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Lai Si Construction
Lai Si Enterprise Holding Limited
黎氏企業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2266)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

(in Macau patacas (“MOP”) thousand, unless otherwise stated)

	For the year ended		Year-on-year increase/ (decrease)
	31 December		
	2022	2021	
	MOP'000	MOP'000	
CONTINUING OPERATIONS			
Revenue	172,373	144,117	19.6%
Gross profit	35,814	24,595	45.6%
Gross profit margin	20.8%	17.1%	3.7%
Profit/(loss) for the year from continuing operations	5,316	(20,425)	126.0%
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	–	(313)	100%
Profit/(loss) attributable to owners of the Company	5,316	(20,738)	125.6%
Equity attributable to owners of the Company	123,473	118,144	4.5%
Earnings/(loss) per share (<i>MOP cents</i>)	1.3	(5.2)	125.0%

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Lai Si Enterprise Holding Limited (the “**Company**”) is pleased to announce the consolidated financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the corresponding year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 MOP’000	2021 <i>MOP’000</i>
CONTINUING OPERATIONS			
REVENUE	4	172,373	144,117
Cost of sales		<u>(136,559)</u>	<u>(119,522)</u>
Gross profit		35,814	24,595
Other income, gains and losses, net		2,858	1,967
Administrative expenses		(26,275)	(28,714)
Reversal of/(impairment losses) on financial assets and contract assets		693	(16,571)
Impairment losses on prepayments		–	(1,843)
Impairment loss on property, plant and equipment		(3,240)	–
Changes in fair value of investment properties		(2,163)	1,133
Finance costs		(1,498)	(1,336)
Share of (loss)/profit of an associate		<u>(6)</u>	<u>19</u>
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	5	6,183	(20,750)
Income tax (expense)/credit	6	<u>(867)</u>	<u>325</u>
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		5,316	(20,425)

	<i>Notes</i>	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	<u>—</u>	<u>(313)</u>
PROFIT/(LOSS) FOR THE YEAR			
ATTRIBUTABLE TO OWNERS OF			
THE COMPANY			
		<u>5,316</u>	<u>(20,738)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO OWNERS OF			
THE COMPANY			
	9		
		<i>MOP cents</i>	<i>MOP cents</i>
Basic and diluted			
– For profit/(loss) for the year		1.3	(5.2)
– For profit/(loss) from continuing operations		<u>1.3</u>	<u>(5.1)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 MOP'000	2021 MOP'000
PROFIT/(LOSS) FOR THE YEAR	<u>5,316</u>	<u>(20,738)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value, net of nil tax	<u>13</u>	<u>–</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>13</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	13	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>5,329</u></u>	<u><u>(20,738)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		76,632	80,908
Investment properties		24,823	26,986
Investment in an associate		6,914	6,920
Equity investments designated at fair value through other comprehensive income		1,393	1,380
		<hr/>	<hr/>
Total non-current assets		109,762	116,194
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		–	3,360
Trade receivables	<i>10</i>	21,916	27,056
Contract assets		35,789	26,720
Prepayments, other receivables and other assets		7,596	16,534
Amount due from a director		–	698
Amount due from the ultimate holding company		1	1
Pledged bank deposits		14,648	14,463
Cash and bank balances		22,386	11,502
		<hr/>	<hr/>
Total current assets		102,336	100,334
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>11</i>	25,694	24,252
Contract liabilities		15,321	13,246
Other payables and accruals		12,906	10,234
Interest-bearing bank borrowings		31,046	47,309
Tax payable		–	20
		<hr/>	<hr/>
Total current liabilities		84,967	95,061
		<hr/>	<hr/>
NET CURRENT ASSETS		17,369	5,273
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		127,131	121,467
		<hr/>	<hr/>

