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## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Directors”) of MECOM Power and Construction Limited (“MECOM” or the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 (the “Year” or “2020”), together with the comparative results for the year ended 31 December 2019 (“2019”) as follows:

#### **FINANCIAL HIGHLIGHTS FOR 2020**

- Revenue increased by 41.8% to MOP707.3 million (2019: MOP498.9 million).
- The Group expanded its electrical and mechanical engineering services works in 2020, with this new business segment generating revenue of MOP152.8 million (2019: nil), accounting for 21.6% of total revenue.
- Gross margin of 12.4% (2019: 20.5%) affected by COVID-19 in 2020. Profit for the year declined by 9.6% to MOP50.9 million (2019: MOP56.3 million).
- Gearing ratio was zero (2019: zero) with no bank borrowings (2019: nil). Total cash and bank balances (including fixed bank deposits) of MOP175.3 million (2019: MOP223.7 million).
- Aggregate value of contracts on hand yet to complete was MOP1,277.7 million (2019: MOP701.4 million), representing a 82.2% growth.
- Recommended final dividend of HK3.0 cents per share, total dividends of HK4.0 cents per share for 2020 (HK4.5 cents per share for 2019).
- Recommended a bonus issue of shares on the basis of one new share for every two existing shares held by the shareholders of the Company (the “Shareholders”) in recognition of the Shareholders’ continual support to the Company.
- Repurchased 5,340,000 shares in 2020 and further share buybacks may be implemented by the Company during fiscal year 2021.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

(Expressed in Macanese Pataca (“MOP”))

	Notes	2020 <b>MOP’000</b>	2019 <b>MOP’000</b>
Revenue	3	<b>707,313</b>	498,945
Cost of services		<u><b>(619,926)</b></u>	<u>(396,720)</u>
Gross profit		<b>87,387</b>	102,225
Other income		<b>3,537</b>	5,818
Impairment losses under expected credit loss model, net of reversal		<b>(1,707)</b>	(2,958)
Administrative expenses		<b>(33,060)</b>	(41,270)
Share of profit of associates		<u><b>801</b></u>	<u>228</u>
Profit before tax		<b>56,958</b>	64,043
Income tax expense	4	<u><b>(6,038)</b></u>	<u>(7,711)</u>
Profit and total comprehensive income for the year		<u><b>50,920</b></u>	<u>56,332</u>
Basic and diluted earnings per share (MOP cents)	5	<u><b>4.25</b></u>	<u>4.70</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 MOP'000	2019 MOP'000
<b>Non-current assets</b>			
Property, plant and equipment		50,995	57,648
Interest in associates		1,055	254
		<u>52,050</u>	<u>57,902</u>
<b>Current assets</b>			
Contract assets	6	77,369	109,122
Debtors, deposits and prepayments	8	225,850	171,046
Amounts due from related companies	9	22,840	30,670
Pledged bank deposits		57,138	42,375
Fixed bank deposits		22,683	87,790
Bank balances and cash		152,663	135,919
		<u>558,543</u>	<u>576,922</u>
<b>Current liabilities</b>			
Amounts due to related companies	9	2,785	4,181
Creditors and accrued charges	10	155,117	136,142
Tax liabilities		13,659	29,094
Contract liabilities	7	–	2,472
		<u>171,561</u>	<u>171,889</u>
<b>Net current assets</b>		<u>386,982</u>	<u>405,033</u>
<b>Net assets</b>		<u>439,032</u>	<u>462,935</u>
<b>Capital and reserves</b>			
Share capital		12,295	12,340
Reserves		426,737	450,595
<b>Total equity</b>		<u>439,032</u>	<u>462,935</u>

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability 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, high voltage power substation construction and its system installation works, electrical and mechanical (“E&M”) engineering services works, and provision of facilities management services.

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s 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

The application of the Amendments to References to Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year 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 consolidated financial statements.

### 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, (3) E&M engineering services works, and (4) facilities management services.

During the current year, the Group has diversified its construction business to include E&M engineering services works. E&M engineering services works generally 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 our E&M engineering services works. 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 (used for security video surveillance purposes) and any other systems within a building that require a transmission signal.

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.

