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濠江機電控股有限公司

Macau E&M Holding Limited

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1408)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Macau E&M Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 August 2020 (the “**Prospectus**”) in relation to the Global Offering for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

USE OF PROCEEDS

The total net proceeds raised by the Company from the Global Offering, after deducting the underwriting fees and commission and other expenses, amounted to approximately HK\$51.6 million (the “**Net Proceeds**”). As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds in the following manner:

- approximately 63.6% of the Net Proceeds, would be used for funding part of the specific material costs and the upfront expenditure (excluding performance bonds) of certain projects the Group had on hand as at 30 June 2020 and the Specific Tendered Projects that might be secured by the Group;
- approximately 22.1% of the Net Proceeds, would be used for financing the issuance of performance bonds when undertaking new projects;
- approximately 11.0% of the Net Proceeds, would be used for expanding the Group’s workforce by recruiting additional skilled professionals and labour; and

- approximately 3.3% of the Net Proceeds, would be used for acquiring additional machineries and equipment.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Group utilised HK\$45.3 million of the Net Proceeds with the unutilised Net Proceeds amounted to approximately HK\$6.3 million. On 15 October 2021, the Board resolved to change the use of the unutilised Net Proceeds by re-allocating the unutilised Net Proceeds of HK\$6.3 million initially allocated for (i) recruiting additional skilled professionals and labour; and (ii) acquiring additional construction machineries and equipment, to fund part of the specific material costs and the upfront expenditure (excluding performance bonds) of the New Projects (to be defined below). An analysis of the utilisation of the Net Proceeds as at the date of this announcement and the revised allocation in the use of the unutilised Net Proceeds is set out as below:

	Planned usage of Net Proceeds as disclosed in the Prospectus HK\$'million (approximately)	Utilised Net Proceeds as at the date of this announcement HK\$'million (approximately)	Unutilised Net Proceeds as at the date of this announcement HK\$'million (approximately)	Revised allocation of the unutilised Net Proceeds HK\$'million (approximately)
Funding part of the specific material costs and the upfront expenditure of certain projects the Group had on hand as at 30 June 2020 and the Specific Tendered Projects	32.8	32.8	0	0
Funding part of the specific material costs and the upfront expenditure	N/A	N/A	N/A	6.3

of the New Projects				
Financing the issuance of performance bonds	11.4	11.4	0	0
Recruiting additional skilled professionals and labour	5.7	1.1	4.6	0
Acquiring additional construction machineries and equipment	1.7	0	1.7	0
Total	51.6	45.3	6.3	6.3

It was expected that the unutilised Net Proceeds will be fully utilised on or before 31 December 2021.

Save for the aforesaid change, there is no other change in use of the Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The outbreak of novel coronavirus disease (COVID-19) pandemic and its consequential travel restrictions around the globe and corresponding lockdown measures which have been strictly enforced in many countries, have all affected the global social and economic environments. The Board is of the view that the use of the unutilised Net Proceeds should be appropriately adjusted to better cope with the current economic conditions and future challenges brought by COVID-19.

With the impact of the recent outbreak of the COVID-19 pandemic, the Board considers that the execution of the Group's business expansion plan at this stage by recruiting additional skilled professionals and labour and acquiring additional construction machineries and equipment is not in the best interest of the Group.

Recently, the Group has been awarded several new projects (the "New Projects"), including among the others, an air conditioning system replacement project in public sector which commenced in April 2021 and a surveillance system project of a casino hotel in Macau which commenced in March 2021. As the Group requires capital to finance the New Projects, the Board therefore resolved to re-allocate the unutilised Net Proceeds of approximately HK\$6.3 million to fund part of the specific material costs and the upfront expenditure of the New Projects.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the unutilised Net Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

By order of the Board
Macau E&M Holding Limited

Mr. Cheong Ka Wo

Chairman, Chief Executive Officer and Executive Director

Macau, 15 October 2021

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