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**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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Macau E&M Holding Limited (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 2021 (the “**Year**”), together with the comparative results for the year ended 31 December 2020 (“**FY 2020**”) as follows:

**FINANCIAL HIGHLIGHTS**

*(in Macanese Pataca (“MOP”) thousand, unless otherwise stated)*

	<b>2021</b>	2020
	<b>MOP’000</b>	<b>MOP’000</b>
	<b>(Audited)</b>	(Audited)
Revenue	<b>184,496</b>	276,790
Gross profit	<b>43,439</b>	59,831
Profit for the year	<b>26,238</b>	26,673
Earnings per share ( <i>MOP cents</i> )	<b>5.25</b>	6.23
Bank balances (including short-term bank deposits and pledge bank deposits)	<b>176,044</b>	153,483
Total equity	<b>236,410</b>	210,172
	<b>MOP’000</b>	<b>MOP’000</b>
	<b>(Unaudited)</b>	(Unaudited)
Current ratio	<b>6.8 times</b>	4.9 times
Aggregate value of contracts on hand yet to complete	<b>228,413</b>	233,336

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December*

	<i>Notes</i>	<b>2021</b> <b>MOP'000</b> <b>(Audited)</b>	2020 <b>MOP'000</b> <b>(Audited)</b>
Revenue	3	<b>184,496</b>	276,790
Cost of services		<b>(141,057)</b>	(216,959)
Gross profit		<b>43,439</b>	59,831
Other income		<b>1,310</b>	1,023
Impairment loss under expected credit loss model, net of reversal		<b>(42)</b>	25
Administrative expenses		<b>(15,556)</b>	(15,899)
Finance costs		<b>(47)</b>	(81)
Listing expenses		<b>–</b>	(15,135)
Profit before tax		<b>29,104</b>	29,764
Income tax expense	4	<b>(2,866)</b>	(3,091)
Profit and total comprehensive income for the year		<b><u>26,238</u></b>	<u>26,673</u>
Basic earnings per share ( <i>MOP cents</i> )	5	<b><u>5.25</u></b>	<u>6.23</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December*

	<i>Notes</i>	2021 <i>MOP'000</i> <b>(Audited)</b>	2020 <i>MOP'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		301	452
Right-of-use assets		1,793	1,483
Deposits	7	<u>13,788</u>	<u>13,838</u>
		<u>15,882</u>	<u>15,773</u>
<b>Current assets</b>			
Contract assets	6	45,342	51,371
Trade and other receivables	7	37,674	40,218
Pledged bank deposits		1,874	–
Short-term bank deposits		124,535	62,651
Bank balances		<u>49,635</u>	<u>90,832</u>
		<u>259,060</u>	<u>245,072</u>
<b>Current liabilities</b>			
Contract liabilities	8	402	11,180
Trade payables and accruals	9	33,591	32,557
Lease liabilities		658	1,018
Tax liabilities		<u>3,188</u>	<u>5,604</u>
		<u>37,839</u>	<u>50,359</u>
<b>Net current assets</b>		<u>221,221</u>	<u>194,713</u>
<b>Non-current liability</b>			
Lease liabilities		<u>693</u>	<u>314</u>
<b>Net assets</b>		<u>236,410</u>	<u>210,172</u>
<b>Capital and reserves</b>			
Share capital		5,150	5,150
Reserves		<u>231,260</u>	<u>205,022</u>
<b>Total equity</b>		<u>236,410</u>	<u>210,172</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**”). Macau E&M Holding Limited is an immediate and ultimate holding company. 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 Estrada Marginal do Hipodromo, 56-68, Edifício Industrial Lee Cheung, 13/D, Macau.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in electrical and mechanical (“**E&M**”) engineering service works and maintenance and repair services in the Macau Special Administrative region of the PRC (“**Macau**”). The 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; (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.

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

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board (“**IASB**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of 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.

