MECOM POWER AND CONSTRUCTION LIMITED
澳能建設控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1183
Warrant code: 2242

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "Board") of directors (the "Directors") of MECOM Power and Construction Limited ("MECOM" or the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022 (the "Year" or "FY2022"), together with the comparative results for the year ended 31 December 2021 ("FY2021") as follows:

FINANCIAL HIGHLIGHTS

- Revenue increased by 47.1% to MOP1.3 billion (FY2021: MOP912.0 million).
- The Group continued to diversify its existing business in 2022, with the new business segment generating revenue of MOP616.1 million, accounting for 45.9% of total revenue (FY2021: nil).
- Gross margin is 10.5% (FY2021: 19.0%). Profit is MOP91.7 million (FY2021: MOP126.5 million).
- Gearing ratio was 18.8% (FY2021: zero) with bank borrowings of MOP90.6 million (FY2021: nil). Cash and bank balances (including fixed bank deposits) was MOP74.8 million (FY2021: MOP224.8 million).
- Aggregate value of contracts on hand yet to complete from the construction business and steel structures business was MOP742.9 million (FY2021: MOP873.6 million) and MOP488.3 million (FY2021: nil) respectively.
- To cope with the rapid development of new businesses and preserve the cash position of the Group for future development, the Board did not recommend the payment of a final dividend for the year ended 31 December 2022. In recognition of continual support from the shareholders of the Company (the "Shareholders"), the Board recommended (i) a bonus issue of shares on the basis of one new share for every two existing shares held by the Shareholders; and (ii) a bonus issue of warrants on the basis of one warrant for every ten existing shares held by the Shareholders.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
(Expressed in Macanese Pataca ("MOP"))

	Notes	2022 MOP'000	2021 MOP'000
Revenue	3	**1,341,916**	911,982
Cost of services		**(1,201,370)**	(738,545)
Gross profit		**140,546**	173,437
Other income and loss		**1,697**	1,662
Impairment losses under expected credit loss model, net of reversal		**(1,174)**	(1,071)
Administrative expenses		**(43,904)**	(34,716)
Finance costs		**(756)**	–
Share of results of associates		**6,128**	5,192
Profit before tax		**102,537**	144,504
Income tax expense	4	**(10,870)**	(18,038)
Profit for the year		**91,667**	126,466
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**(15,687)**	377
Total comprehensive income for the year		**75,980**	126,843
Profit for the year attributable to:			
Owners of the Company		**81,344**	126,466
Non-controlling interests		**10,323**	–
		91,667	126,466
Total comprehensive income for the year attributable to:			
Owners of the Company		**71,436**	126,843
Non-controlling interests		**4,544**	–
		75,980	126,843
Basic earnings per share (MOP cents)	5	**3.05**	4.72*
Diluted earnings per share (MOP cents)	5	**3.05**	4.72*

* The earnings per share of the Group for the year ended 31 December 2021 was adjusted and restated for the bonus issue of shares in June 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 MOP'000	2021 MOP'000
Non-current assets			
Property, plant and equipment		**113,261**	53,260
Interests in associates		**13,875**	7,747
		127,136	61,007
Current assets			
Inventories		**12,848**	–
Contract assets	*6*	**84,312**	94,460
Trade and other receivables	*7*	**652,243**	256,423
Amounts due from related companies	*8*	**9,729**	14,930
Pledged bank deposits		**34,370**	31,158
Fixed bank deposits		**–**	45,358
Bank balances and cash		**74,795**	179,451
		868,297	621,780
Current liabilities			
Amounts due to related companies		**267**	1,258
Trade payables and accrued charges	*9*	**403,095**	209,332
Tax liabilities		**18,032**	24,669
Bank borrowings		**90,640**	–
		512,034	235,259
Net current assets		**356,263**	386,521
Net assets		**483,399**	447,528
Capital and reserves			
Share capital		**27,440**	18,358
Reserves		**369,203**	429,170
Non-controlling interests		**86,756**	–
Total equity		**483,399**	447,528

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is MECOM Holding Limited. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Units Q, R and S, 6/F, Praca Kin Heng Long-Heng Hoi Kuok, Kin Fu Kuok, No. 258 Alameda Dr. Carlos D'Assumpcao, Macau.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the construction and electric vehicle ("EV") businesses. During the Year, the Group diversified its existing businesses by entering into the steel structures business which involves the sales and processing of metal materials.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the Year, the Group has diversified its existing business by entering into the steel structures business, and it is considered as a new operating and reportable segment by the CODM. The Group's reportable segments under IFRS 8 *Operating Segments* are therefore as follows:

(1) Construction business – the provision of construction services, including construction and fitting out works, high voltage power substation construction and its system installation works, electrical and mechanical ("E&M") engineering services works, and provision of facilities management services;

(2) EV business – the provision of EV related services, including but not limited to (i) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (ii) distribution of EVs; (iii) design, production, sales and marketing of EVs and EV charging systems; (iv) manufacturing and production of battery packs; and (v) provision of EV charging/swapping solutions; and

(3) Steel structures business – the sale and processing of metal materials.