**Disaggregation of revenue from contracts with customers**

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
<b>Revenue from construction contracts</b>		
Construction and fitting out works	465,360	367,587
High voltage power substation construction and its system installation works	12,098	39,235
E&M engineering services works	152,776	–
	<u>630,234</u>	<u>406,822</u>
<b>Provision of service income</b>		
Facilities management services	77,079	92,123
	<u>707,313</u>	<u>498,945</u>
<b>Timing of revenue recognition</b>		
Over time	<u>707,313</u>	<u>498,945</u>

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**

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Current tax: Macau Complementary Tax	8,166	9,115
Overprovision in prior years	(2,128)	(1,404)
	<u>6,038</u>	<u>7,711</u>

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

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	<u><b>50,920</b></u>	<u>56,332</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u><b>1,196,904</b></u>	<u>1,198,812</u>

For the years ended 31 December 2020 and 31 December 2019, the diluted earnings per share does not assume the effect from the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares from the grant date to 31 December 2020.

## 6. CONTRACT ASSETS

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Contract assets from contract with customers	<b>79,847</b>	111,600
Less: Allowance for credit losses	<u>(2,478)</u>	<u>(2,478)</u>
	<u><b>77,369</b></u>	<u>109,122</u>
	<i>MOP'000</i>	<i>MOP'000</i>
Represented by:		
Construction and fitting out works	<b>61,578</b>	104,774
High voltage power substation construction and its system installation works	<b>2,519</b>	4,348
E&M engineering services works	<b>12,733</b>	—
Facilities management services	<u><b>539</b></u>	<u>—</u>
	<u><b>77,369</b></u>	<u>109,122</u>

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Analysed as current		
Unbilled revenue	16,501	71,179
Retention receivables	60,868	37,943
	<u>77,369</u>	<u>109,122</u>

As at 1 January 2019, contract assets amounted to MOP29,863,000.

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

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

### Construction contracts

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits and typically 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.

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

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

As at 31 December 2020, retention money held by customers for contract works amounted to MOP60,868,000 (2019: MOP37,943,000) of which MOP11,425,000 (2019: MOP6,890,000) 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 one year to two years from the date of the completion of the respective projects.

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

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Within one year	11,685	7,270
After one year	49,183	30,673
	<u>60,868</u>	<u>37,943</u>

As at 31 December 2020, included in the Group's contract assets are retention money with a carrying amount of MOP2,789,000 (2019: MOP5,272,000), which are past due but not impaired. The Group does not hold any collateral over these balances.

## 7. CONTRACT LIABILITIES

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Advance from customers	—	2,472

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:

### Construction contracts

When the Group receives upfront payments or cash advances before construction activities commence, contract liabilities will arise at the start of the relevant contracts, until the revenue recognised on such relevant contracts exceeds the amount of the cash advances.

## 8. DEBTORS, DEPOSITS AND PREPAYMENTS

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Trade receivables	215,433	141,390
Less: Allowance for credit losses	(3,066)	(2,597)
	212,367	138,793
Other debtors, deposits and prepayments		
— Deposits	1,214	1,216
— Prepayments	6,986	27,398
— Others	5,283	3,639
	225,850	171,046

As at 1 January 2019, trade receivables amounted to MOP150,443,000.



## Trade receivables

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

	<b>2020</b> <b>MOP'000</b>	<b>2019</b> <b>MOP'000</b>
0-90 days	<b>204,423</b>	126,971
91-365 days	<b>6,296</b>	6,332
1-2 year	<b>377</b>	5,326
Over 2 years	<b>1,271</b>	164
	<b>212,367</b>	<b>138,793</b>

As at 31 December 2020, included in the Group's trade receivables balance are debtors with carrying amounts of MOP75,385,000 (2019: MOP26,367,000) which are past due as at the reporting date. Out of the past due balances, MOP4,386,000 (2019: MOP8,204,000) 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 had not been a significant change in credit quality, the amounts are still considered recoverable.

## 9. AMOUNTS WITH RELATED COMPANIES

### (a) Amounts due from related companies (trade receivables)

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

	<b>2020</b> <b>MOP'000</b>	<b>2019</b> <b>MOP'000</b>
0-90 days	<b>20,506</b>	<b>27,161</b>

As at 31 December 2020, included in the Group's trade-nature amounts due from related companies are receivables with a carrying amount of MOP10,167,000 (2019: nil) which are past due as at the reporting date. As at 31 December 2020, all the past due balances has been past due within 90 days and is not considered as in default. The Group does not hold any collateral over these balances. As there had not been a significant change in credit quality, the amounts are still considered recoverable.

