



MACAU E&M HOLDING LIMITED  
濠江機電控股有限公司

# Macau E&M Holding Limited 濠江機電控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1408

INTERIM REPORT **2020**

# Contents

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cheong Ka Wo (*Chairman*)  
Mr. Leong Kam Leng

### Independent Non-executive Directors

Mr. Law Lap Tak  
Ms. Lee Sze Ming  
Mr. Chan Ming Kit

## AUDIT COMMITTEE

Mr. Law Lap Tak (*Chairman*)  
Ms. Lee Sze Ming  
Mr. Chan Ming Kit

## REMUNERATION COMMITTEE

Mr. Chan Ming Kit (*Chairman*)  
Mr. Law Lap Tak  
Ms. Lee Sze Ming

## NOMINATION COMMITTEE

Ms. Lee Sze Ming (*Chairlady*)  
Mr. Law Lap Tak  
Mr. Chan Ming Kit

## COMPANY SECRETARY

Mr. Chan Yat Lui

## AUTHORISED REPRESENTATIVES

Mr. Cheong Ka Wo  
Mr. Chan Yat Lui

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

Est. Marginal do Hipodromo, 56-68,  
Edf. Ind. Lee Cheung, 13/D, Macau

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1909-13,  
19/F, Tai Yau Building,  
181 Johnston Road,  
Wanchai, Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITOR

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

## LEGAL ADVISERS

*As to Hong Kong law:*

Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to Macau law:*

FCLaw Lawyers & Private Notaries  
Av. Almeida Ribeiro, No 61,  
Edificio Circle Square, 13 B-E  
Macau

*As to Cayman Islands law:*

Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
Cayman Islands

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China, Macau Branch  
Banco Nacional Ultramarino  
China Guangfa Bank Co. Ltd, Macau Branch

## COMPLIANCE ADVISER

Innovax Capital Limited

## STOCK CODE

1408

## WEBSITE

[www.macauem.com](http://www.macauem.com)

## COMPANY OVERVIEW

Macau E&M Holding Limited (“**Macau E&M**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is an electrical and mechanical (“**E&M**”) engineering services works contractor in the Macau Special Administrative region of the PRC (“**Macau**”) ranking fifth among the E&M engineering services works contractor in the Macau. As an integrated E&M engineering service works contractor and registered with the Land, Public Works and Transport Bureau of Macau (“**DSSOPT**”), Macau E&M provides a comprehensive mix of E&M engineering service works based on the needs of its customers in Macau. Generally, the Group’s revenue represents the amount received and receivable for revenue arising on E&M engineering works and maintenance and repair services. The E&M engineering works involve a combination of the supply and/or installation of (i) low voltage (“**LV**”) systems works; (ii) heating, ventilation and air-conditioning (“**HVAC**”) systems works; and (iii) extra low voltage (“**ELV**”) systems works, and the relevant testing and commissioning thereof as well as management and monitoring of quality and delivery of E&M engineering services works in Macau. LV systems works include the supply and installation of cables, earthing, lighting systems, power cables, electrical wiring, switchboards, power outlets and other related electrical equipment that relates to the power supply and distribution within a building. HVAC systems works include the supply and installation of variable refrigerant volume units, ventilation and exhaust air systems for buildings, as well as the supply and installation of related pipes, ducts, air-conditioning units, ventilation fans and other related equipment. ELV systems works include the procurement and installation of telephones, closed-circuit television and any other systems within a building that require a transmission signal.

Besides, Macau E&M offers repair and maintenance service for property and hospitality facilities in Macau, the demand on this segment would be driven by the strategy and planning of the casinos and hotel operators in Macau, which in turn increase the demand for repair and maintenance related E&M works.

Macau E&M was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 September 2020 (the “**Listing**”), which marked an important milestone in the development of the Company, details of which are set out in the prospectus of the Company dated 31 August 2020 being issued in connection with the Listing (the “**Prospectus**”).