## New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018 — 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

### **Amendments to IAS 8 Definition of Accounting Estimates**

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 Definition of Accounting Estimates is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

### **3. REVENUE AND SEGMENT INFORMATION**

The Group's revenue represents the amount received and receivable for revenue arising from E&M engineering works and maintenance and repair services.

For the purpose of resources allocation and performance assessment, the executive directors of the Company, who are also the directors of Kento Engineering Company Limited, the sole operation subsidiary of the Group, being the chief operating decision maker (“**CODM**”), 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.

## Disaggregation of revenue from contracts with customers

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
<b>Revenue from construction contracts</b>		
Electrical and mechanical engineering works	<u>180,071</u>	<u>272,519</u>
<b>Provision of services</b>		
Maintenance and repair services	<u>4,425</u>	<u>4,271</u>
	<u><b>184,496</b></u>	<u><b>276,790</b></u>
<b>Timing of revenue recognition</b>		
Over time	<u><b>184,496</b></u>	<u><b>276,790</b></u>

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

## 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.

## 4. INCOME TAX EXPENSE

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
Current tax		
Macau Complementary Tax	3,156	5,605
Hong Kong Profits Tax	32	–
Overprovision in prior years	<u>(322)</u>	<u>(2,514)</u>
	<u><b>2,866</b></u>	<u><b>3,091</b></u>

The Company was incorporated in the Cayman Islands and registered in Hong Kong respectively. The Cayman Islands tax is exempted, but the Company is qualified for the two-tiered profits tax rates regime in Hong Kong. The first HKD2 million of the assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Company's operating subsidiary are subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding MOP600,000 for both years.

## 5. EARNINGS PER SHARE

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

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the Company)	<u>26,238</u>	<u>26,673</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>500,000</u>	<u>428,450</u>

No diluted earnings per share is presented for both years as there was no potential ordinary shares in issue for both years.

## 6. CONTRACT ASSETS

The contract assets arising from electrical and mechanical engineering works, and maintenance and repair services are as follows:

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
Contract assets from contracts with customers	45,476	51,535
Less: allowance for credit losses	<u>(134)</u>	<u>(164)</u>
	<u>45,342</u>	<u>51,371</u>
Represented by:		
Electrical and mechanical engineering works ( <i>Note</i> )	45,158	51,201
Maintenance and repair services	<u>184</u>	<u>170</u>
	<u>45,342</u>	<u>51,371</u>
Analysed as current		
Unbilled revenue	28,978	44,804
Retention receivables	<u>16,364</u>	<u>6,567</u>
	<u>45,342</u>	<u>51,371</u>

As at 1 January 2020, contract assets amounted to MOP76,915,000.



The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of electrical and mechanical engineering works, and maintenance and repair services. 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 net offs 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 work 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 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 assets because the Group expects to realise them in its normal operating cycle.

At 31 December 2021, retention money held by customers for contract works amounted to MOP16,364,000 (2020: MOP6,567,000). 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.

	<b>2021</b>	2020
	<b><i>MOP'000</i></b>	<i>MOP'000</i>
Within one year	<b>5,706</b>	1,657
After one year	<b>10,658</b>	4,910
	<b><u>16,364</u></b>	<u>6,567</u>

As at 31 December 2021, included in the Group's retention money are debtors with a carrying amount of MOP789,000 (2020: MOP1,009,000), which are past due but not impaired. The Group does not hold any collateral over these balances.

## 7. TRADE AND OTHER RECEIVABLES

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
Trade receivables	33,895	39,439
Less: allowance for credit losses	<u>(201)</u>	<u>(129)</u>
	<u><b>33,694</b></u>	<u>39,310</u>
Other debtors, deposits and prepayments		
– Deposits	14,037	14,002
– Prepayments	2,567	506
– Interest receivables	424	238
– Other receivables	<u>740</u>	<u>–</u>
	<u><b>17,768</b></u>	<u>14,746</u>
Total trade and other receivables	<u><b>51,462</b></u>	<u>54,056</u>
Analysed as:		
Current	37,674	40,218
Non-current	<u>13,788</u>	<u>13,838</u>
	<u><b>51,462</b></u>	<u>54,056</u>

As at 1 January 2020, trade receivables from contracts with customer amounted to MOP40,991,000.