### (b) Amounts due to related companies (trade payables)

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

	<b>2020</b> <b>MOP'000</b>	<b>2019</b> <b>MOP'000</b>
Within 90 days	<b>2,594</b>	<b>4,181</b>

## 10. CREDITORS AND ACCRUED CHARGES

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Trade payables	44,228	34,221
Retention payables	13,622	6,149
Other creditors and accrued charges		
— Accrued staff costs	9,877	14,376
— Accrued construction costs	70,558	77,654
— Other accruals	16,832	3,742
	<u>155,117</u>	<u>136,142</u>

### 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:

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
0-90 days	39,372	34,221
91-365 days	4,856	—
	<u>44,228</u>	<u>34,221</u>

### Retention payables

Retention payables are interest-free and payable at the end of the defect liability period of individual contracts, ranging from one to two years from the date of completion of the respective project.

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.

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
On demand or within one year	477	2,204
After one year	13,145	3,945
	<u>13,622</u>	<u>6,149</u>

## 11. DIVIDENDS

	2020 MOP'000	2019 MOP'000
2020 Interim-HK1.0 cent (equivalent to MOP1.03 cents) per share (2019: Nil)	12,321	–
2019 Final-HK4.5 cents (equivalent to MOP4.64 cents) (2019: 2018 Final of HK3.4 cents (equivalent to MOP3.5 cents) per share)	55,443	41,957
	<u>67,764</u>	<u>41,957</u>

Subsequent to the end of the reporting period, the Board has recommended a final dividend of HK3.0 cents (2019: HK4.5 cents) per share, totalling HK\$35,809,000 (2019: HK\$53,829,000), for the year ended 31 December 2020, to the Shareholders. The payment of the final dividend is subject to the Shareholders' approval at the forthcoming annual general meeting (the "AGM") of the Company.

The Board has also recommended a bonus issue of shares on the basis of one new share with a par value of HK\$0.01 each of the Company ("Shares", each a "Share") credited as fully paid for every two existing Shares held by the Shareholders, subject to the Shareholders' approval at the AGM.

## 12. EVENT AFTER THE REPORTING PERIOD

On 9 February 2021, MECOM Hung Yip Limited, a subsidiary of the Company, entered into an equity transfer agreement with Moreira Dos Santos Gestão De Participações Sociais Lda., a company incorporated in Macau with limited liability, and Mr. Fernando Moreira Do Santos, Pedro Luís for the acquisition of 49% equity interest in Moreira Dos Santos Mobilidade Eléctrica Lda., ("MS E.Mobi"), a company incorporated in Macau with limited liability, at a cash consideration of MOP1,500,000. Details of the acquisition are set out in the Company's announcement dated 15 March 2021.

MS E.Mobi is conducting the electric vehicle ("EV") business and is an EV charging infrastructure distributor and consultant for EV charging network solutions.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I present to you the audited consolidated annual results of the Group for the year ended 31 December 2020.

During the Year, Macau, where the Group's core business is located, was affected by the global outbreak of COVID-19, causing a noticeable decrease of both the number of inbound tourists arriving at Macau and its gaming revenue. In February 2020, as a curb to COVID-19, the Macau government imposed an unprecedented 15-day closure order on casinos, causing the gaming industry, the economic pillar of Macau, to come to a virtual standstill in the first half of 2020. In 2020, the accumulated gross revenue from gaming revenue plummeted 79.3% from MOP292.5 billion in 2019 to MOP60.4 billion. According to data from the Statistics and Census Service of the Government of Macao Special Administrative Region, the number of tourists to Macau drastically dropped from 2.9 million in January 2020 to 660,000 in December 2020, as a result of the mandatory quarantine and medical observation of tourists as well as the restrictive border control measures. In addition, Macau's economy was affected by the uncertainty of the presidential election in the United States (the "US"), the trade war between China and the US and the slowdown of the Chinese economy. According to government data, Macau's Gross Domestic Product (GDP) decreased 63.8% year-on-year in the third quarter of 2020. Casino expansion and renovation plans have been postponed due to economic fluctuations. The construction industry, in particular, bore the brunt.