# Management Discussion and Analysis

## BUSINESS REVIEW

During the six months ended 30 June 2020 (“the **Period**”), the economy of Macau was adversely affected by the outbreak of 2019 Novel Coronavirus (“**COVID-19**”). Shortly after the first COVID-19 case was confirmed in Macau, the Macau Government introduced various precautionary measures, including an obligation 15-day shutdown of casinos, mandatory quarantine requirements and border controls to combat the spread of COVID-19 within the territory.

Despite the adversities, the Group’s operation has not been materially affected by the outbreak of COVID-19. Apart from the temporary suspension of three of the Group’s E&M services works include (i) LV systems works; (ii) HVAC systems works; and (iii) ELV systems works (together, the “**E&M Projects**”) for a period of approximately one to two weeks due to voluntary project suspension by its customers, the Group did not experience any material delay to its project schedules. All of the E&M Projects have resumed, and the Group’s customers have not requested for any reduction or cancellation of the Group’s contracted works during the Period. In view of the above, no material adverse effect on the Group’s business operations and financial performance is expected to result from the COVID-19 outbreak.

The Group recorded an increase in its revenue and gross profit for the Period of approximately 30.9% and 35.4% respectively as compared with the corresponding period of 2019. Moreover, the Group had 63 projects on hand and the amount of revenue expected to be recognised from these projects will be approximately MOP388.8 million for the coming two years. In addition, the Group is continuously submitting new project tenders in order to strengthen its development and to explore a wider network breadth of industries in Macau.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group’s revenue during the six months ended 30 June 2020 and 2019:

	Six months ended 30 June			
	2020		2019	
	MOP' 000	%	MOP' 000	%
E&M engineering works	124,541	98.6	94,476	97.9
Maintenance and repair services	1,867	1.4	2,078	2.1
<b>Total</b>	<b>126,408</b>	<b>100.0</b>	<b>96,554</b>	<b>100.0</b>

The Group’s revenue for the Period increased by MOP29.9 million or 30.9%, the increase of revenue was mainly attributable to two main contractor contracts regarding LV systems works and ELV systems works projects for an integrated urban casino resort located in Cotai, Macau.

Other than E&M projects for the private sector, the Group also aimed to acquire more market share in the public sector by accepting a lower profit margin as compared with the private sector in larger-sized hotel resort projects.

# Management Discussion and Analysis

## Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during the six months ended 30 June 2020 and 2019:

	Six months ended 30 June			
	2020		2019	
	Gross profit	Gross margin	Gross profit	Gross margin
	MOP' 000	%	MOP' 000	%
E&M engineering works	29,751	23.9	21,317	22.6
Maintenance and repair services	65	3.5	709	3.4
Total	29,816	23.6	22,026	22.8

The Group's gross margin increased from 22.8% for the six months ended 30 June 2019 (the "Previous Period") to 23.6% for the Period. The Group recorded a steady growth despite the adverse impact brought by COVID-19.

## Other income

Other income for the Period increased by MOP0.2 million or 2,957.1%, which was mainly attributable to the government grant of MOP200,000 in respect of the COVID-19-related subsidy for businesses provided by the Macau government.

## Impairment losses under expected credit loss ("ECL") model, net of reversal

The Group's impairment losses of trade receivables and contract assets were approximately MOP136,000 for the Period (Previous Period: MOP140,000). The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

## Administrative expenses

Administrative expenses for the Period increased by MOP0.1 million or 4.3% mainly due to the average salary increment of approximately 4.6% as compared to the Previous Period.

## Income tax expense

Income tax expense for the Period increased by MOP0.9 million or 43.1% primarily due to the increase of profit before tax and the significant amount of tax non-deductible listing expenses amounting to MOP7.0 million for the Period.

## Profit for the Period

The Group's net profit for the Period decreased by MOP0.1 million or 0.6%, which was due to listing expense incurred in the Period. The profit after tax before listing expense for the Period would be MOP23.3 million as compared with MOP16.4 million in the Previous Period, the increment of MOP6.9 million or 42% was primarily attributable to the combined effect of the abovementioned items.

# Management Discussion and Analysis

## **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 and borrowings, and will also rely on the proceeds raised in connection with the Listing. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

As at 30 June 2020, the Group had net current assets of MOP117.1 million (31 December 2019: MOP101.1 million). The current ratio of the Group as at 30 June 2020 was 3.7 (31 December 2019: 2.6).