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

(i) Disaggregation of revenue from contracts with customers

	2022	2021
	MOP'000	*MOP'000*
Construction business		
Construction and fitting out works	**448,165**	636,088
High voltage power substation construction and its system installation works	**27,424**	16,497
E&M engineering services works	**165,497**	189,116
Facilities management services	**83,490**	70,206
	724,576	911,907
EV business		
Sale of EV charging systems	**677**	46
Subscription fee income	**542**	29
	1,219	75
Steel structures business		
Sale and processing of metal materials	**616,121**	–
	1,341,916	911,982
Timing of revenue recognition		
A point in time	**616,798**	46
Over time	**725,118**	911,936
	1,341,916	911,982

(ii) **Segment information**

Segment results represent the profit before tax resulted from each segment without allocation of other income and administrative expenses of head office and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

FY2022

	Construction business *MOP'000*	**EV business** *MOP'000*	**Steel structures business** *MOP'000*	**Total** *MOP'000*
Revenue from external customers	**724,576**	**1,219**	**616,121**	**1,341,916**
Intersegment revenue	**248**	**–**	**–**	**248**
	724,824	**1,219**	**616,121**	**1,342,164**
Elimination of intersegment revenue				**(248)**
Total revenue				**1,341,916**
Segment results	**78,290**	**(5,511)**	**29,279**	**102,058**
Unallocated other income				**89**
Central administration costs				**(5,738)**
Share of profit of associates				**6,128**
Profit before tax				**102,537**

FY2021

	Construction business *MOP'000*	EV business *MOP'000*	Total *MOP'000*
Revenue from external customers	911,907	75	911,982
Segment results	147,877	(4,426)	143,451
Unallocated other income			5
Central administration costs			(4,144)
Share of results of associates			5,192
Profit before tax			144,504

(iii) Geographical information

The Group's operations are located in Macau, Hong Kong and the People's Republic of China (the "PRC").

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	MOP'000	*MOP'000*	***MOP'000***	*MOP'000*
Macau	**1,205,124**	911,954	**60,333**	56,918
The PRC	**136,792**	2	**66,803**	4,089
Hong Kong	**–**	26	**–**	–
	1,341,916	911,982	**127,136**	61,007

4. INCOME TAX EXPENSE

	2022	2021
	MOP'000	*MOP'000*
Current tax		
– Macau Complementary Tax	**12,566**	17,934
– PRC Enterprise Income Tax	**57**	–
	12,623	17,934
(Over) under provision in prior years	**(1,753)**	104
	10,870	18,038

The Company was incorporated in the Cayman Islands and is exempted from income tax.

Subsidiaries in Macau are subject to Macau Complementary Tax at a rate of 12% on the assessable profit exceeding MOP600,000 for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the current year.

No provision for taxation in Hong Kong has been made as losses are resulted for subsidiaries operating in this jurisdiction.

At the end of the reporting period, the Group has unused tax losses of MOP9,931,000 (2021: MOP4,432,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of MOP9,920,000 (2021: MOP4,422,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2022	2021
	MOP'000	*MOP'000*
2024	**3,048**	3,048
2025	**1,787**	–
2026	**1,374**	1,374
2027	**3,711**	–
	9,920	4,422

5. EARNINGS PER SHARE

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

	2022	2021
	MOP'000	*MOP'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**81,344**	126,466
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,671,051**	2,681,213
Effect of dilutive potential ordinary shares – share options	**–**	196
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,671,051**	2,681,409

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the bonus issue of shares completed on 29 June 2022. As such, basic and diluted earnings per share for the year ended 31 December 2021 have been restated.

The computation of diluted earnings per share does not assume the exercise from the Company's outstanding bonus warrants as the exercise price of those bonus warrants was higher than the average market price of the Company's shares for the year ended 31 December 2022.

6. CONTRACT ASSETS

	2022	2021
	MOP'000	*MOP'000*
Contract assets from contract with customers	**85,931**	96,205
Less: Allowance for credit losses	**(1,619)**	(1,745)
	84,312	94,460

	2022	2021
	MOP'000	*MOP'000*
Represented by:		
Construction and fitting out works	**70,024**	80,252
High voltage power substation construction and its system installation works	**2,491**	2,491
E&M engineering services works	**11,266**	11,186
Facilities management services	**531**	531
	84,312	94,460

	2022	2021
	MOP'000	*MOP'000*
Analysed as current		
Unbilled revenue	**–**	5,673
Retention receivables	**84,312**	88,787
	84,312	94,460

Construction business – construction works

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 works completed by the Group, customers' or external surveyors' issuance of certification on the works or the payment milestones being met. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains certification of the completed contract works from customers or external surveyors or meets payment milestones.