The Group allows an average credit period of 30 days to its customers. The aging analysis of the Group's trade receivables at gross amount based on invoice date at the end of each reporting period are as follows:

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
0–30 days	24,025	20,196
31–60 days	2,854	969
61–90 days	719	1,175
Over 90 days	<u>6,297</u>	<u>17,099</u>
	<u><b>33,895</b></u>	<u>39,439</u>

As at 31 December 2021, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of MOP9,870,000 (2020: MOP19,243,000) which are past due as at the reporting date. Out of the past due balances approximately MOP4,463,000 (2020: MOP13,210,000) 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.

*Note:* The deposit primarily represented (i) the performance guarantee money place to the customer as securities of the performance of the Group's E&M projects; and (ii) rental and utility deposits.

## 8. CONTRACT LIABILITIES

The contract liabilities arising from electrical and mechanical engineering works are as follows:

	<b>2021</b>	2020
	<b>MOP'000</b>	MOP'000
	<b>(Audited)</b>	(Audited)
Contract liabilities from contract with customers	<b>402</b>	11,180

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

	<b>2021</b>	2020
	<b>MOP'000</b>	MOP'000
	<b>(Audited)</b>	(Audited)
Revenue recognised that was included in the contract liability balance at the beginning of the year	<b>11,180</b>	30,651

As at 1 January 2020, contract liabilities from contract with customers amounted to MOP30,651,000.

### 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.

## 9. TRADE PAYABLES AND ACCRUALS

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
Trade payables	4,062	19,498
Accruals:		
– Accrued construction costs	22,618	6,002
– Accrued staff bonus	4,600	4,100
– Accrued legal and professional fees	1,719	2,189
– Other accrued charges	592	768
	<u>33,591</u>	<u>32,557</u>

The credit period on trade payables ranges from 0 to 90 days. The aging analysis of the Group's trade payables based on invoice dates at the end of each reporting period are as follows:

	2021 <i>MOP'000</i> (Audited)	2020 <i>MOP'000</i> (Audited)
0–90 days	2,566	19,498
91–365 days	1,496	–
	<u>4,062</u>	<u>19,498</u>

## 10. DIVIDENDS

No dividends have been paid for the years ended 31 December 2021 and 2020.

Subsequent to the end of the reporting period, a final dividend and a special dividend in respect of the year ended 31 December 2021 of HK2.03 cents (2020: Nil) and HK3.97 cents (2020: Nil) respectively per ordinary share, in an aggregate amount of approximately HK\$10,150,000 (equivalent to MOP10,470,000) (2020: Nil) and HK\$19,850,000 (equivalent to MOP20,475,000) (2020: Nil) respectively, have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Company, I hereby present to you the annual results of the Company and its subsidiaries for the year ended 31 December 2021.

The global economic downturn remained unabated in 2021, which posed a huge challenge to the Macau Special Administrative Region (“**Macau**”) of the People’s Republic of China (“**PRC**”). With travel restrictions and quarantine requirements tightened, tourist spending dropped alongside tourist number. Those measures also affected the gaming and entertainment sector in Macau, suppressing customer numbers. Making things worse, in the second half of 2021, VIP junket operators in Macau were caught in allegations of running illegal gaming operations. All of the above harmed the Macau economy in 2021.

Taking into account the negative circumstances in the Macau economy and her pillar gaming and entertainment industry, the Company inevitably did not see a rebound of operating revenue for the Year. The Group’s revenue for the Year decreased by approximately 33.3% to MOP184.5 million. However, the Company’s management remains cautiously optimistic about the future development of the Group and Macau’s E&M industry.