The Group continued to maintain a healthy liquidity position. As at 30 June 2020, the Group had a total cash and bank balances of MOP46.1 million (31 December 2019: MOP34.0 million) of which MOP9.3 million was denominated in MOP with the remainder denominated in Hong Kong dollars.

As at 30 June 2020, the Group's unutilised credit facilities was approximate MOP5.0 million (31 December 2019: MOP3.6 million).

As at 30 June 2020, the Group had no bank borrowings (31 December 2019: Nil) and the Group's gearing ratio (calculated as total debts dividing by total equity) was zero (31 December 2019: zero).

As at 30 June 2020, the Company's equity amounted to MOP118.7 million, (31 December 2019: MOP102.4 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and MOP. As at 30 June 2020, 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 under section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have other plans for material investments or additions of capital assets as at the date of this report. As at the date of this report, the Board had not authorised any plan for material investments or acquisition of capital assets.

# Management Discussion and Analysis

## USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds received by the Company in relation to the Listing were approximately HK\$51.6 million, after deduction of underwriting fees, commissions and all related expenses. The proposed use of the net proceeds from the Listing is set out below:

	Planned use of the proceeds HK\$'million
Specific material costs and the upfront expenditure	32.8
Financing cost for issuance of performance bonds	11.4
Recruiting additional skilled professionals and labour	5.7
Acquiring additional construction machineries and equipment	1.7

As at the date of this report, the proceeds from the Listing were not utilised and were held in a bank. The Group intends to apply such proceeds in the manner as described in the Prospectus.

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As requested by some of its customers, the Group issued guarantees for the performance of contract works it undertook in the form of performance bonds and secured by pledged bank deposits. The performance bonds are released when the construction contracts are completed or substantially completed.

As at 30 June 2020, the Group had outstanding performance bonds amounted to MOP30,000 (31 December 2019: MOP1,390,000) and obtained total credit facilities of approximately MOP5,157,500 (31 December 2019: MOP5,157,500) for the issuance of performance bonds. These credit facilities were secured by the promissory notes of approximately MOP13,616,000 (31 December 2019: MOP13,616,000).

Save as disclosed above, the Group had no other pledged assets or other significant contingent liabilities as at 30 June 2020 and 31 December 2019.

## COMMITMENTS

As at 30 June 2020, the Group did not have any significant capital commitments (31 December 2019: nil).



# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICY

The Group enters into employment contracts with its employees in accordance with the applicable labour laws of Hong Kong and Macau. The remuneration package that is offered to employees generally includes salary, allowance, benefit-in-kind, and fringe benefits including medical insurance and contributions to pension funds and bonus. The Group also has a share option scheme (the “**Share Option Scheme**”), which was conditionally adopted by the written resolutions of the Company’s then sole shareholder, passed on 21 August 2020 to the incentivise its employees, details of which are set out in the Prospectus. In general, the Group determines salaries of its employees based on each employee’s qualification, position and seniority. The Group has, from time to time, provided training to its employees on various aspects including but not limited to project management, occupational health and safety, environmental protection, and accounting and finance.

The Group believes that the quality and safety of its staff play a crucial role in its operations. It emphasises the importance of health and safety with its employees and staff members, and provides on-site training to its workers. All its workers are required to obtain certified training on occupational health and safety before entering the construction sites.

As the Group is a main contractor for some projects, it applies for work permits for its non-Macau resident workers on a project-by-project basis. As at 30 June 2020, the Group had 71 (31 December 2019: 71) employees in Macau, comprising 40 Macau residents and 31 non-Macau residents (31 December 2019: 43 Macau residents and 28 non-Macau residents). During the Period, the Group recorded staff costs of MOP10.9 million (Previous Period: MOP12.5 million).