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

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

As at 31 December 2022, retention money held by customers for contract works amounted to MOP84,312,000 (FY2021: MOP88,787,000), of which MOP2,324,000 (FY2021: MOP2,324,000) represented the retention money held by related companies. Retention money is unsecured, interest-free and recoverable at the end of the defect liability period of individual contract ranging from one year to two years from the date of the completion of the respective projects.

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

	2022	2021
	MOP'000	*MOP'000*
Within one year	**6,331**	8,329
After one year	**77,981**	80,458
	84,312	88,787

At 31 December 2022, included in the Group's contract assets are retention money with a carrying amount of MOP6,198,000 (2021: MOP2,893,000), which are past due but not impaired as there has not been a significant change in credit quality and amounts are still considered as recoverable based on historical experience. The Group does not hold any collateral over these balances.

7. TRADE AND OTHER RECEIVABLES

	2022	2021
	MOP'000	*MOP'000*
Trade receivables from contracts with customers	**557,734**	234,763
Less: Allowance for credit losses	**(8,535)**	(6,982)
	549,199	227,781
Other debtors, deposits and prepayments		
– Deposits	**912**	1,258
– Prepayments	**79,036**	24,251
– Others	**23,096**	3,133
	652,243	256,423

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

	2022	2021
	MOP'000	*MOP'000*
0 – 90 days	**448,019**	214,907
91 – 365 days	**97,995**	11,270
1 – 2 year	**2,761**	300
Over 2 years	**424**	1,304
	549,199	227,781

As at 31 December 2022, included in the Group's trade receivables balance are debtors with carrying amounts of MOP246,004,000 (FY2021: MOP28,160,000) which are past due as at the reporting date. Out of the past due balances, MOP89,865,000 (FY2021: MOP5,329,000) has been past due more than 90 days and is not considered as in default. Majority of the Group's trade receivables that are past due but not impaired are from customers with good credit quality with reference to their respective settlement history and forward-looking information. The Group does not hold any collateral over these balances.

8. AMOUNTS WITH RELATED COMPANIES

Amounts due from related companies (trade-nature)

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

	2022	2021
	MOP'000	*MOP'000*
0 – 90 days	**–**	342
91 – 365 days	**–**	11,617
1 – 2 year	**3,228**	–
	3,228	11,959

As at 31 December 2022, included in the Group's trade-nature amounts due from related companies with carrying amount of MOP3,228,000 (FY2021: MOP11,736,000) which are past due as at the reporting date and is not considered as in default. The Group does not hold any collateral over these balances.

9. TRADE PAYABLES AND ACCRUED CHARGES

	2022	2021
	MOP'000	*MOP'000*
Trade payables	**226,241**	68,742
Retention payables	**28,269**	33,033
Other payables and accrued charges		
– Accrued staff costs	**12,379**	15,164
– Accrued construction costs	**78,248**	71,303
– Receipt in advance	**41,733**	13,674
– Other accruals	**16,225**	7,416
	403,095	209,332

Trade payables

The credit period on trade purchases is 0 to 90 days. Aging analysis of the Group's trade payables based on invoice date at the end of the reporting period is as follows:

	2022	2021
	MOP'000	*MOP'000*
0 – 90 days	**111,462**	68,526
91 – 365 days	**114,779**	216
	226,241	68,742

Retention payables

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

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

	2022	2021
	MOP'000	*MOP'000*
On demand or within one year	**1,247**	477
After one year	**27,022**	32,556
	28,269	33,033

10. DIVIDENDS

	2022	2021
	MOP'000	*MOP'000*
2022 Interim – HK$1.5 cents (equivalent to MOP1.55 cents) (FY2021: 2021 Interim – HK$2.8 cents (equivalent to MOP2.88 cents)) per share	**41,299**	51,499
2021 Final – HK$3.3 cents (equivalent to MOP3.4 cents) (FY2021: 2020 Final – HK$3.0 cents (equivalent to MOP3.09 cents)) per share	**60,573**	36,817
	101,872	88,316

Subsequent to the end of the reporting period of 2021, the Board has recommended a final dividend of HK$3.3 cents per share, totalling HK$58,809,000 (equivalent to MOP60,573,000), for the year ended 31 December 2021, to the Shareholders. The payment of the final dividend was approved at the annual general meeting (the "AGM") of the Company on 30 May 2022.

Subsequent to the end of the reporting period of 2022, the Board has recommended a bonus issue of shares on the basis of one new share with a par value of HK$0.01 each of the Company ("Shares", each a "Share") credited as fully paid for every two existing Shares held by the Shareholders, subject to the Shareholders' approval at the forthcoming AGM of the Company.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present to you the audited consolidated annual results of the Group for the year ended 31 December 2022.