Although the COVID-19 pandemic has had dire impacts on the Macau economy, the Company took it as an opportunity to hone our strengths and capabilities. The management has stepped up the consolidation of internal resources, fine-tuned hardware and systems, to enhance the Group’s capacity. And, as always, staff training is taken as a priority. All in all, the Group has been doing its best to ensure it could ride out the recession unscathed. To the Company, there is light at the end of the tunnel for the Macau economy.

Regarding the outlook of year 2022, while expecting it to continue to be full of uncertainties, the management will remain vigilant and diligently follow the Group capital expending guidelines to make sure the Group will be in the best position to pursue new projects when the recovery comes.

On behalf of the Board and management of the Company, I thank all shareholders, investors, the Group’s customers and partners for their trust in and continuous support of the Group. My heartfelt gratitude also goes to all staff members for their great effort and remarkable performance in 2021 despite it ridden with challenges.

**CHEONG Ka Wo**

*Chairman, CEO and Executive Director*

25 March 2022

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **COMPANY OVERVIEW**

The Group is an electrical and mechanical (“**E&M**”) engineering services works contractor in Macau, ranking fifth among the E&M engineering services works contractor in Macau in 2019 according to the market research report provided by Frost & Sullivan on the Macau E&M engineering services market. As an integrated E&M engineering service works contractor registered with the Land, Public Works and Transport Bureau of Macau, the Company provides a comprehensive mix of E&M engineering service works based on the needs of its customers in Macau. The comprehensive mix of E&M engineering works involves a combination of the supply and/or installation of (i) low voltage systems works; (ii) heating, ventilation and air-conditioning systems works; and (iii) extra low voltage 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. The Group began its business through focusing on the public sector E&M engineering services works projects and gradually expanded into the private sector. The Group offers repair and maintenance service for property and hospitality facilities in Macau, including world class hotels and integrated entertainment resorts. The demand from this sector would be driven by the strategy and planning of the casinos and hotel operators in Macau, which would in turn increase the demand for repair and maintenance related E&M works.

### **BUSINESS REVIEW**

The COVID-19 pandemic has continued to rage in countries around the world. However, following the mass rollout of COVID-19 vaccination programs and the adoption of the “learn to live with COVID” strategy in most countries, the global economy is on the road to recovery. In 2021, more than 70% of Macau’s citizens were fully vaccinated, this has demonstrated that Macau is well prepared for economic recovery once relaxations of border controls are implemented. However, the entire E&M industry continued to suffer amid the ongoing pandemic, with budgets for new projects being squeezed. As an E&M engineering services works contractor, the Group expects its performance to recover following the rebound of the tourism and gaming industries. During the pandemic, the Group has continued to explore new opportunities to develop its business and broaden its customer base.

As the economic situation remained unstable under the pandemic, the total number of new projects from the private sector dropped. Moreover, the Group experienced stringent cost control measures in government projects in 2021, and some of the Group's revenue recognition has fallen to the year 2022. In view of this, the Group's revenue for the Year decreased by approximately 33.3% to MOP184.5 million. Gross profit for the Year was MOP43.4 million and the gross profit margin was 23.5%. As at 31 December 2021, the Group had 23 projects on hand, including both public sector and private sector projects. Furthermore, the Group has continuously submitted new project tenders to provide some business stability and maintain revenue growth. Recently, the Group successfully secured three large projects related to government housing, with a total value of more than MOP88.2 million.

The Group remains in a healthy financial position to overcome the global economic crisis brought about by the COVID-19 pandemic. As at 31 December 2021, the Group had bank balances (including short-term bank deposits and pledged bank deposits) of MOP176.0 million and no bank borrowing, moreover, the Group's net current assets amounted to approximately MOP221.2 million.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue for the year ended 31 December 2021 and 2020:

	2021		2020	
	<i>MOP'000</i> (Audited)	%	<i>MOP'000</i> (Audited)	%
E&M engineering works	<b>180,071</b>	97.6	272,519	98.4
Maintenance and repair services	<b>4,425</b>	2.4	4,271	1.6
	<b><u>184,496</u></b>	<u>100.0</u>	<b><u>276,790</u></b>	<u>100.0</u>

The Group recorded revenue of MOP184.5 million for the Year, which represented a year-on-year decrease of 33.3% (2020: MOP276.8 million), the decrease was primarily attributable to the unexpected continuation of global travel restrictions in the second half of 2021 due to the COVID-19 pandemic which had constituted a material adverse impact on tourism and other related industries in Macau region and thereby affecting the investments in infrastructures and projects in Macau.

## Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin for the year ended 31 December 2021 and 2020:

	2021		2020	
	Gross profit <i>MOP'000</i> (Audited)	Gross margin %	Gross profit <i>MOP'000</i> (Audited)	Gross margin %
E&M engineering works	40,447	22.5	59,332	21.8
Maintenance and repair services	2,992	67.6	499	11.7
	<u>43,439</u>	<u>23.5</u>	<u>59,831</u>	<u>21.6</u>

The Group recorded a gross profit of MOP43.4 million for the Year, which represented a year-on-year decrease of 27.4% (2020: MOP59.8 million), which was primarily attributable to the decrease in contract revenue during the Year.

The Group's gross profit margin was 23.5% for the Year, which represented a slight increase as compared with that for FY 2020 at 21.6%. The increase of gross profit margin was mainly due to the decrease of compensation paid for overtime labour working hours compared with FY 2020 and the additional profit margin from several casino and hotel projects which were awarded before or in the early stage of the COVID-19 pandemic. The overall profit margin has increased by 1.9 percentage points during the Year.

## Other income

Other income increased by MOP0.3 million to MOP1.3 million (2020: MOP1.0 million). The increase was mainly attributable to the full year impact on interest income arising from bank time deposits.

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

The Group's impairment losses of trade receivables and contract assets were MOP0.3 million for the Year (2020: MOP0.3 million), the provisional rate has increased for the receivables from private companies which aged longer than a year and one court case with a customer for long outstanding receivables, the total affected balance was approximately MOP2.1 million. With the reversal of brought forwarded ECL provision, the net impact in current year is immaterial. The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Trade receivables and contract assets with individual significant balances are assessed for impairment individually, the remaining trade receivables and contract assets are assessed collectively using a collective basis with appropriate groupings.



## **Administrative expenses**

Administrative expenses decreased by MOP0.3 million to MOP15.6 million for the Year (2020: MOP15.9 million). The decrease was mainly due to the cost savings from there being no staff welfare, professional and administrative costs associated with the listing of the Company's shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 September 2020 (the "**Listing**") being recorded for the Year.

## **Income tax expense**

Income tax expense decreased by MOP0.2 million or 7.3% to MOP2.9 million for the Year, mainly due to the decrease of profit before tax.

## **Profit for the Year**

The Group's profit for the Year decreased by MOP0.5 million or 1.6%, which was primarily attributable to (i) the combined effect of the abovementioned items; and (ii) no Listing expense recorded for the Year, however, there was Listing expenses of MOP15.1 million being recognised in the prior year. Excluding the Listing expenses, the profit for the Year would have decreased by MOP15.6 million or 37.3% as compared with FY 2020.

## **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 from its core business.

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 2021, the Group had net current assets of MOP221.2 million (2020: MOP194.7 million). The current ratio of the Group at 31 December 2021 was 6.8 times (2020: 4.9 times).

The Group has maintained a healthy liquidity position. As at 31 December 2021, the Group had total bank balances (including short-term bank deposits and pledge bank deposits) of MOP176.0 million (2020: MOP153.5 million). The Group's bank balances were mainly in Macanese Pataca (MOP) and Hong Kong Dollar (HKD).

As at 31 December 2021, the Group had no bank borrowing (2020: Nil).

As at 31 December 2021, the Group's share capital and reserves amounted to MOP5.2 million and MOP231.3 million, respectively (2020: MOP5.2 million and MOP205.0 million, respectively).

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars (“**HK\$**”) and MOP. As at 31 December 2021, the Group had no exposure to 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 held 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” in this announcement, the Group had no future plan for material investments or capital assets as at 31 December 2021.