## PROSPECTS

In the first half of 2020, Macau’s economy, like others in the world, was severely impacted by COVID-19, with its gaming and entertainment sectors, as well as the retail industry, being particularly affected due to various precautionary measures initiated by the Macau Government. Among such measures included a mandatory 15-day shutdown of casinos, obligatory quarantine requirements and border restrictions, so as to contain the spread of the pandemic. As Macau’s businesses are mainly supported by Asian tourists, and particularly revenue derived from visitors from the PRC, the measures had a significant and negative effect. Nevertheless, the Group expects COVID-19 will have a limited impact on the Macau economy in the long run, due to the fact that the pandemic’s influence is gradually moderating, and tourist visits to the enclave is expected to rise significantly following the gradual relaxation of travel restrictions.

It is worth noting as well that in the past two years, casino operators have sped up their renovation and alteration works so as to increase the percentage of non-gaming business, and this has continued even during the pandemic. Such efforts have been driven by the expiry of casino operating licenses in 2022, with casino operators expecting that a higher proportion of non-gaming business can increase their chances of license renewal. Consequently, casino operators are willing to commit additional funds to renovation and alteration works, which will directly benefit the construction industry.

The directors of the Company (the “**Directors**”) believe that in light of the Group’s established track record in both the public and private sectors, the Group is well positioned to capture opportunities brought by a growing market, and thus achieve further revenue growth.

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) under Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange as the basis of the Company’s corporate governance practices.

As the Company was listed on 11 September 2020, it was not required to comply with the CG Code during the Period.

Since the Listing and up to the date of this report, the Group’s corporate governance practices are in compliance with the CG Code except for the deviation from CG Code provision A.2.1. CG Code provision A.2.1 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 Co. Ltd. (a wholly-owned subsidiary of the Group) in January 2011, the Board believes that it is in the best interest of the Group to have Mr. Cheong taking up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group’s operations and sufficient checks and balances are in place.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors since the Listing.

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

As the Company was listed on 11 September 2020, it was not required to comply with the Model Code during the Period.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new ordinary shares in the share capital of the Company with the nominal value of HK\$0.01 each (the “**Shares**”) on a pro-rata basis to existing shareholders.

# Corporate Governance and Other Information

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

Since the Shares were not listed on the Stock Exchange as at 30 June 2020, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO"), section 352 of the SFO and the Model Code contained in the Listing Rules were not applicable to the Company and the Directors and chief executive of the Company as at 30 June 2020.

As at 23 September 2020, being the date of this report, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code contained in the Listing Rules were as follows:

### (i) Interests in shares of the Company

Name of Director	Nature of interest	Number of shares <sup>(Note 1)</sup>	Approximate percentage of shareholding interest <sup>(Note 2)</sup>
Mr. Cheong (Note 3)	Interest of controlled corporation	198,450,000 (L)	39.7%
Mr. Leong Kam Leng ("Mr. Leong") (Note 4)	Interest of controlled corporation	51,597,000 (L)	10.3%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on 500,000,000 Shares in issue as at 23 September 2020.
- (3) Macau E&M Group Limited is wholly owned by Mr. Cheong. By virtue of the SFO, Mr. Cheong is deemed to be interested in the Shares held by Macau E&M Group Limited.
- (4) Macau E&M Assets Limited is wholly owned by Mr. Leong. By virtue of the SFO, Mr. Leong is deemed to be interested in the Shares held by Macau E&M Assets Limited.

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

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

Since the Shares were not listed on the Stock Exchange as at 30 June 2020, Divisions 2 and 3 of Part XV of the SFO, section 352 of the SFO and the Model Code contained in the Listing Rules were not applicable to the Company and the Directors and chief executive of the Company as at 30 June 2020.