In the Policy Address for the Fiscal Year 2023, the Chief Executive of Macau, Mr. Ho Iat Seng, pointed out that the government's overall direction of administrative policies would focus on boosting the economy, fostering economic diversification, relieving livelihood hardships, preventing and controlling COVID-19, and promoting stable and healthy development. These include enhancing infrastructure construction, improving traffic management, promoting new public projects, and expediting the development of Macau as a smart city. The government would also proactively implement the EV promotion plan to help build a liveable and green Macau. The development direction and strategy under the Policy Address coincide with the Group's development milestones, starting with entrenching itself in the business of infrastructure construction, high voltage power substation construction and E&M engineering services, and stretching its reach to EV business. We share a common goal of forging a better future.

After repeated postponements due to the COVID-19 pandemic, the results of the gaming tender were finally unveiled that six incumbent casino gaming operators were granted renewal of their licences for ten years. Secretary for Administration and Justice of Macau and the president of the Committee for Public Tendering of Gaming Concessions, Mr. Cheong Weng Chon, emphasised that there were three main criteria for successful licence bidding, namely ensuring local employment stability, exploring overseas customer markets, and developing non-gaming projects, and that the six casino gaming operators were required to invest a total of over MOP100 billion in, among other things, high-quality ancillary hardware facilities. As the Group currently has a number of customers who are casino gaming operators and integrated resort operators, more opportunities for new construction and improvement works can be expected in the future. The Group will capitalise on its cutting-edge engineering techniques and sophisticated management capabilities to help those operators create and maintain resort facilities up to world class standard to appeal to international customers, thereby creating mutual benefits for them and for the Group.

Apart from the construction business, the Group successfully developed the second largest driver for profit growth. During the Year, the Group entered into the business of sales and processing of metal materials for construction and steel structures to supply steel materials in various dimensions for use in construction projects, with customers including subsidiaries of large-scale state-owned enterprises and construction companies in Macau and Hong Kong. The Group's new manufacturing base in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC is expected to commence production in the third quarter of 2023. The business scope of the Group will thereupon expand into the production and manufacturing field which will be complementary to the Group's principal construction and EV businesses.

For the EV business, the Group achieved a leapfrog advancement in 2022. Apart from further broadening the coverage of EV charging stations and battery-swapping systems network, the Group became a strategic business partner of Wuling Motors Holdings Limited ("Wuling Motors") in the development of new energy vehicle business, including becoming the exclusive distributor of certain electric motorbikes and electric delivery vehicles supplied by Wuling Motors in Hong Kong and Macau. Tapping into the year of 2023, the Group successively reached strategic cooperation with a number of exchange-listed automakers for the development of EV business in Singapore, Thailand, Indonesia and Malaysia, which covers the design, production, installation, maintenance, sales and marketing of EVs and EV charging systems. The cooperation with multiple parties demonstrates the recognition to the Group's capability in the EV business among peer players, which drove the Group and the parties to promote active cooperation with each other on clean energy transportation for the next generation.

The Group has been widely accepted by investors and media since its listing on the Main Board of the Stock Exchange in 2018. During the Year, the Group received two awards, namely the "Listed Enterprises of the Year 2022" and the "Outstanding Performance – Best Business and Financial Performance", at the 7th "Listed Enterprises of the Year 2022" organised by Bloomberg Businessweek/Chinese Edition, in recognition of the Group's business strength, corporate development strategy, sustainable development and corporate social responsibility by the industry. The Group was also honoured to receive the "Annual Small and Mid-Cap Growth Value Award" of GuruClub Greater China Best Listed Company Awards 2022 by Gelonghui.

On behalf of the Board and management of the Group, I would like to express my heartfelt appreciation to our veteran staff members and newcomers for their concerted efforts in establishing MECOM as a multinational integrated enterprise engaging in top-notch construction and new energy vehicle businesses, and taking steps out from Macau to Asia and going global. I would also like to extend my sincere gratitude to our shareholders, investors, customers, suppliers and business associates for their support in facilitating strong business growth of the Group over the years.

Kuok Lam Sek
Executive Director and Chairman
Hong Kong, 30 March 2023

MANAGEMENT DISCUSSION & ANALYSIS

COMPANY OVERVIEW

The Group is a leading company in both the civil engineering industry and the high voltage power substation construction industry in Macau. It undertakes highly challenging and complex construction projects in four major segments, namely construction and fitting out works, high voltage power substation construction and its system installation works, E&M engineering services works and provision of facilities management services. The Group is also engaged in provision of EV related services. During the Year, the Group diversified its existing businesses by entering into the steel structures business which involves the sales and processing of metal materials.

The Group's construction and fitting out works comprise structural steelworks services, civil engineering construction services and fitting out and improvement works. Structural steelworks services generally involve the provision of customised and target-oriented steel structure erection services including structural steelworks, concreting and builder works, and the integration of these constructional methods for building highly efficient structures. Civil engineering construction services generally cover demolition, ground field investigation, site formation and foundation works, as well as substructures and superstructures, roads and drainage. Fitting out and improvement works generally involve alteration, renovation and upgrading works of various types, including preparation of shop drawings, modification, removal and installation of equipment and general improvement works.