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	–	523
Deferred tax liabilities	<u>3,658</u>	<u>2,800</u>
Total non-current liabilities	<u>3,658</u>	<u>3,323</u>
Net assets	<u><u>123,473</u></u>	<u><u>118,144</u></u>
CAPITAL AND RESERVES		
Share capital	4,120	4,120
Reserves	<u>119,353</u>	<u>114,024</u>
Total equity	<u><u>123,473</u></u>	<u><u>118,144</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Macau patacas (“**MOP**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018 – 2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

- b) Amendment to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.1 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied those HKFRSs, that have been issued but are not yet effective, in these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- (a) fitting-out, alteration and addition works segment engages in fitting-out works as an integrated fitting-out contractor;
- (b) construction works segment engages in construction works, with the Group acting as the main contractor; and
- (c) repair and maintenance services segment provides repair and maintenance services on an ad-hoc basis.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment's operating results, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, gains and losses, net, reversal of or impairment losses on financial assets, contract assets, prepayments and property, plant and equipment, changes in fair value of investment properties, finance costs, share of profit or loss of an associate and corporate expenses are excluded from such measurement. No analysis of segment asset and segment liability is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Year ended 31 December 2022	Fitting-out, alteration and addition works <i>MOP'000</i>	Construction works <i>MOP'000</i>	Repair and maintenance services <i>MOP'000</i>	Total <i>MOP'000</i>
Segment revenue (note 4)				
Sales to external customers from continuing operations	<u>150,931</u>	<u>17,832</u>	<u>3,610</u>	<u>172,373</u>
Segment results	<u>39,845</u>	<u>(5,512)</u>	<u>1,096</u>	35,429
Corporate expenses				(25,859)
Other income, gains and losses, net				2,858
Reversal of impairment losses on financial assets and contract assets				693
Impairment loss on property, plant and equipment				(3,240)
Loss on written-off of items of property, plant and equipment				(31)
Changes in fair value of investment properties				(2,163)
Finance costs				(1,498)
Share of loss of an associate				<u>(6)</u>
Profit before tax from continuing operations				<u>6,183</u>
Year ended 31 December 2021	Fitting-out, alteration and addition works <i>MOP'000</i>	Construction works <i>MOP'000</i>	Repair and maintenance services <i>MOP'000</i>	Total <i>MOP'000</i>
Segment revenue (note 4)				
Sales to external customers from continuing operations	<u>131,511</u>	<u>8,920</u>	<u>3,686</u>	<u>144,117</u>
Segment results	<u>22,939</u>	<u>(280)</u>	<u>1,422</u>	24,081
Corporate expenses				(28,200)
Other income, gains and losses, net				1,967
Impairment losses on financial assets and contract assets				(16,571)
Impairment losses on prepayments				(1,843)
Changes in fair value of investment properties				1,133
Finance costs				(1,336)
Share of profit of an associate				<u>19</u>
Loss before tax from continuing operations				<u>(20,750)</u>

Geographical information

(a) Revenue from external customers

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Macau	163,543	129,502
Hong Kong	8,830	14,615
	<u>172,373</u>	<u>144,117</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Macau	108,342	114,723
Hong Kong	27	91
	<u>108,369</u>	<u>114,814</u>

The non-current asset information of continuing operations above is based on the locations and operations of the assets.

4. REVENUE

An analysis of revenue is as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
<i>Revenue from contracts with customers</i>		
Fitting-out, alteration and addition works	150,931	131,511
Construction works	17,832	8,920
Repair and maintenance services	3,610	3,686
	<u>172,373</u>	<u>144,117</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Cost of services provided*	136,559	119,522
Depreciation of property, plant and equipment	1,005	1,233
Depreciation of right-of-use assets	–	39
Expense relating to short-term leases	462	581
Auditor's remuneration	927	927
Employee benefit expense (excluding directors' and chief executive's remuneration):*		
– Wages and salaries	33,189	38,014
– Pension scheme contributions**	393	412
(Reversal of)/impairment losses on financial and contract assets:		
– Impairment losses on trade receivables	26	3,142
– (Reversal of)/impairment losses on contract assets	(719)	13,429
	(693)	16,571
Impairment loss on property, plant and equipment	3,240	–
Impairment losses on prepayments	–	1,843
Loss on written-off of items of property, plant and equipment	31	–
Changes in fair value of investment properties	2,163	(1,133)
	<u> </u>	<u> </u>

* Included in cost of services provided are the staff costs incurred in the amount of MOP24,573,000 (2021: MOP26,247,000).