Notwithstanding the aforementioned adversities, the stringent border control measures implemented by the Macau government were proved to be amazingly effective in containing the pandemic. In September 2020, travel restrictions from the Chinese Mainland to Macau have been lifted, soothing the tourism in Macau. The governments of Macau and China had launched supportive measures for economic recovery such as restoring tourist visas to Macau from the Chinese Mainland in phases. Envisioning to diversify the casino-dependent economy, the Central Government has rolled out plans to position Macau as "One Centre, One Platform and One Base" in order to fully leverage on the special status and unique advantages of Macau to consolidate and enhance the traditional tourism and to develop Macau into the next financial center and exhibition and convention hub. Besides, President Xi Jinping's visit to Macau for the 20th anniversary of Macau handover signaled the initiatives to deepen the integration with mainland cities in the Greater Bay Area and the region around the Pearl River Delta. Macau will develop in collaboration with the neighboring regions of China. During the Year, a number of infrastructure projects have been steadily progressing in Macau, including the construction of the Seac Pai Van Light Rapid Transit (LRT) Line, the LRT East Line, the LRT Hengqin Port Connection Line, the extension works of the Airport, the alteration of Taipa Ferry Terminal 2, etc.

Despite of the great impact to the global economy caused by COVID-19 in 2020, the adverse impact was relatively mild on the construction industry. During the outbreak of COVID-19, some gaming enterprises seized the opportunity to accelerate their renovation and alteration works to upgrade the facilities as well as to increase the proportion of non-gaming business revenue. With our outstanding construction capability and cordial relationship with our customers, the Group secured more than 20 projects during the Year with a total value of over MOP1.2 billion, covering the podium architectural builders works and finishes and podium façade works for a new hotel complex, the heating ventilation and air-conditioning system and wet fire system works for a new hotel complex, the information technology systems for a new hotel complex and construction works for a residential development project. In addition, the Group has renewed the term of services for three facility management services agreements for provision of operation and maintenance services for mechanical, electrical and plumbing systems of a hotel complex and energy centers of a casino gaming operator for a further term of two years to generate stable cash flow. We are confident that we will obtain more facility management contracts when the new casinos and resorts in the Cotai area open in the near future so that we can further expand the Group's facility management business. On the other hand, during the Year, we have been awarded a contract for the construction of a new high voltage substation and its system installation works by Companhia de Electricidade de Macau in the Orientale de Macau. The construction works of the HK\$6.5 billion new hotel complex in Cotai, Macau, under a joint venture co-established by the Group and two subsidiaries of a state-owned enterprise, also commenced during the Year and the Group has successfully secured parts of the projects under the joint venture. Such achievements represent customers' recognition on our high construction quality and engineering management capabilities. We have also gained larger market share in the increasingly competitive industry.

Amid the difficult economic situation, while maintaining steady development of the principal businesses, leveraging our outstanding construction capability, the Group has also been proactively diversifying its revenue source and business scale by developing our new businesses including E&M engineering services works and electric vehicles ("EV") charging projects. Substantial part of the project of providing extra low voltage systems works, ventilation and air conditioning system works for the building of the Public Prosecutions Office of Macau (Phase II) with a contract amount of MOP62 million has been completed during the Year. During the Year, the Group also entered into a memorandum of understanding with a US-listed Macau gaming operator to establish and operate an EV charging system covering approximately 3,100 parking spaces at a new hotel complex it owns and other properties it operates in Macau. The Group has also entered into a strategic partnership with Ubitricity for EV charging and billing solutions to develop, manufacture and distribute market-specific EV charging and billing solutions for the EV industry in the Greater Bay Area. Grabbing hold of the opportunity from the HK\$2 billion pilot subsidy scheme which aims to promote installation of EV charging-enabling infrastructures in car park of existing private residential buildings as announced by the Hong Kong Government, the Group is participating in a residential building project for installation of EV charger facilities. Up to the date of this announcement, the Group has entered into three five-year contracts for undertaking EV charging projects at residential property projects in Zhongshan City and Guangzhou City, Guangdong Province, the PRC, covering a total of 2,953 parking spaces and the scope of work includes provision of design, supply, installation, operation and maintenance services for EV charger facilities. In the future, the Group will continue to develop its business in the markets in Macau, Hong Kong and the Greater Bay Area to enhance profitability and consolidate its market leadership amongst Macau's integrated construction works enterprises. We believe that the development of EV charging system business enables the Group to leverage on the existing strengths and resources of the Group, creating complementary effect and synergy to our existing businesses.