As at 23 September 2020, being the date of this report, the interests or short positions of persons other than the Directors and chief executive of the Company in the shares and underlying shares of the Company as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number of shares <sup>(Note 1)</sup>	Approximate percentage of shareholding interest <sup>(Note 2)</sup>
Macau E&M Group Limited	Beneficial owner	198,450,000 (L)	39.7%
Ms. Lo Chao Ieng (Note 3)	Interest of spouse	198,450,000 (L)	39.7%
Macau E&M Assets Limited	Beneficial owner	51,597,000 (L)	10.3%
Ms. Leong Kam In (Note 4)	Interest of spouse	51,597,000 (L)	10.3%
Mr. Tam Chi Wai (" <b>Mr. Tam</b> ") (Note 5)	Interest of controlled corporation	77,637,000 (L)	15.5%
One Wesco Inc.	Beneficial owner	77,637,000 (L)	15.5%
Ms. Law Ming Chu (Note 6)	Interest of spouse	77,637,000 (L)	15.5%
Mr. Tsang Yuen Wai, Samuel (" <b>Mr. Tsang</b> ") (Note 7)	Interest of controlled corporation	47,316,000 (L)	9.5%
Bridge Capital Limited	Beneficial owner	47,316,000 (L)	9.5%
Ms. Li Sau Fun (Note 8)	Interest of spouse	47,316,000 (L)	9.5%

# Corporate Governance and Other Information

## Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Based on 500,000,000 Shares in issue as at 23 September 2020.
- (3) Ms. Lo Chao leng is the spouse of Mr. Cheong. By virtue of the SFO, Ms. Lo Chao leng is deemed to be interested in the Shares in which Mr. Cheong is interested.
- (4) Ms. Leong Kam In is the spouse of Mr. Leong. By virtue of the SFO, Ms. Leong Kam In is deemed to be interested in the Shares in which Mr. Leong is interested.
- (5) One Wesco Inc. is wholly-owned by Mr. Tam. By virtue of the SFO, Mr. Tam is deemed to be interested in the Shares held by One Wesco Inc..
- (6) Ms. Law Ming Chu is the spouse of Mr. Tam. By virtue of the SFO, Ms. Law Ming Chu is deemed to be interested in the Shares in which Mr. Tam is interested.
- (7) Bridge Capital Limited is wholly-owned by Mr. Tsang. By virtue of the SFO, Mr. Tsang is deemed to be interested in the Shares held by Bridge Capital Limited.
- (8) Ms. Li Sau Fun is the spouse of Mr. Tsang. By virtue of the SFO, Ms. Li Sau Fun is deemed to be interested in the Shares in which Mr. Tsang is interested.

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

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

The Shares were listed on the Stock Exchange on 11 September 2020. Save for that the Company had issued new shares in connection with the Listing as disclosed in this interim report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Period and up to the date of this report.

# Corporate Governance and Other Information

## SHARE OPTION SCHEME

On 21 August 2020, the Company adopted the Share Option Scheme which is subject to the requirements under Chapter 17 of the Listing Rules. As of the date of this report, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

### Details of the Share Option Scheme

#### (1) Purpose

The Share Option Scheme is established to recognise and acknowledge the contributions that the eligible participants had or may have made to the Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in the Company with the view to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group and attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

#### (2) Participants

The Board may, at its discretion, offer to grant an option to any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries or any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of our subsidiaries to subscribe for such number of new Shares as the Board may determine at an exercise price determined.

#### (3) The maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such limit represents 50,000,000 Shares, representing 10% of the total Shares in issue as at the date of the Listing.

#### (4) The maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to approval by the Company's shareholders in accordance with the requirements under Chapter 17 of the Listing Rules.

#### (5) Acceptance and exercise of options and duration of the Share Option Scheme

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

# Corporate Governance and Other Information

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

## (6) Subscription price for Shares

Subject to adjustment under the Share Option Scheme, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, but shall not be less than the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

Further details of the Share Option Scheme are set out in Appendix IV to the Prospectus under the section headed "Statutory and general information – D. Other information – 1. Share Option Scheme".

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of three members, namely Mr. Law Lap Tak, Ms. Lee Sze Ming and Mr. Chan Ming Kit, all being independent non-executive Directors. The Audit Committee is chaired by Mr. Law Lap Tak who has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

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

## REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the condensed consolidated financial statements of the Group for the six months ended 30 June 2020 and this interim report. The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have not been audited or reviewed by external auditor of the Company.

# Corporate Governance and Other Information

## EVENTS AFTER THE REPORTING PERIOD

In connection with the Listing, on 11 September 2020, the Company issued: (i) 396,899,000 Shares by way of capitalisation of an amount of HK\$3,968,990 standing to the credit of the share premium account of the Company; and (ii) 103,100,000 new Shares at a price of HK\$1.0 per Share for a total cash consideration of HK\$103.1 million, before deducting underwriting fees, commissions and related expenses. Dealings in the Shares on the Stock Exchange commenced on 11 September 2020.