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contribution.

6. INCOME TAX

Macau complementary tax has been provided at progressive rates up to 12% (2021: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the year. No provision for Hong Kong Profits Tax has been made as the Company have no assessable profits during the year and a subsidiary incorporated in Hong Kong has available tax losses carried forward for future set off.

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Current – Macau		
– Charge for the year	–	20
– Under/(over)-provision in prior years	9	(558)
Deferred	858	213
	<u> </u>	<u> </u>
Total tax charge/(credit) for the year from continuing operations	867	(325)
Total tax charge for the year from discontinued operation	–	–
	<u> </u>	<u> </u>
	<u>867</u>	<u>(325)</u>

7. DISCONTINUED OPERATION

On 1 June 2021, the Company decided to terminate its restaurant operations in view of the continuing poor business environment in order to consolidate resources into its primary core business, i.e. fitting-out, alternation and addition works, construction works and repair and maintenance services. Upon the termination, related property, plant and equipment were written off. With the restaurant operations being classified as a discontinued operation, it was no longer included in the note for operating segment information.

The results of the restaurant operations for the 2021 were presented below:

	2021 <i>MOP'000</i>
Revenue	–
Cost of sales	–
Other income, gains and losses, net	(277)
Expenses	(36)
Finance costs	–
	<hr/>
Loss for the year from the discontinued operation	(313)
	<hr/> <hr/>

The net cash flows incurred by the restaurant operations for the 2021 were as follows:

	2021 <i>MOP'000</i>
Operating activities	(60)
Investing activities	–
Financing activities	–
	<hr/>
Net cash out flow	(60)
	<hr/> <hr/>

	<i>MOP cents</i>
Loss per share	
– Basic and diluted, from the discontinued operation	(0.1)
	<hr/> <hr/>

The calculation of basic and diluted loss per share from the discontinued operation was based on:

	2021
Loss attributable to owners of the Company from the discontinued operation	MOP313,000
Weighted average number of ordinary shares used in the basic and diluted loss per share calculation	400,000,000
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8. DIVIDEND

No dividend has been declared by the Group during the years ended 31 December 2022 and 2021.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the earnings/(loss) for the year attributable of the Company from continuing operations of MOP5,316,000 (2021: MOP20,425,000) and loss from a discontinued operation of MOPNil (2021: MOP313,000), and the weighted average number of ordinary shares of 400,000,000 (2021: 400,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

10. TRADE RECEIVABLES

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Trade receivables	44,111	49,225
Impairment	<u>(22,195)</u>	<u>(22,169)</u>
	<u>21,916</u>	<u>27,056</u>

The Group allows an average credit period of 30 days to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of existing customers is reviewed by the Group regularly.

Included in the Group's trade receivables are amounts due from Mr. Lai Ieng Man, the Group's director of MOPNil (2021: MOP1,571,000) and related parties of MOP948,000 (2021: MOP418,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Within 1 month	13,062	21,191
1 to 2 months	5,273	1,628
2 to 3 months	233	1,124
3 to 6 months	686	2,273
6 months to 1 year	2,662	808
Over 1 year	<u>-</u>	<u>32</u>
	<u>21,916</u>	<u>27,056</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Within 1 month	5,754	6,038
1 to 2 months	5,815	6,751
2 to 3 months	3,787	2,216
Over 3 months	10,338	9,247
	25,694	24,252

The trade payables are non-interest-bearing and are normally settled on 60-day terms. As at 31 December 2022, retention payables included in trade payables amounted to MOP2,366,000 (2021: MOP2,098,000) which are interest-free and payable at the end of the defects liability period of individual contracts within 1 year from the completion date of the respective projects.