Benefited from the effective preventive measures against COVID-19, the launch of the COVID-19 vaccine and the supportive policies introduced by the Chinese and Macau governments, the negative impact of the epidemic is expected to be mitigated, and the economic growth momentum will continue. The Group remains confident in the long-term prospect of Macau and our businesses and will embrace challenges and opportunities with cautious optimism. In addition, multiple government infrastructure projects are also in full swing including the construction of transport infrastructure such as the LRT East Line, the LRT Hengqin Port Connection Line, the fourth Macao-Taipa cross-harbor bridge, and the roads and infrastructure projects in New Town A Zone. These favourable factors are expected to generate rare development opportunities for construction enterprises. The Group will also continue to strengthen its corporate governance and talent training, acquire new machines and equipment to sharpen its competitiveness and consolidate its industry leadership.

Last but not least, on behalf of Board and the management of the Group, I would like to express my gratitude to all the employees for the valuable contributions and high-quality services during the Year, and to our Shareholders, investors, customers, suppliers and partners for the strong support. MECOM will continue to strive for sustainable growth, while generating satisfactory returns for the Shareholders.

**Kuok Lam Sek**

*Executive Director and Chairman*

Hong Kong, 29 March 2021

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **COMPANY OVERVIEW**

The Group is a leading company in both the civil engineering industry and the high voltage power substation construction industry in Macau. It undertakes highly challenging and complex construction projects in four major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, E&M engineering services works and provision of facilities management services. During the Year, the Group has diversified its construction business to cover E&M engineering services works.

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, concreting and builder works, and the integration of these construction methods for building highly efficient structures. 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 infrastructures installed with high voltage power systems.

E&M engineering services works generally involve a combination of the supply and/or installation of (i) LV systems works; (ii) HVAC systems works; and (iii) ELV systems works, and the relevant testing and commissioning thereof as well as management and monitoring of quality and delivery of our E&M engineering services works. 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 (used for security video surveillance purposes) and any other systems within a building that require a transmission signal.

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

The global economy suffers huge setback from COVID-19, and Macau has not been spared. In the first half of 2020, gaming industry as the economic pillar of Macau came to a virtual standstill, and the sluggish economy hindered the development plans of gaming businesses and resort operators. However, with the pandemic under control and precautionary measures gradually relaxed, Macau's economy recovered in the second half of 2020. Some gaming enterprises and resort operators also seized the opportunity of the short-term suspension to carry out alteration and addition works, which helped mitigate the impact of COVID-19 on the construction industry.

In terms of business operation, the Group undertook construction works in line with the needs of its customers, whereas a number of key projects proceeded smoothly. As the majority of the construction workers were recruited from Macau and other PRC regions that are relatively less affected by the COVID-19 pandemic, the impact of the pandemic on the progress of the project was limited except for the supply chain which was affected by the delay in logistics. During the Year, revenue increased by 41.8% year-on-year to MOP707.3 million (2019: MOP498.9 million), of which more than 60% was attributable to civil engineering and steel structure engineering services, the business segments which the Group is endowed with core technology, followed by E&M engineering works and repairs and maintenance engineering works. However, due to the impact of the pandemic and other factors, the profit margins were consequently lowered. During the Year, gross margin and net profit margin were 12.4% (2019: 20.5%) and 7.2% (2019: 11.3%), respectively. The decline in profitability was attributable to various factors. Firstly, part of the supply chain of raw materials, accessories and equipment imported from China was interrupted during the pandemic, which led to the surge in costs. Additionally, most of the completed projects of the Group during the Year were large-scale development projects with generally higher set-up cost in the initial stage and lower project cost in the middle and later stages. Also, as the projects progress, there are usually related variation works with higher profit margin, and hopefully, the overall profit margins can then be raised. With the pandemic under control in the second half of 2020, the gross margin for civil engineering and steel structure engineering improved from 9.6% in the first six months of 2020 to 12.6% for the whole year 2020.

During the Year, the Group's facilities management services progressed steadily, contributing to a stable and sustainable cash flow for the Group. At the same time, the Group also expanded its E&M engineering services works, with the business segment generating revenue of MOP152.8 million in 2020, accounting for 21.6% of total revenue and contributing MOP9.7 million in gross profit to the Group.



## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue in 2020 and 2019:

	2020		2019	
	<i>MOP'000</i>	<i>%</i>	<i>MOP'000</i>	<i>%</i>
Construction and fitting out works	<b>465,360</b>	<b>65.8</b>	367,587	73.7
High voltage power substation construction and its system installation works	<b>12,098</b>	<b>1.7</b>	39,235	7.9
E&M engineering services works	<b>152,776</b>	<b>21.6</b>	–	–
Facilities management services	<b>77,079</b>	<b>10.9</b>	92,123	18.4
Total	<b><u>707,313</u></b>	<b>100.0</b>	<b><u>498,945</u></b>	100.0

The Group recorded a revenue of MOP707.3 million for the Year, representing an increase of MOP208.4 million or 41.8% as compared to 2019. The increase in revenue was mainly contributed from construction and fitting out works and E&M engineering services works with an increase in revenue of MOP97.8 million and MOP152.8 million, respectively.

