour costs for the Period did not decrease proportionately.

Other income

Other income increased by MOP1.4 million or 80.2%. Such increase was partly attributable to an increase in rental income received from the Group's industrial unit in Macau, which will serve as a permanent base for the Group's centralised warehouse after the expiry of the existing tenancy in October 2019.

Administrative expenses

Administrative expenses increased by MOP3.4 million or 20.7% as a result of the recurrence of legal and professional fees after the listing.

Listing expenses

The Group did not incur any listing expenses during the Period while the Group incurred listing expenses of MOP14.4 million in the Previous Period.

Income tax expense

Income tax expense decreased by MOP3.4 million or 80.1% which was largely in line with the decrease in our profit before tax mainly due to (i) a decrease in gross profit; and (ii) an increase in administrative expenses as disclosed above.

Profit for the period

The Group's profit for the Period decreased by MOP16.1 million or 77.5% 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.

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

As at 30 June 2019, the Group had net current assets of MOP348.5 million (31 December 2018: MOP425.4 million). The current ratio of the Group as at 30 June 2019 was 3.6 (31 December 2018: 3.7).

The Group continued to maintain a healthy liquidity position. As at 30 June 2019, the Group had a total cash and bank balances (including fixed bank deposits) of MOP268.4 million (31 December 2018: MOP315.2 million).

As at 30 June 2019, the unutilised credit facilities was MOP427.0 million (31 December 2018: MOP234.0 million).

As at 30 June 2019, the Group had no bank borrowings (31 December 2018: Nil) and the Group's gearing ratio (calculated by dividing total debts with total equity) was zero (31 December 2018: zero).

As at 30 June 2019, the share capital and equity amounted to MOP12.3 million and MOP399.0 million, respectively (31 December 2018: MOP12.4 million and MOP438.8 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 2019, 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 and 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 2019.

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 "Listing").

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. Details of the proposed applications of such net proceeds are disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 30 June 2019:

	Revised applications *(HK$ million)*	Actual usage *(HK$ million)*
Financing the issuance of performance bonds when undertaking new projects *(Note 1)*	112.4	17.6
Establishing storage facilities *(Note 2)*	44.3	44.3
Recruiting additional staff *(Note 1)*	45.2	22.4
Acquiring additional machinery	16.8	12.7
Financing the upfront costs for new projects *(Note 2)*	16.7	16.7
General working capital	26.2	26.2
	261.6	139.9

Notes:

1. The Group experienced delay in several new projects since 2018 due to incomplete administrative procedures. Up to the date of this announcement, the Group utilised HK$17.7 million and HK$25.5 million of the total net proceeds for financing the issuance of performance bonds and recruiting additional staff, respectively.

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

PLEDGE OF ASSETS

As at 30 June 2019, the Group had pledged bank deposits of MOP32.8 million (31 December 2018: MOP22.6 million) that were pledged with banks as security of credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2019.

COMMITMENTS

As at 30 June 2019, the Group did not have any significant capital commitments (31 December 2018: MOP34,835,000).

EMPLOYEES AND REMUNERATION POLICY

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.

As a main contractor for some of the projects we undertake, we apply for work permits for our non-Macau resident workers on a project-by-project basis. As at 30 June 2019, the Group had 263 (31 December 2018: 271) employees in Hong Kong and Macau, comprising 73 Macau residents and 190 non-Macau residents (31 December 2018: 79 Macau residents and 192 non-Macau residents).

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. No share option had been granted under the Share Option Scheme during the Period. As at 30 June 2019, none of the options granted has been exercised or lapsed.

PROSPECTS

Looking forward to the second half of 2019, Macau's Chief Executive election will be completed and is believed to facilitate the robust development of Macau's construction market. According to analysis, the society has maintained a harmonious, stable and good climate during the election process. It is expected that there will be smoother decision-making and governance after the inauguration of the new Chief Executive, which in turn will help speed-up the approval process for various projects. Meanwhile, Macau has been actively responding to the "Guangdong Hong Kong-Macao Greater Bay Area" developmental strategy promulgated by the Central Government. The new-term government is expected to follow aforementioned developmental directives, with step-up efforts to promote "One Center, One Platform, One Base", i.e., making Macau a global centre for tourism and leisure, as well as to help facilitate infrastructure construction and economic advancement in Macau continuously.

Meanwhile, regarding the gaming industry which is the lifeline of Macau's economy, the authority has synchronised the expiry date of gambling licenses for casinos to 2022, which helps sustain the stable operating environment in the private and public sectors. Owing to the stable economic environment, major casino enterprises and the government are expected to release the large-scale projects that have been withheld or delayed for a long time, which will boost the robust development in the private and public construction sectors.

Despite the aforementioned favourable development factors in the market, MECOM will maintain prudent operation with enhanced internal management and business restructuring, so as to adapt to various environmental changes. In terms of internal policy, the Group will strengthen cost control, and foster construction efficiency and team management; in terms of external policy, while collaborating with China Resources Black Spade New Energy Limited to develop environmental construction projects, the Group also aims to explore the Guangdong-Hong Kong-Macao Greater Bay markets. Furthermore, the Group is also looking for favourable merger and acquisition opportunities in the upstream and downstream of the industry chain, with the prime concern to bolster revenue, increase market share, reinforce corporate competitiveness, and grasp any opportunities in the market.

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") under Appendix 14 of 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 Period, the Board is of the opinion that the Company has complied with all the code provisions.

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 of 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 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company repurchased 1,918,000 shares with par value of HK$0.01 each ("Shares", each a "Share") on the Stock Exchange during the Period. The total consideration (including transaction costs) of the repurchases were HK$2,513,380. All of the repurchased Shares were cancelled during the Period. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share Highest	Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
April 2019	1,918,000	1.50	1.18	2,513,380

The Board considered that the repurchases enhanced the earnings per Share and benefited the Company and its shareholders as a whole. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Dr. Ngan Matthew Man Wong, all being independent non-executive Directors. The Audit Committee is chaired by Ms. Chan Po Yi, Patsy who has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

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

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee and the Company's external auditor, Deloitte Touche Tohmatsu, have reviewed the accounting principles and practices adopted by the Group and have reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 30 June 2019 and up to the date of this announcement.

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 2019 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.

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 of the Company, business associates and other professional parties for their continuous support to the Group throughout the Period.

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

Hong Kong, 28 August 2019

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.