12. CONTINGENT LIABILITIES

(a) Sin Fong Garden Building

In October 2012, one of the supporting pillars of the residential building called “Sin Fong Garden Building” collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si Construction & Engineering Company Limited (“Lai Si”) was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

The first hearing date for the lawsuit filed by several flat owners of Sin Fong Garden Building is postponed to start on 17 November 2023. After consulting the Group’s lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2022. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

(b) Dispute on payment with a subcontractor

As at 31 December 2022, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group’s fitting-out projects on a total settlement dispute amount of MOP1,926,000.

Up to the date of this announcement, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group’s lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the consolidated financial statements as at 31 December 2022.

(c) Dispute on payment with a subcontractor

As at 31 December 2022, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group’s fitting-out projects on a total settlement dispute amount with interest of MOP2,428,000.

Up to the date of this announcement, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group’s lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the consolidated financial statements as at 31 December 2022.

(d) **Dispute on payment with a subcontractor**

As at 31 December 2021, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP4,627,000. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the lawsuit and, accordingly, has not provided for any claim arising from the litigation, other than the related legal and other costs.

On 29 November 2021, the Court of Final Appeal has made the final verdict for lawsuit amounting MOP2,932,000 and the subsidiary of the Group has won the litigation. On 7 February 2022, Primary Court of Macau has made the verdict for a lawsuit amounting MOP1,695,000 and the subsidiary of the Group has won the litigation, and the plaintiff subcontractor decided not to look forward to the Court of First Instance on 17 May 2022.

(e) **Dispute with Mr. Chan Chi Hung**

On 3 November 2021, the Company and two directors, were served on a sealed copy of an amended writ of summons (the "**Amended Writ**") issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**"). The plaintiff named in the Amended Writ is Mr. Chan Chi Hung, and the Company being one of the defendants. The plaintiff claims against the Company for damages of approximately HK\$172,500,000 for alleged breach of oral agreement by, amongst others, the Company related to advisory services provided by the plaintiff for the initial listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in February 2017.

The Company took out an application on 3 May 2022 to dismiss the Amended Writ and strike out the Amended Statement of Claim (the "**Strike-out Summons**") against the Company. The hearing for the Strike-out Summons was heard on 7 November 2022 (the "**Hearing**") in the High Court. After hearing submissions from the legal representatives of the plaintiff and the Company, the High Court had granted an order to dismiss the Amended Writ and strike out the Amended Statement of Claim against the Company at the Hearing. The Company is no longer a party to the case.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 10 February 2017 (the “**Listing Date**”), the Company’s shares (the “**Shares**”) were listed on the Main Board of the Stock Exchange when 100,000,000 Shares were offered for subscription at HK\$1.15 each.

Business review

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance services in Macau and Hong Kong. All of the Group’s revenue was derived from projects from both private and public sectors in Macau and Hong Kong.

The Group’s customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotels and casinos, retail shops and restaurants for repair and maintenance works.

The Group’s revenue comprised (a) fitting-out works; (b) construction works; and (c) repairs and maintenance services. During the year ended 31 December 2022, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP201.4 million as compared to the year ended 31 December 2021 of approximately MOP77.4 million. As at 31 December 2022, the Group had an aggregate value of backlog for fitting-out projects and construction projects of approximately MOP72.7 million as compared to approximately MOP36.9 million as at 31 December 2021.