High voltage power substation construction and its system installation works involve the provision of planning, scheduling, project management and construction services for customised high-voltage substations and complex power transmission infrastructures installed with high voltage power systems.

E&M engineering services works generally involve a combination of the supply and/or installation of (i) low voltage ("LV") systems works; (ii) heating, ventilation and air-conditioning ("HVAC") systems works; and (iii) extra low voltage ("ELV") systems works, and the relevant testing and commissioning thereof as well as management and monitoring of quality and delivery of our E&M engineering services works. LV systems works include the supply and installation of cables, earthing, lighting systems, power cables, electrical wiring, switchboards, power outlets and other related electrical equipment that relates to the power supply and distribution within a building. HVAC systems works include the supply and installation of variable refrigerant volume units, ventilation and exhaust air systems for buildings, as well as the supply and installation of related pipes, ducts, air-conditioning units, ventilation fans and other related equipment. ELV systems works include the procurement and installation of telephones, closed-circuit television (used for security video surveillance purposes) and any other systems within a building that require a transmission signal.

The Group also undertakes facilities management services, which involve the provision of facilities operation and maintenance management, alteration, upgrading, maintenance works and emergency repairs of various buildings, properties and their components (especially for hotels and resorts), high voltage power substations and their respective systems.

EV business is a new sustainable business opportunity which involves supplying EV related services, including but not limited to (i) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (ii) distribution of EVs; (iii) design, production, sales and marketing of EVs and EV charging systems; (iv) manufacturing and production of battery packs; and (v) provision of EV charging/swapping solutions.

By entering into the steel structures business, the Group is also engaged in the supply of reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions to the main contractors and/or construction companies for use in their construction projects, enabling it to cover the upstream industries of its principal construction business.

BUSINESS REVIEW

During the Year, the Group's revenue increased by 47.1% to MOP1.3 billion (FY2021: MOP912.0 million). Revenue from steel structures business reached MOP616.1 million (FY2021: nil), which accounted for 45.9% of the Group's overall revenue. As at 31 December 2022, the Group's aggregate value of contracts on hand yet to complete from the construction business and steel structures business was MOP742.9 million (FY2021: MOP873.6 million) and MOP488.3 million (FY2021: nil), respectively.

During 2022, the overall economic activities in Macau and the Greater Bay Area were still adversely impacted by the COVID-19 pandemic. The postponement of the gaming licence bidding process to the end of the year posed a direct hindrance to the Group's business in the second half of 2022, as evidenced by the Group's limited number of new contracts, the year-on-year decrease in value of the contracts on hand and the declined revenue and slower growth of the construction business. The situation was worsened by the COVID-19 pandemic in the way that the Group incurred additional costs in connection with staff, procurement and transportation, resulting in a drop of 8.5 percentage points in overall gross margin from 19.0% for FY2021 to 10.5% for FY2022. To achieve rapid expansion of the steel structures business and the EV business, the Group incurred additional administrative expenses and interest expenses resulted from banking facilities. Due to the combined effect of the above, the Group's net margin dropped by 7.1 percentage points from 13.9% for FY2021 to 6.8% for FY2022.

Construction Business

The Group has maintained good partnership with its customers. During the Year, the Group was awarded a number of major construction and fitting out works projects, E&M engineering projects and facility management services projects, including, among others, (i) the fitting out and mechanical, electrical and plumbing works for a café and a corridor in a hotel complex, (ii) the provision of air conditioning and ventilation systems for the superstructure works under public housing units in Lot B4 of New Urban Zone Area A, and (iii) the provision of structural works for the main structure of the podium, tower and theatre of a hotel complex, the supply and installation of fire shutter, smoke curtain, roller shutter and fire door, the provision of mechanical, ventilation and air-conditioning systems works and the provision of labour and accessories for electrical installation for an integrated resort in Cotai. During the Year, the Group also renewed facility management services agreements extending the contract period for two years, and expanded the scope of work under one facility management services agreement. The aggregate contract value of these new projects amounted to approximately MOP570 million.

The Group's construction projects progressed well during the Year. Approximately MOP400 million was derived from various large-scale projects under the phase 2 development of a new hotel complex in Cotai, Macau, which are essentially completed and expected to commence operation by the second quarter of 2023.

The Group continued its efforts to diversify its project portfolio into different sectors, explore new opportunities and exercise disciplined cost control, in order to maintain its construction performance and operating efficiency and enhance its competitiveness.

Steel Structures Business

In July 2022, MECOM International New Materials Technology (Guangdong) Co., Ltd* (澳能國際新材料科技(廣東)有限公司) ("MECOM International"), an indirect non-wholly owned subsidiary of the Company, won a bid for the acquisition of a piece of land occupying an area of approximately 65,986 square metres in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC at a total consideration of RMB42,700,000 (equivalent to approximately HK$49,532,000). The land was acquired for the purposes of setting up and operating manufacturing facilities to fabricate and/or process structural steel components that are generally used in the Group's construction and fitting out works in its ordinary and usual course of business, and setting up and operating a research and manufacturing base to develop new materials and equipment for other new energy businesses. As at the date of this announcement, construction of the manufacturing facilities is ongoing and they are expected to commence production in the third quarter of 2023.