## **USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

The net proceeds raised from the Listing (the “**Net Proceeds**”) were HK\$51.6 million (equivalent to approximately MOP53.1 million) after deducting underwriting fees and commissions and all related expenses. Details of the proposed use of the Net Proceeds are disclosed in “Future Plans and Use of Proceeds” of the prospectus of the Company dated 31 August 2020 (the “**Prospectus**”).

Furthermore, as stated in the announcement of the Company dated 15 October 2021, the Board resolved to change the use of the Net Proceeds by re-allocating the unutilised Net Proceeds as at 15 October 2021 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 several new projects awarded to the Group in the first half of 2021 (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.

With the impact of the recent outbreak of the COVID-19 pandemic, the Board considered that the execution of the Group's business expansion plan as stated in the Prospectus by recruiting additional skilled professionals and labour and acquiring additional construction machineries and equipment was not in the best interest of the Group. The Board considered the change in the use of the Net Proceeds was fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and was therefore in the interests of the Group and the Shareholders as a whole. For further details of the change in the use of the Net Proceeds, please refer to the announcement of the Company dated 15 October 2021.

The following table sets out the planned use and actual use of the Net Proceeds as at 31 December 2021:

<b>Planned usage of Net Proceeds (as revised from time to time) as stated in the Prospectus and the announcement of the Company dated 15 October 2021 (HK\$ million)</b>	<b>Utilised Net Proceeds during the Year (HK\$ million)</b>	<b>Utilised Net Proceeds (up to 31 December 2021) (HK\$ million)</b>	<b>Unutilised Net Proceeds as at 31 December 2021 (HK\$ million)</b>	
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 (as defined in the Prospectus)	32.8	7.6	32.8	0
Funding part of the specific material costs and the upfront expenditure of the New Projects	6.3	6.3	6.3	0
Financing the issuance of performance bonds	11.4	0	11.4	0
Recruiting additional skilled professionals and labour	1.1	1.0	1.1	0
Acquiring additional construction machineries and equipment	0	N/A	N/A	N/A
	<u>51.6</u>	<u>14.9</u>	<u>51.6</u>	<u>0</u>

As at 31 December 2021, all Net Proceeds were fully utilised and have been utilised in accordance with the planned usages (as revised from time to time) as stated in the Prospectus and the announcement of the Company dated 15 October 2021.

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 December 2021, the Group had outstanding performance bonds of MOP6.7 million (2020: Nil) which were secured by pledged bank deposits of MOP1.9 million (2020: Nil). The Group has obtained total credit facilities of MOP149.6 million (2020: MOP5.2 million) and this credit facilities were secured by the promissory notes of approximately MOP164.5 million (2020: MOP5.7 million).

Save as disclosed above, the Group had no other pledged assets or other significant contingent liabilities as at 31 December 2021 and 31 December 2020.

## **COMMITMENTS**

As at 31 December 2021 and 2020, the Group did not have any significant capital commitments.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group entered into labour contracts with its employees in accordance with the labour laws of Macau. The remuneration package offered to employees generally includes basic salaries, allowances, benefits-in-kind and bonus. In general, the Group determines the remuneration package of its employees based on each employee's qualification, position and seniority.

As the main contractor for some of the projects undertaken, the Group applies for work permits for its non-Macau resident workers on a project-by-project basis. As at 31 December 2021, the Group had 59 (2020: 73) employees in Macau, comprising 40 Macau residents and 19 non-Macau residents (2020: 43 Macau residents and 30 non-Macau residents).

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 11 September 2020, 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. Since the adoption of the Share Option Scheme and up to 31 December 2021, no share option had been granted under the Share Option Scheme.

## **PROSPECTS**

The year 2022 is set to continue to create an unprecedented economic upheaval for Macau. With the emergence of the Omicron strain, the COVID-19 pandemic remains unabated. The recovery of the global economy is facing a new wave of uncertainties. Regardless of its preparedness, Macau is not immune to further ravages.