Financial review

Revenue

The following table sets forth a breakdown of the Group’s revenue during the years ended 31 December 2022 and 2021 by business segments:

	Year ended 31 December			
	2022		2021	
	<i>MOP’000</i>	<i>%</i>	<i>MOP’000</i>	<i>%</i>
Fitting-out works	150,931	87.6	131,511	91.3
Construction works	17,832	10.3	8,920	6.2
Repair and maintenance services	3,610	2.1	3,686	2.5
Total	172,373	100.0	144,117	100.0

During the year ended 31 December 2022, the Group's revenue increased by approximately MOP28.3 million or 19.6%. The increase was mainly attributable to the increase in revenue from fitting-out works by approximately MOP19.4 million or 14.8% and increase in revenue from construction works by approximately MOP8.9 million or 99.9%.

The following table sets forth a breakdown of the Group's revenue attributable to fitting-out works during the years ended 31 December 2022 and 2021 by type of customers:

	Year ended 31 December			
	2022		2021	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Hotel and casino	1,556	1.0	65,521	49.8
Retail shops and restaurants	128,457	85.1	56,051	42.6
Others	20,918	13.9	9,939	7.6
Total	150,931	100.0	131,511	100.0

The increase in fitting-out works revenue during the year ended 31 December 2022 was mainly attributable to the increase in revenue from customers of retail shops and restaurants by approximately MOP72.4 million or 129.2%. Fitting-out works revenue from other customers also increase.

The increase in revenue of construction works during the year ended 31 December 2022 was mainly attributable to the increase in revenue derived from general construction of approximately MOP8.9 million or 99% as compared to the previous year.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the years ended 31 December 2022 and 2021 by business segments:

	Year ended 31 December			
	2022		2021	
	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>
	<i>MOP'000</i>	<i>margin</i>	<i>MOP'000</i>	<i>margin</i>
		<i>%</i>		<i>%</i>
Fitting-out works	40,132	26.6	23,281	17.7
Construction works	(5,428)	(30.4)	(133)	(1.5)
Repair and maintenance services	1,110	30.7	1,447	39.3
Total/overall	35,814	20.8	24,595	17.1

During the year ended 31 December 2022, the Group's gross profit increased by approximately MOP11.2 million or approximately 45.6% from approximately MOP24.6 million for the year ended 31 December 2021 to approximately MOP35.8 million for the year ended 31 December 2022. The increase in gross profit was mainly due to the increase in fitting-out works projects.

The Group's gross profit margin increased from approximately 17.1% for the year ended 31 December 2021 to approximately 20.8% for the year ended 31 December 2022. The gross profit margin increase was due to increased gross profit margin of fitting-out works. Gross loss of construction works was due to contract works revenue finally confirmed.

Other income, gains and losses, net

The Group incurred net loss over other income and gains of approximately MOP1.9 million for the year ended 31 December 2022, as compared with net loss over other income and gains of approximately MOP15.3 million for the year ended 31 December 2021. Net loss reduced was due to provision made for financial assets and contract assets being reduced from MOP16.6 million for the year ended 31 December 2021 to MOP0.7 million written back for the year ended 31 December 2022. In addition, there was an impairment loss on property, plant and equipment MOP3.2 million made for the year ended 31 December 2022.

The Group has assessed recoverability of financial assets and contract assets from time to time, and adjusted expected credit losses provision when deterioration of credit quality has come to management attention. Therefore, expected credit losses provision has been revised accordingly.

Administrative expenses

The Group's administrative expenses decreased by approximately MOP2.4 million or 8.5% from approximately MOP28.7 million for the year ended 31 December 2021 to approximately MOP26.3 million for the year ended 31 December 2022. Such decrease was mainly due to decrease in administrative expenses under cost control measures taken.

Finance costs

The Group's finance costs increased by approximately MOP0.2 million or 12% from approximately MOP1.3 million for the year ended 31 December 2021 to approximately MOP1.5 million for the year ended 31 December 2022. Such increase was attributable to the increase in bank loans interest rates during the year ended 31 December 2022.

Income tax expense/(credit)

The Group's income tax credit approximately MOP0.3 million for the year ended 31 December 2021 was changed to approximately MOP0.9 million income tax expense for the year ended 31 December 2022. Tax expense for the year ended 31 December 2022 was in line with the profit made for the year.

Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the Company

As a result of the above, the Group made profit for the year attributable to owners of the Company of approximately MOP5.3 million for the year ended 31 December 2022 as compared with loss of approximately MOP20.7 million for the year ended 31 December 2021.

Basic earnings/(loss) per share

The Company's basic earnings per share for the year ended 31 December 2022 was MOP1.3 cents (2021: loss per share MOP5.2 cents), representing an increase of MOP6.5 cents which is in line with the profit for the year attributable to owners of the Company when compared to the year ended 31 December 2021.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarter in Macau. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group, and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group has sufficient working capital for its future operational requirement.

As at 31 December 2022, the Group's current assets exceeded its current liabilities by MOP17.4 million (2021: MOP5.3 million).

As at 31 December 2022, the Group had bank balances and cash of MOP22.4 million (2021: MOP11.5 million).

As at 31 December 2022, the Group had an aggregate of pledged bank deposits of MOP14.6 million (2021: MOP14.5 million) that were used to secure banking facilities.

As at 31 December 2022, bank and other borrowings amounted to MOP31.0 million (2021: MOP47.8 million) of which MOP3.6 million, MOP3.1 million, MOP10.1 million and MOP14.2 million (2021: MOP4.9 million, MOP4.9 million, MOP13.7 million and MOP24.3 million) will mature within one year, one year to two years, two years to five years and more than five years, respectively.

The interest-bearing bank borrowings amounting to MOP30.5 million as at 31 December 2022 (2021: MOP33.5 million), carry interest at 2.65% below the prevailing best lending rate quoted by the bank in Macau (the "**Prime Rate**") (2021: 2.65% below the Prime Rate) per annum. The remaining interest-bearing bank borrowing amounting to MOP13.1 million as at 31 December 2021 carried interests at three months Hong Kong Interbank Offered Rate (HIBOR) plus 2.3% per annum. The effective interest rates on the borrowings as at 31 December 2022 (which are also equal to contracted interest rate) range from 3.2% to 4% (2021: 2.5% to 4%).

The Group's borrowings are denominated in both MOP and HK\$. These bank borrowings are under banking facilities for drawing loans and issuing performance bonds. The banking facilities are secured by the legal charge over the office buildings held by the Group (included in property, plant and equipment), pledged bank deposits and promissory notes endorsed by Lai Si Construction ("Lai Si") which were guaranteed by the Company and the directors of the Company, Lai Ieng Man and Lai Meng San.

The Group continued to maintain a healthy liquidity position. As at 31 December 2022, the Group's current assets and current liabilities were MOP102.3 million (2021: MOP100.3 million) and MOP85.0 million (2021: MOP95.1 million), respectively. The Group's current ratio increased to 1.2 (2021: 1.1). The increase was in line with profit making situation during the year ended 31 December 2022. The Group has still maintained sufficient liquid assets to finance its operations.

Gearing ratio calculated by dividing total debts (including bank and other borrowings and lease liabilities) with total equity was 0.25 as at 31 December 2022 (2021: 0.41). The decrease in gearing ratio was primarily due to bank loan repayment made during year ended 31 December 2022.

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to MOP4.1 million and MOP123.5 million, respectively (2021: MOP4.1 million and MOP118.1 million, respectively).

Charge on the Group's assets

As at 31 December 2022, land and building, investment properties and bank deposits were pledged to secure certain borrowings granted to the Group amounted to MOP76.3 million, nil and MOP14.6 million (2021: MOP80.4 million, MOP27.0 million and MOP14.5 million), respectively.

Contingent liabilities and operating lease and capital commitments

(a) *Sin Fong Garden Building*

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si Construction & Engineering Company Limited ("Lai Si") was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden

Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

The first hearing date for the lawsuit filed by several flat owners of Sin Fong Garden Building is postponed to start on 17 November 2023. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2022. The Controlling Shareholders have undertaken to indemnify the Group against all losses and liabilities arising from the above proceedings.