Save as disclosed in this report, there were no other important events affecting the Group that had occurred after 30 June 2020 and up to the date of this report.

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

Macau, 23 September 2020



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2020

	Notes	Six months ended	
		30.6.2020 MOP' 000 (Unaudited)	30.6.2019 MOP' 000 (Unaudited)
Revenue	3	<b>126,408</b>	96,554
Cost of services		<b>(96,592)</b>	(74,528)
Gross profit		<b>29,816</b>	22,026
Other income	4	<b>214</b>	7
Impairment losses under expected credit loss model, net of reversal		<b>(136)</b>	(140)
Administrative expenses		<b>(3,506)</b>	(3,362)
Finance costs		<b>(41)</b>	(20)
Listing expenses		<b>(6,998)</b>	–
Profit before tax		<b>19,349</b>	18,511
Income tax expense	5	<b>(3,090)</b>	(2,159)
Profit and total comprehensive income for the period	6	<b>16,259</b>	16,352
Basic earnings per share (MOP cents)	7	<b>4.10</b>	4.12

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	589	741
Right-of-use assets		1,871	1,249
		<b>2,460</b>	1,990
<b>Current assets</b>			
Contract assets	10	54,544	76,915
Debtors, deposits and prepayments	12	56,396	50,820
Pledged bank deposits	13	2,717	2,710
Bank balances and cash	13	46,142	34,038
		<b>159,799</b>	164,483
<b>Current liabilities</b>			
Contract liabilities	11	20,492	30,651
Creditors and accrued charges	14	3,604	17,557
Lease liabilities		1,031	638
Tax liabilities		17,622	14,532
		<b>42,749</b>	63,378
<b>Net current assets</b>		<b>117,050</b>	101,105
<b>Non-current liability</b>			
Lease liabilities		820	664
<b>Net assets</b>		<b>118,690</b>	102,431
<b>Capital and reserves</b>			
Share capital	15	—*	—*
Reserves		118,690	102,431
<b>Total equity</b>		<b>118,690</b>	102,431

\* less than MOP1,000

# Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2020

	Share capital MOP' 000	Share premium MOP' 000	Legal reserve MOP' 000 (Note a)	Other reserves MOP' 000 (Note b)	Retained earnings MOP' 000	Total MOP' 000
At 1 January 2019 (audited)	–*	35,569	30	(35,509)	61,803	61,893
Profit and total comprehensive income for the period	–	–	–	–	16,352	16,352
At 30 June 2019 (unaudited)	–*	35,569	30	(35,509)	78,155	78,245
At 1 January 2020 (audited)	–*	<b>35,569</b>	<b>30</b>	<b>(35,509)</b>	<b>102,341</b>	<b>102,431</b>
Profit and total comprehensive income for the period	–	–	–	–	<b>16,259</b>	<b>16,259</b>
At 30 June 2020 (unaudited)	–*	<b>35,569</b>	<b>30</b>	<b>(35,509)</b>	<b>118,600</b>	<b>118,690</b>

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

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

\* less than MOP1,000

# Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2020

	Six months ended	
	30.6.2020 MOP' 000 (Unaudited)	30.6.2019 MOP' 000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	19,349	18,511
Adjustments for:		
Finance costs	41	20
Depreciation of		
– Property, plant and equipment	154	233
– Right-of-use assets	323	412
Impairment loss under expected credit loss model, net of reversal	136	140
Bank interest income	(7)	(7)
Operating cash flows before movements in working capital	19,996	19,309
Decrease (Increase) in contract assets	22,371	(20,974)
(Increase) Decrease in debtors, deposits and prepayments	(4,244)	30,075
(Decrease) Increase in contract liabilities	(10,159)	12,108
(Decrease) in creditors and accrued charges	(13,953)	(7,891)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14,011</b>	<b>32,627</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	7	7
Withdrawal of pledged bank deposits	2,631	2,617
Placement of pledged bank deposits	(2,634)	(2,620)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>4</b>	<b>4</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(41)	20
Repayment of lease liabilities	(382)	(458)
Share issue costs paid	(1,488)	(142)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,911)</b>	<b>(620)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>12,104</b>	<b>32,011</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>34,038</b>	<b>18,731</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash</b>	<b>46,142</b>	<b>50,742</b>