Through the land acquisition and the said projects, the business scope of the Group would expand to the field of production and manufacturing serving the Group's principal construction and new energy businesses. Through vertical extension (including the research and development and manufacturing of new materials and equipment for the new energy business), the production business provides a manufacturing base for the Group's expansion out of Macau and exploration of other domestic and overseas markets such as the Guangdong-Hong Kong-Macao Greater Bay Area, Southeast Asia and Australia. This would enhance the Group's business scale, market competitiveness, brand influence and industry status.

During the Year, MECOM International and Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司) ("Ao Gang Construction"), an indirect non-wholly owned subsidiary of the Company, secured order contracts for the supply of approximately 183,347 tons of reinforced bars, steel sheet piles, galvanized sheets and other steel materials in various dimensions which are to be delivered from April 2022 to August 2024 to business partners for use in their construction projects, unlocking a new milestone for the new business of the Group. During the Year, MECOM International and Ao Gang Construction delivered approximately 93,869 tons of steel materials and contributed MOP616.1 million to the Group's revenue, making the business the second largest revenue source of the Group, only behind the construction business. Key customers include subsidiaries of large-scale state-owned enterprises (serving as the main contractors of integrated entertainment resort projects and government works projects), and construction companies in Macau and Hong Kong. The Group will endeavour to keep abreast of the evolving market dynamics and complement China's national infrastructure strategy in the Greater Bay Area and grasp the huge business opportunities arising therefrom.

EV Business

During the Year, MUCharging (Macau) Limited ("MUCharging"), an indirect wholly-owned subsidiary of the Company, entered into contracts for undertaking EV charging projects in Macau Fisherman's Wharf and several residential and commercial buildings, under which separate contracts are entered into with landlords and/or tenants of parking spaces for the provision of EV charging services. In addition, MUCharging entered into memorandums of understanding with several real estate management companies in Macau with the intention of providing design, supply, installation, operation and maintenance services for EV charging systems in residential and/or commercial buildings and/or shopping centres in Macau that are managed by them.

In addition to charging business, MUCharging entered into memorandums of understanding or distribution agreements with a number of companies during the Year. In June 2022, MUCharging became the sole and exclusive distributor of I-Charging, Mobilidade Eléctrica, S.A. for the promotion, sale and distribution of "blueberry" branded products that provide ultra-fast charging solutions in Hong Kong, Macau and the Greater Bay Area of China. In September 2022, MUCharging entered into a memorandum of understanding with the exclusive distributor of GAC AION New Energy Automobile Co., Ltd., a subsidiary of Guangzhou Automobile Group Company Limited, to provide car buyers in Macau a one-stop solution for setting up and operating EV charging systems, including operational, technical, regulatory and maintenance matters, and consultancy services. MECOM entered into a memorandum of understanding with Wuling Motors in December 2022, pursuant to which they became a strategic business partner in the development of new energy vehicle business. Up to the date of this announcement, MUCharging (as distributor) entered into two distribution agreements with Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司), a subsidiary of Wuling Motors (as supplier), pursuant to which MUCharging became the exclusive distributor for certain electric motorbikes and electric delivery vehicles supplied by the supplier in Hong Kong, Macau, Indonesia, Thailand and Singapore. In February 2023, the Group turned a new page for the EV business by entering into a memorandum of understanding with each of GSS Energy Limited (a company listed in Singapore) and Coastal Contracts Bhd. (a company listed in Malaysia). The Group anticipated that the entering into of the memorandums of understanding with the two listed companies would create synergy for business expansion in the Southeast Asia region.

Electric Bike Battery-Swapping System Business

The charging cabinet service for lithium-ion phosphate batteries offered by MECOM Zhihui Energy Technology (Guangzhou) Co., Ltd.* (澳能智匯能源科技(廣州)有限公司) ("MECOM Zhihui"), an indirect non-wholly owned subsidiary of the Company, in Guangzhou, Guangdong Province, the PRC has been widely used by food delivery riders since its launch. In September 2022, MECOM Zhihui entered into an agreement with Guangzhou Shijia Technology Co., Ltd.* (廣州視加科技有限公司) ("Guangzhou Shijia") in relation to the launch of a project for battery-swapping systems at the electric charging stations of Guangzhou Shijia in Guangzhou.