Growth in revenue of construction and fitting out works was mainly due to the substantial construction in progress of various large-scale construction and fitting out works projects. The construction works regarding (i) the phase 2 development of a new hotel complex in Cotai, Macau and (ii) a new hotel situated at Travessa do Comandante Mata e Oliveira generated revenue of MOP289.9 million and MOP65.3 million, respectively.

During the Year, the Group had diversified its construction business to include E&M engineering services works. Revenue from E&M engineering services works were contributed by the works performed for (i) the building of the Public Prosecution Office of Macau (Phase II) awarded in May 2019 and undertaken in 2020 and (ii) the information technology systems for a new hotel complex awarded and undertaken during the second half of 2020.

### Gross profit

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

	2020		2019	
	<b>Gross profit</b> <i>MOP'000</i>	<b>Gross margin</b> <i>%</i>	Gross profit <i>MOP'000</i>	Gross margin <i>%</i>
Construction and fitting out works	<b>58,516</b>	<b>12.6</b>	87,933	23.9
High voltage power substation construction and its system installation works	<b>4,993</b>	<b>41.3</b>	3,563	9.1
E&M engineering services works	<b>9,707</b>	<b>6.4</b>	–	–
Facilities management services	<b>14,171</b>	<b>18.4</b>	10,729	11.6
Total/overall	<b><u>87,387</u></b>	<b>12.4</b>	<b><u>102,225</u></b>	20.5

The Group recorded a gross profit of MOP87.4 million for the Year, which represented a year-on-year decrease of 14.5% (2019: MOP102.2 million). Our gross margin decreased from 20.5% in 2019 to 12.4% in 2020 primarily attributable to the overall impact of the pandemic and other factors.

The gross margin of the Group's construction and fitting out works decreased from 23.9% in 2019 to 12.6% in 2020. Due to the outbreak of COVID-19, part of the supply chain of raw materials, accessories and equipment imported from China for construction and fitting out works was interrupted during the period of pandemic, which accounted for the surge in costs. In addition, a larger portion of the revenue from construction and fitting out works during 2019 was from the variation works of a substructural steelworks construction project which had a higher gross profit margin mainly due to the favourable rate of variation orders.

E&M engineering services works generated 6.4% gross margin for the Year, due to the relatively high set up cost of new business at the initial stage.

The gross margin of facilities management services increased from 11.6% in 2019 to 18.4% in 2020, primarily attributable to more direct labour used for the facilities management services during the Year.

#### **Other income**

Other income decreased by MOP2.3 million or 39.2%, which was attributable to the decrease in rental income from the Group's industrial unit in Macau after the expiry of the existing tenancy in October 2019.

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

The Group's impairment losses of trade receivables, trade-nature amounts due from related companies and contract assets were MOP1.7 million (2019: MOP3.0 million). The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, trade-nature amounts due from related companies and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables, the trade-nature amounts due from related companies and the contract assets on the same basis.

#### **Administrative expenses**

Administrative expenses decreased by MOP8.2 million or 19.9% mainly due to additional professional fees incurred in relation to the preparation of relevant documentary works as the Group picked up its pace in bidding during 2019.

#### **Income tax expense**

Income tax expense decreased by MOP1.7 million or 21.7% primarily due to (i) a decrease in gross profit; and (ii) reversal of over-provision of MOP2.1 million in prior years.

#### **Profit for the Year**

The Group's profit for the Year decreased by MOP5.4 million or 9.6% 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 liquidity risks, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

As at 31 December 2020, the Group had net current assets of MOP387.0 million (2019: MOP405.0 million). The current ratio of the Group as at 31 December 2020 was 3.3 (2019: 3.4).

The Group continued to maintain a healthy liquidity position. As at 31 December 2020, the Group had total cash and bank balances (including fixed bank deposits) of MOP175.3 million (2019: MOP223.7 million).

As at 31 December 2020, the Group's unutilised credit facilities was MOP367.4 million (2019: MOP312.0 million).