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 1. BASIS OF PREPARATION

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below regarding the adoption of a new accounting policy and the changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the consolidated financial statements for the year ended 31 December 2019 of the Company and its subsidiaries (collectively referred to as the “Group”).

### Adoption of a new accounting policy

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under other income.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Impacts of application on Amendments to IAS 1 and IAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current interim period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

## 3. REVENUE AND SEGMENT INFORMATION

The Group’s revenue represents the amount received and receivable for revenue arising on electrical and mechanical engineering works and maintenance and repair services.

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

	Six months ended	
	30.6.2020	30.6.2019
	MOP’ 000	MOP’ 000
	(Unaudited)	(Unaudited)
<b>Revenue from construction contracts</b>		
Electrical and mechanical engineering works	124,541	94,476
<b>Provision of services</b>		
Maintenance and repair services	1,867	2,078
	126,408	96,554
<b>Timing of revenue recognition</b>		
Over time	126,408	96,554

### Geographical information

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

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 4. OTHER INCOME

	Six months ended	
	30.6.2020	30.6.2019
	MOP' 000	MOP' 000
	(Unaudited)	(Unaudited)
Bank interest income	7	7
Government grants (Note)	200	–
Others	7	–
	<b>214</b>	<b>7</b>

Note: During the six months ended 30 June, 2020, the Group recognised government grants of MOP200,000 in respect of COVID-19 related subsidy for business provided by Macau government.

## 5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2020	30.6.2019
	MOP' 000	MOP' 000
	(Unaudited)	(Unaudited)
Current tax: Macau complementary tax	<b>3,090</b>	2,159

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.

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2020	30.6.2019
	MOP' 000	MOP' 000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	<b>360</b>	345
Other staff costs:		
Salaries, bonus and other allowances	<b>10,571</b>	12,153
Total staff costs	<b>10,931</b>	12,498
Less: amounts included in cost of services	<b>(8,720)</b>	(10,841)
	<b>2,211</b>	1,657
Depreciation of		
– property, plant and equipment	<b>154</b>	233
– right-of-use assets	<b>323</b>	412

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended	
	30.6.2020	30.6.2019
	MOP' 000	MOP' 000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share	<b>16,259</b>	16,352
	' 000	' 000
<b>Number of shares</b>		
Number of shares for the purpose of calculating basic earnings per share	<b>396,900</b>	396,900

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as described in Note 17 had been effective on 1 January 2019.

No diluted earnings per share was presented as there were no potential ordinary shares issued during the six months ended 30 June 2020 and 2019.

## 8. DIVIDENDS

No dividend paid or proposed for shareholders of the Company for the year ended 31 December 2019 and for the six months ended 30 June 2020 and 2019.

## 9. PROPERTY, PLANT AND EQUIPMENT

The Group has no new acquisition for property, plant and equipment for the six months ended 30 June 2020 and 2019.



# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 10. CONTRACT ASSETS

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Contract assets from contract with customers	54,612	77,075
Less: Allowance for credit losses	68	160
	<b>54,544</b>	<b>76,915</b>

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Represented by:		
Electrical and mechanical engineering works	54,530	74,366
Maintenance and repair services	14	2,549
	<b>54,544</b>	<b>76,915</b>

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Analysed as current		
Unbilled revenue	48,151	69,608
Retention receivables	6,393	7,307
	<b>54,544</b>	<b>76,915</b>

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

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

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 10. CONTRACT ASSETS (continued)

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

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

As at 30 June 2020, retention money held by customers for contract works amounted to approximately MOP6,393,000 (31 December 2019: MOP7,307,000). Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contract ranging from 1 year to 2 years from the date of the completion of the respective projects.