Guangzhou Shijia has the exclusive right to provide battery charging and swapping services at convenience service stations in the people's communities of People's Daily in Guangzhou (Rural Vitalization Service Stations for Party Building and Promotion* (黨建黨宣鄉村振興服務站)) and is currently operating more than 2,500 electric charging stations in Guangzhou, Guangdong Province, the PRC. The Group will actively source different locations in Guangdong Province for its battery swapping systems and it is expected that about 2,500 to 3,500 electric charging stations (comprising 75,000 to 105,000 sets of lithium-ion phosphate batteries) will be set up in Guangdong Province with approximately RMB200 million involved.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue in FY2022 and FY2021:

	2022		2021	
	MOP'000	*%*	*MOP'000*	*%*
Construction business				
Construction and fitting out works	**448,165**	**33.4**	636,088	69.7
High voltage power substation construction and its system installation works	**27,424**	**2.1**	16,497	1.8
E&M engineering services works	**165,497**	**12.3**	189,116	20.7
Facilities management services	**83,490**	**6.2**	70,206	7.8
	724,576	**54.0**	911,907	100.0
EV business	**1,219**	**0.1**	75	0.0
Steel structures business	**616,121**	**45.9**	–	–
Total	**1,341,916**	**100.0**	911,982	100.0

The Group's revenue for the Year increased by MOP429.9 million or 47.1%, in which MOP616.1 million was contributed from the steel structures business.

Revenue from construction business decreased by MOP187.3 million or 20.5%, primarily attributable to the following factors:

– the Group had made substantial construction progress in various large-scale projects regarding the phase 2 development of a new hotel complex in Cotai, Macau during the year ended 31 December 2021; and

– due to the COVID-19 pandemic, the renewal of the six existing casino licences in Macau was postponed, which led to the delay in rolling out large-scale construction projects by the clients of the Group during the Year.

During the Year, the Group delivered approximately 93,869.2 tons of steel materials, including reinforced bars, steel sheet piles and galvanized sheets, and contributed MOP616.1 million to the Group's revenue. Customers include subsidiaries of large-scale state-owned enterprises and construction companies in Macau and Hong Kong.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross margin during FY2022 and FY2021:

	2022		2021	
	Gross profit/ (loss)	**Gross margin**	Gross profit/ (loss)	Gross margin
	MOP'000	***%***	*MOP'000*	*%*
Construction business				
Construction and fitting out works	**44,803**	**10.0**	124,889	19.6
High voltage power substation construction and its system installation works	**3,971**	**14.5**	1,449	8.8
E&M engineering services works	**30,932**	**18.7**	34,788	18.4
Facilities management services	**22,478**	**26.9**	13,856	19.7
	102,184	**14.1**	174,982	19.2
EV business	**(2,338)**	**(191.7)**	(1,545)	(2,064.6)
Steel structures business	**40,700**	**6.6**	–	–
Total/overall	**140,546**	**10.5**	173,437	19.0

The Group recorded a gross profit of MOP140.5 million for the Year, which represented a year-on-year decrease of 19.0%. Gross margin dropped from 19.0% in FY2021 to 10.5% in FY2022.

Gross margin of the construction and fitting out works dropped from 19.6% in FY2021 to 10.0% in FY2022, primarily attributable to the following factors:

– in view of the severe COVID-19 pandemic since mid-June 2022, the Macau government imposed strict control over cross-boundary flows of people and goods (including raw materials and accessories). As a result, the Group incurred additional costs in connection with staff accommodation abroad, staff allowances, procurement and transportation. In addition, the Group actively cooperated with the Macau government on the anti-pandemic policy and suspended its construction works and business activities for several times, which inevitably resulted in certain surge in costs; and

– the six existing casino licences in Macau were renewed by the Macau government in November 2022. The casino gaming operators and integrated resort operators adopted a more optimistic view on their business prospects. Together with the rapid upturn in the number of tourists visiting Macau under the normalisation of COVID-19 prevention and control, the Group was entrusted to undertake a number of alteration and addition works for accommodating the massive influx of tourists since the fourth quarter of 2022. These alteration and addition works were substantially completed with project costs incurred in 2022, and the Group will only receive payment after such costs have been certified by the project owners in 2023.

To expand the market share and get prepared for a prospective rapid growth in the number of customers, the Group continued its investment in the EV business, and therefore recorded a gross loss of MOP2.3 million in FY2022 in respect of the EV business segment. During the Year, the Group incurred (i) costs of approximately MOP641,000 for installation of (a) EV charger facilities at residential and/or commercial buildings and/or hotel complex and (b) charging cabinets for lithium-ion phosphate batteries in Macau and the Guangdong Province, the PRC; and (ii) depreciation costs of approximately MOP2.5 million.

Steel structures business generated gross profit of MOP40.7 million, or 6.6% gross margin for the Year.

Other income and loss

Other income and loss was MOP1.7 million (FY2021: MOP1.7 million), which mainly comprised bank interest income.

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

The Group's impairment losses of trade receivables, trade-nature amounts due from related companies and contract assets were MOP1,174,000 (FY2021: MOP1,071,000). The Group applied a simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, trade-nature amounts due from related companies and contract assets. To measure the ECL, the Group has estimated the expected loss rates for the trade receivables, the trade-nature amounts due from related companies and the contract assets on the same basis.