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

As at 31 December 2020, the Company's share capital and equity amounted to MOP12.3 million and MOP426.7 million, respectively (2019: MOP12.3 million and MOP450.6 million, respectively).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and MOP. As at 31 December 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 Year.

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 31 December 2020.

## **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 of the Company 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 as 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 31 December 2020:

	<b>Revised applications (HK\$ million)</b>	<b>Actual usage up to 31 December 2020 (HK\$ million)</b>
Financing the issuance of performance bonds when undertaking new projects ( <i>Note 1</i> )	112.4	72.7
Establishing storage facilities ( <i>Note 2</i> )	44.3	44.3
Recruiting additional staff	45.2	45.2
Acquiring additional machinery ( <i>Note 1</i> )	16.8	15.1
Financing the upfront costs for new projects ( <i>Note 2</i> )	16.7	16.7
General working capital	26.2	26.2
	<u>261.6</u>	<u>220.2</u>

*Notes:*

1. The Group experienced delay in several new projects since 2018 due to delays in obtaining construction project approval, construction work licensing and work permits for foreign workers from the relevant regulatory and supervisory authorities in Macau. Project approval resumed normality in the second half of 2019. To the best knowledge and belief of the Directors, the unutilised amounts of the net proceeds are expected to be fully utilised during the year ending 31 December 2021.

Up to the date of this announcement, the Group has utilised HK\$82.6 million and HK\$15.1 million of the total net proceeds for financing the issuance of performance bonds and acquiring additional machinery, respectively.

2. With reference to the Company's announcement dated 28 February 2019, as the Company had already acquired an industrial unit in Macau to serve as a permanent base for the Group's centralised warehouse, the Board had resolved to reallocate the then 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 31 December 2020, the Group had pledged bank deposits of MOP57.1 million (2019: MOP42.4 million) that were pledged with banks as security of credit facilities.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2020 (2019: nil).

## **COMMITMENTS**

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

## 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 31 December 2020, the Group had 355 (2019: 269) employees in Hong Kong and Macau, comprising 73 Macau residents and 282 non-Macau residents (2019: 77 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.

Details of movements in the share options granted under the Share Option Scheme during the Year and options outstanding as at 31 December 2020 are as follows:

Name of grantees	Date of grant	Number of share options held as at 1 January 2020	Changes during the Year				Number of share options held as at 31 December 2020	Exercise price per share HK\$	Exercisable period (Note)
			Granted	Exercised	Lapsed	Cancelled			
<b>Directors</b>									
Ms. Chan Po Yi, Patsy	3 April 2018	200,000	-	-	-	-	200,000	1.8	3 April 2018 to 2 April 2028
Mr. Cheung Kiu Cho, Vincent	3 April 2018	200,000	-	(150,000)	-	-	50,000	1.8	3 April 2018 to 2 April 2028
Dr. Ngan Matthew Man Wong	3 April 2018	200,000	-	-	(200,000)	-	-	1.8	3 April 2018 to 2 April 2028
<b>Employees</b>	3 April 2018	250,000	-	-	-	-	250,000	1.8	3 April 2018 to 2 April 2028
<b>Consultants</b>	3 April 2018	1,050,000	-	(750,000)	-	-	300,000	1.8	3 April 2018 to 2 April 2028
		<u>1,900,000</u>	<u>-</u>	<u>(900,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>800,000</u>		

*Note:* These share options are exercisable in four tranches, namely: (a) 25% shall be exercisable at any time during the period commencing from 3 April 2018 and ending on 2 April 2028; (b) 25% shall be exercisable at any time during the period commencing from 3 April 2019 and ending on 2 April 2028; (c) 25% shall be exercisable at any time during the period commencing from 3 April 2020 and ending on 2 April 2028; and (d) 25% shall be exercisable at any time during the period commencing from 3 April 2021 and ending on 2 April 2028.

## **PROSPECTS**

There are numerous optimistic factors in the mid to long term construction blueprint of Macau, which, hopefully, will continue to incentivise market demand for construction projects. As the validity period of casino operation concession in Macau will expire by June 2022, casino gaming operators need to pour in funds to upgrade the facilities to increase their chance for renewal. Despite the fact that the pandemic has hit Macau's tourism industry, it provided an opportunity for casino gaming operators to speed up their development plans. The expansion works of the casino gaming operators have boosted the demand for construction works.