The Group believes that the E&M industry in Macau will remain in a sluggish state in the coming financial year. Though the much-anticipated recovery of Macau's economy is yet to be seen, there seems to be some light at the end of the tunnel. The pandemic preventive strategy implemented in Macau has always been regarded as one of the best in Asia. The vaccination rate surpassed the required threshold much sooner than most cities around the world. Macau's strategic location in the Greater Bay Area has enabled it to emerge from the economic recession much earlier than other cities. The management is, therefore, relatively confident that the worst is already over. Looking forward, the coming financial year can only be better than the previous one.

With a focus on stringent cost control and rationalization on all fronts, the Group is cautiously optimistic about the sustainability and future development of the E&M and construction industries in Macau.

Amid the economic recession, the Macau Government has commissioned numerous new construction projects. Aiming for more sustainable business and capitalizing on market opportunities, the Group took advantage of its positive position by exploring potential business opportunities, including tendering for new projects in 2022 and beyond.

Ultimately, the Directors place great emphasis on the importance of the Group establishing and maintaining excellent credentials in both the public and private sectors. The Group is therefore well positioned and prepared to capture potential opportunities within the market. The management believes that is the only way to ensure the very best performance in the long run.

## **FINAL AND SPECIAL DIVIDENDS**

Subsequent to the end of the Year, the Board has recommended a final dividend of HK2.03 cents (2020: Nil) per Share (2020: Nil) for the year ended 31 December 2021 (the "**Final Dividend**") to the shareholders of the Company (the "**Shareholders**").

In light of the retained earnings of the Group as at 31 December 2021, the Board has recommended a special dividend of HK3.97 cents per Share for the year ended 31 December 2021 (the "**Special Dividend**") to the Shareholders in addition to the Final Dividend. The Board considers that the payment of the Special Dividend will not have material impact to the Group's financial position.

The payment of the Final Dividend and the Special Dividend is subject to the Shareholders' approval at the forthcoming annual general meeting of the Company (the "**AGM**"). Upon the approval by the Shareholders, the Final Dividend and the Special Dividend are expected to be paid on or around Friday, 24 June 2022.

## **CLOSURE OF REGISTER OF MEMBERS FOR THE AGM AND THE FINAL DIVIDEND AND THE SPECIAL DIVIDEND**

The AGM is scheduled to be held on Friday, 27 May 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022 (both days inclusive), during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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, 23 May 2022.

Subject to the approval of the Shareholders at the AGM, the Final Dividend and the Special Dividend will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Tuesday, 7 June 2022. For the purpose of determining the entitlement of the Shareholders to the Final Dividend and the Special Dividend, the register of members of the Company will be closed from Thursday, 2 June 2022 to Tuesday, 7 June 2022, both days inclusive, during which period no transfer of the Shares will be registered. In order for the Shareholders to qualify for the proposed Final Dividend and the Special Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Wednesday, 1 June 2022.

## **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 of the Corporate Governance Code<sup>(Note)</sup> in force from time to time (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the basis of the Company's corporate governance practices since the Listing.

*Note:* A new CG Code came into effect on 1 January 2022. As the period under review in this announcement is for the year ended 31 December 2021, the CG Code described in this announcement is the CG Code in force during the year ended 31 December 2021.

During the Year, the Company has complied with the code provisions of 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 such deviation, 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 of 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 of the Company, 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, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES**

The Company and its subsidiaries did not purchase, sell or redeem any of the Company’s listed securities during the Year.



## **AUDIT COMMITTEE**

The Company has established the audit committee of the Board (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 Mr. Law Lap Tak (the chairman of the Audit Committee), 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.

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 systems 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 2021 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 and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no important events affecting the Group that had occurred after 31 December 2021 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.macauem.com](http://www.macauem.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of the Company for the Year will be despatched to the shareholders of the Company and will be made available on the above websites in due course in accordance with the Listing Rules.



## **APPRECIATION**

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

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

Macau, 25 March 2022

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