(b) *Dispute on payment with a subcontractor*

As at 31 December 2022, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP1,926,000.

Up to the date of this announcement, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the consolidated financial statements as at 31 December 2022.

(c) *Dispute on payment with a subcontractor*

As at 31 December 2022, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount with interest of MOP2,428,000.

Up to the date of this announcement, the case is not yet scheduled for first hearing. It is under the process of evidence disclosing. After consulting the Group's lawyer, the directors of the Company are of the opinion that it is premature to give any opinion on the case and to make any provision in the consolidated financial statements as at 31 December 2022.

(d) *Dispute on payment with a subcontractor*

As at 31 December 2021, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount of MOP4,627,000. The directors, based on the advice from the Group's legal counsel, believe that the subsidiary has a valid defence against the lawsuit and, accordingly, has not provided for any claim arising from the litigation, other than the related legal and other costs.

On 29 November 2021, the Court of Final Appeal has made the final verdict for lawsuit amounting MOP2,932,000 and the subsidiary of the Group has won the litigation. On 7 February 2022, Primary Court of Macau has made the verdict for a lawsuit amounting MOP1,695,000 and the subsidiary of the Group has won the litigation, and the plaintiff subcontractor decided not to look forward to the Court of First Instance on 17 May 2022.

(e) Dispute with Mr. Chan Chi Hung

On 3 November 2021, the Company and two directors, were served on a sealed copy of an amended writ of summons (the “**Amended Writ**”) issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court**”). The plaintiff named in the Amended Writ is Mr. Chan Chi Hung, and the Company being one of the defendants. The plaintiff claims against the Company for damages of approximately HK\$172,500,000 for alleged breach of oral agreement by, amongst others, the Company related to advisory services provided by the plaintiff for the initial listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in February 2017.

The Company took out an application on 3 May 2022 to dismiss the Amended Writ and strike out the Amended Statement of Claim (the “**Strike-out Summons**”) against the Company. The hearing for the Strike-out Summons was heard on 7 November 2022 (the “**Hearing**”) in the High Court. After hearing submissions from the legal representatives of the plaintiff and the Company, the High Court had granted an order to dismiss the Amended Writ and strike out the Amended Statement of Claim against the Company at the Hearing. The Company is no longer a party to the case.

As at 31 December 2022, the Group did not have any capital commitments (2021: Nil).

Exposure to fluctuations in exchange rates and interest rates and corresponding hedging arrangements

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the Group entities’ functional currency. The currencies giving rise to this risk are primarily HK\$ and RMB.

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances, bank overdrafts and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Credit exposure

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees arisen from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive, discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties.

In addition to the above, in year 2018, upon the implementation of HKFRS 9, the Group has engaged professional valuer service on the collectability of the overall account receivables portfolio. The professional valuer takes forward looking approach in assessing credit risk (expected credit losses). Provision for expected credit losses on account receivable was made accordingly.

In this regard, the management of the Group considers that credit risk is well taken care and addressed.

The Group is exposed to concentration of credit risk as at 31 December 2022 on trade receivables and contract assets from the Group's five major customers amounting to approximately MOP38.2 million (2021: MOP23.1 million) and accounted for approximately 66.3% (2021: 43.0%) of the Group's total trade receivables and contract assets. The major customers of the Group are certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Liquid funds are also under the scope of review by the professional valuer as in account receivables.

EVENT AFTER THE REPORTING PERIOD

There are no significant events after 31 December 2022 and up to date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the total number of full-time employees of the Group was 138 (2021: 146).

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work.

The Group's gross staff costs from operations (including the directors' emoluments) was MOP39.5 million for the year ended 31 December 2022 (2021: MOP44.2 million).

The Company adopted a share option scheme (the "**Share Option Scheme**") so that the Company may grant options to the eligible participants as incentives or rewards for their contribution to the Group. Since the listing of the Shares, no share option had been granted under the Share Option Scheme.