Looking forward into 2021, the economies of various countries could come out of the pandemic and readjust their deployment. New energy development is an important part of the world's development, and various countries are more actively promoting the development of electric vehicles. In the 2019 "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area", it is mentioned that strategic emerging industries such as new energy, energy-saving and environmental protection and new energy vehicle industries should be nurtured and strengthened to form an industrial agglomeration with energy-saving and environmental protection technology research and development and headquarters base as the core. According to data from the Macau Transport Bureau, the total number of electric vehicles in Macau has increased by 64.4% from 685 in 2019 to approximately 1,126 in the first nine months in 2020. With the increasing number of electric vehicles, we believe that the demand for electric vehicle charging facilities is bound to increase. The Group's electric vehicle charging and billing solutions will enable us to capture the market opportunities and increase our market share.

As at 31 December 2020, the Group's total aggregate value of contracts on hand yet to complete amounted to MOP1.3 billion. Together with the successful tendering of over MOP44 million worth construction and fitting out works for the installation of a water park slide in a new hotel complex in early 2021, the Group recorded over MOP1.34 billion in total aggregate value of contracts on hand yet to complete in the first quarter of 2021, which testifies to the fact that the Company has sufficient contracts on hand. Despite the uncertainty of the global economy, with the commencement of many new projects including the "Macau New Neighborhood" and the upcoming construction of schools and public housing projects in the new reclamation area, the Group will proactively seize the opportunity to strengthen the talent training and strive to participate in various large-scale development and construction projects. While consolidating existing businesses, we will expand new businesses and increase our market share to create better investment value and returns for the Shareholders.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK3.0 cents per Share for the year ended 31 December 2020 to the Shareholders whose names appear on the register of members of the Company on 4 June 2021. The payment of the proposed final dividend is subject to the Shareholders' approval at the AGM. The proposed dividend is expected to be paid on or about 29 June 2021.

## **BONUS SHARES**

The Board has also recommended to issue bonus Shares (each a "Bonus Share") on the basis of one new Share credited as fully paid for every two existing Shares held by the Shareholders whose names appear on the register of members of the Company on 4 June 2021 (the "Bonus Issue"). The Bonus Issue is subject to, among others, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares and the Shareholders' approval at the AGM, and if all necessary approvals are obtained, the share certificate of the Bonus Shares will be posted on or about 29 June 2021.

A further announcement and a circular containing, among other things, further details of the Bonus Issue (including a detailed timetable) will be despatched to the Shareholders as soon as possible.



## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The AGM of the Company is scheduled to be held on Friday, 28 May 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 May 2021.

## **CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND BONUS SHARES**

The payment of the proposed final dividend for the year ended 31 December 2020 and the Bonus Issue are subject to the Shareholders' approval at the AGM. For determining the entitlement to the proposed final dividend and the Bonus Issue, the register of members of the Company will be closed from Thursday, 3 June 2021 to Friday, 4 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final dividend and the Bonus Issue, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 June 2021.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, 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 on the Stock Exchange ("Listing Rules") as the basis of the Company's corporate governance practices.

The Board is of the opinion that the Company has complied with all the code provisions in the CG Code throughout the Year.

## **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. Having made specific enquiries of all the Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code throughout the Year.

Pursuant to 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 THE COMPANY'S LISTED SECURITIES

The Company repurchased 5,340,000 Shares on the Stock Exchange during the Year. The total consideration (including transaction costs) of the repurchases was approximately HK\$8,471,000. All of the repurchased Shares were cancelled during the Year. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
January 2020	600,000	1.37	1.29	803,000
April 2020	1,290,000	1.36	1.23	1,651,000
September 2020	2,550,000	1.63	1.57	4,133,000
October 2020	700,000	2.05	1.95	1,410,000
December 2020	200,000	2.37	2.36	474,000
	<u>5,340,000</u>			<u>8,471,000</u>

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 Year.

## AUDIT COMMITTEE

The Company has established the audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Ms. Chan Po Yi, Patsy (the Chairlady of the Audit Committee), Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong, 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.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group, as well as the risk management and internal control system of the Group.



## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 31 December 2020 and up to the date of this announcement.

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

This announcement is published on the Company's website at [www.mecommacau.com](http://www.mecommacau.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2020 Annual Report will be despatched to the Shareholders and will be made available on the above websites in due course in accordance with the Listing Rules.

## **APPRECIATION**

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

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

Hong Kong, 29 March 2021

*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 Mr. Lio Weng Tong.*