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

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Within one year	2,073	2,987
After one year	4,320	4,320
	<b>6,393</b>	7,307

As at 30 June 2020, included in the Group's contract assets are debtors with a carrying amount of MOP1,700,000 (31 December 2019: MOP5,272,000), which are past due but not impaired. The Group does not hold any collateral over these balances.

## 11. CONTRACT LIABILITIES

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Advances from customers	20,492	30,651

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Trade receivables	45,157	41,149
Less: Allowance for credit losses	226	159
	44,931	40,990
Other debtors, deposits and prepayments		
– Deposits	6,144	6,162
– Prepayments	334	348
– Deferred share issue costs	4,987	3,320
	56,396	50,820

The Group allows an average credit period of 0 to 60 days to its customers. The aging analysis of the Group's trade receivables, based on invoice date at the end of the reporting period are as follows:

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
0 – 30 days	35,122	23,090
31 – 60 days	8,233	8,871
61 – 90 days	1,031	648
Over 90 days	771	8,540
	45,157	41,149

As at 30 June 2020, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately to MOP10,035,000 (31 December 2019: MOP18,059,000), which are past due. Out of the past due balances approximately MOP729,000 (31 December 2019: MOP4,173,000) 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.

## 13. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent fixed-rate bank deposits which are pledged to secure bank guarantee to the Group. As at 30 June 2020, the pledged bank deposits carried interest rate at 0.525% per annum and with a maturity of three months period, for the deposit amount of MOP2.7 million as at 30 June 2019 and 2020.

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 14. CREDITORS AND ACCRUED CHARGES

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Trade payables	303	9,616
Other creditors and accrued charges		
– Accrued staff costs	200	3,555
– Accrued construction costs	3,034	3,649
– Other accruals	67	737
	<b>3,604</b>	<b>17,557</b>

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:

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
0-90 days	303	7,500
91-365 days	–	1,167
Over one year	–	949
	<b>303</b>	<b>9,616</b>

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

## 15. SHARE CAPITAL

The share capital of the Group as at 30 June 2020 and 30 June 2019 represented the issued share capital of the Company with carrying amount of MOP10.

The movements in the Company's authorized and issued ordinary share capital are as follows:

	Number of shares	Amount MOP
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	38,000,000	391,400
Issued and fully paid:		
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	1,000	10

# Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2020

## 16. PERFORMANCE BONDS AND CONTINGENT LIABILITY

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

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

	30.6.2020 MOP' 000 (Unaudited)	31.12.2019 MOP' 000 (Audited)
Issued to the Group by banks	30	1,390

As at 30 June 2020, the Group has obtained total credit facilities of approximately MOP5,157,500 (31 December 2019: MOP5,157,500) for the issuance of performance bonds and these credit facilities were secured by the promissory notes of approximately MOP13,616,000 (31 December 2019: MOP13,616,000).

## 17. SUBSEQUENT EVENTS

Subsequent to 30 June 2020, the following significant events took place:

- (i) On 21 August 2020, written resolutions of all shareholders of the Company were passed to approve the below matters:
  - a. the increase in authorised share capital of the Company from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each;
  - b. conditionally upon the share premium account of the Company being credited as a result of the Hong Kong public offering and the international placing (the “**Global Offering**”), the directors of the Company were authorised to capitalise an amount of HK\$3,968,990 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 396,899,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company immediately before the completion of the global offering; and
  - c. the adoption of a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company’s shares. No option has been granted since the adoption of the scheme. The principal terms of which are set out in the paragraph headed “Share Option Scheme” in Appendix IV to the Prospectus.
- (ii) On 11 September 2020, a total of 396,899,000 shares were allotted and issued, credited as fully paid at par, by way of capitalisation of a sum of HK\$3,968,990 standing to the credit of the share premium account of the Company, and that such shares to be allotted and issued to the persons whose names appear on the register of members of the Company.
- (iii) On 11 September 2020, 103,100,000 ordinary shares with a par value of HK\$0.01 each of the Company were issued at a price of HK\$1.00 per share by way of Global Offering. On the same date, the shares were listed on the Main Board of the Stock Exchange.