USE OF PROCEEDS FROM THE SHARE OFFER

The Shares have been listed and traded on the Main Board of the Stock Exchange since 10 February 2017.

The net proceeds from the Placing and Public Offer (the “**Share Offer**”) (as defined in the prospectus of the Company date 27 January 2017 (the “**Prospectus**”)) amounted to approximately HK\$89.8 million (equivalent to approximately MOP92.5 million) (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus and as stated in the Company’s announcement dated 7 August 2020.

	Net proceeds from the Share Offer* <i>HK\$ million</i>	Utilised up to 31 December 2021 <i>HK\$ million</i>	Utilised during the year 2022 <i>HK\$ million</i>	Unutilised up to 31 December 2022 <i>HK\$ million</i>	Expected timeline of full utilisation of the remaining proceeds from the Share Offer as at 31 December 2022
Finance fitting-out projects in Macau	49.4	49.4	–	–	N/A
Finance construction projects in Macau	17.9	15.9	2	–	N/A
Finance the start-up costs of fitting-out business in Hong Kong	9.0	9.0	–	–	N/A
Hire additional staff for the Group’s business operation	4.5	4.5	–	–	N/A
General working capital	9.0	9.0	–	–	N/A
Total	<u>89.8</u>	<u>87.8</u>	<u>2</u>	<u>–</u>	

* The net proceeds from the Share Offer amounted to HK\$89.8 million (equivalent to approximately MOP 92.5 million) (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as disclosed in the Prospectus.

During the year ended 31 December 2022, the actual application for the net proceeds from the Listing were used and expected to be used according to the intentions previously disclosed in the Prospectus and there was no material change in the use of proceeds. There is no more unutilised net proceeds from the Listing as at 31 December 2022.

PROSPECTS AND STRATEGIES

Outlook:

It has been three years since the COVID-19 pandemic broke out in early 2020. During those three years, many industries have been hit hard and Macau's economy suffered a serious downturn. As COVID-19 started to weaken at the end of 2022, customs clearance measures were introduced globally, which showed hope for an economy clouded by the pandemic for the previous three years.

After a massive wave of COVID-19 infection in early 2023, the Macau market gradually returned to normal. While the revival of the construction industry is not immediately apparent, it can be observed from the market that there has been an influx of visitors to Macau after its border opened, which was a driver for the upstream customers of construction industry such as catering, hotels and tourism. With the marked increase in traffic and the gaming license renewal being settled in late 2022, the Group believes there would be a significant increase in catering, hotels and gaming projects, which will boost the Group's results to pre-pandemic levels.

Regardless of the hardship, the Group will continue to work hard, persevere and achieve even greater operating results in the coming future by leveraging upon our strengths and with confidence.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Thursday, 29 June 2023. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Thursday, 29 June 2023, both days inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 21 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2022, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions (the “**Securities Dealing Code**”). Specific enquiry has been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code during the year ended 31 December 2022.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 18 January 2017 in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Siu Wing Hay, Mr. Chan Iok Chun and Dr. Liu Ting Chi. Mr. Siu Wing Hay is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the financial information of the Group and the annual results of the Company for the year ended 31 December 2022.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited 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 Baker Tilly Hong Kong Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company’s website (www.lai-si.com). The annual report for the year ended 31 December 2022 containing all the information required by the Listing Rules will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited and despatched to the shareholders in due course.

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 its shareholders, business partners and other professional parties for their support during the year ended 31 December 2022.

By order of the Board
Lai Si Enterprise Holding Limited
黎氏企業控股有限公司
LAI Ieng Man
Executive Director and Chairman

Macau, 28 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. LAI Ieng Man, Mr. LAI Meng San, Ms. LAI Ieng Wai and Ms. CHEONG Weng Si, and the independent non-executive directors of the Company are Mr. SIU Wing Hay, Mr. CHAN Iok Chun and Dr. LIU Ting Chi.