Administrative expenses

Administrative expenses increased by MOP9.2 million or 26.5% mainly due to salaries, consultancy fee and other advertising costs incurred for the EV business and steel structures business.

Finance costs

During the Year, the Group incurred interest expenses of MOP756,000 on the bank loans (FY2021: nil).

Income tax expense

Income tax expense decreased by MOP7.2 million or 39.7% primarily due to (i) decrease in gross profit; and (ii) reversal of over-provision of MOP1.8 million in prior years.

Profit for the Year

The Group's profit for the Year decreased by MOP34.8 million or 27.5% primarily attributable to the combined effect of the abovementioned items. Net margin dropped from 13.9% in FY2021 to 6.8% in FY2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent approach in cash management to minimise financial and operational risks. The Group's capital expenditure and daily operations during the Year were mainly funded by cash generated from its operations and credit facilities provided by its principal banker in Macau.

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 2022, the Group had net current assets of MOP356.3 million (FY2021: MOP386.5 million). The current ratio of the Group as at 31 December 2022 was 1.7 (FY2021: 2.6).

The Group continued to maintain a healthy liquidity position. As at 31 December 2022, the Group had total cash and bank balances (including fixed bank deposits) of MOP74.8 million (FY2021: MOP224.8 million).

As at 31 December 2022, the Group had outstanding bank borrowings of MOP90.6 million (FY2021: nil) and the Group's unutilised credit facilities was MOP187.1 million (FY2021: MOP187.8 million). The Group's gearing ratio (calculated by dividing total debts with total equity) was 18.8% (FY2021: zero).

CAPITAL STRUCTURE

As at 31 December 2022, the Company's share capital and equity amounted to MOP27.4 million and MOP483.4 million, respectively (FY2021: MOP18.4 million and MOP447.5 million, respectively).

FOREIGN EXCHANGE EXPOSURE

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 risks primarily through the purchase of raw materials and sale proceeds received from the customers that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily Hong Kong dollars and Renminbi.

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 21 July 2022, MECOM International successfully won the bid for the land use rights of a piece of land in Gujing Town, Xinhui District, Jiangmen, Guangdong Province, the PRC for a total consideration of RMB42,700,000 (equivalent to approximately HK$49,532,000). For details, please refer to the announcement of the Company dated 22 July 2022. MECOM International has engaged contractors to carry out construction works in order to set up new manufacturing and research and development facilities at the site. Please refer to the Company's announcement dated 16 March 2023 for further information. The Group currently expects to incur capital expenditure of not less than RMB200 million in relation to this project, which will be funded by the Group's internal resources and banking facilities.

Save as disclosed above, the Group had no significant investments and no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

Save as disclosed above and in the below section headed "Use of Net Proceeds from the Global Offering", the Group had no future plan for material investments or capital assets as at 31 December 2022.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 13 February 2018 (the "Listing").

The net proceeds from the global offering of the Company were HK$261.6 million (equivalent to approximately MOP269.4 million) after deducting underwriting fees and commissions and all related expenses. Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 28 February 2019.

The following table sets out the revised applications of the net proceeds and the actual usage up to 31 December 2022:

	Revised applications *(HK$ million)*	**Actual usage up to 31 December 2022** *(HK$ million)*
Financing the issuance of performance bonds when undertaking new projects *(Note 1)*	112.4	102.3
Establishing storage facilities *(Note 2)*	44.3	44.3
Recruiting additional staff	45.2	45.2
Acquiring additional machinery	16.8	16.8
Financing the upfront costs for new projects *(Note 2)*	16.7	16.7
General working capital	26.2	26.2
	261.6	251.5

Notes:

1. The Group experienced delay in several new projects since 2018 due to delays in obtaining construction project approval, construction work licensing and work permits for foreign workers from the relevant regulatory and supervisory authorities in Macau. Project approval resumed normality in the second half of 2019. To the best knowledge and belief of the Directors and based on currently available information, the unutilised amounts of the net proceeds are expected to be fully utilised by 31 December 2023.

   Up to the date of this announcement, the Group has utilised HK$102.8 million of the total net proceeds for financing the issuance of performance bonds.

2. With reference to the Company's announcement dated 28 February 2019, as the Company had already acquired an industrial unit in Macau to serve as a permanent base for the Group's centralised warehouse, the Board had resolved to reallocate the then remaining unutilised balance of the net proceeds of approximately HK$16.7 million that was earmarked for the purpose of strengthening the Group's storage facilities for equipment and materials towards the financing of upfront costs (i.e. raw materials costs, labour costs and subcontracting costs) for new projects. Please refer to the aforesaid announcement for further information.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had pledged bank deposits of MOP34.4 million (FY2021: MOP31.2 million) that were pledged with banks as security of credit facilities.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2022 (FY2021: nil).

COMMITMENTS

As at 31 December 2022, the Group had capital commitments of approximately MOP146,236,000 in relation to the construction works for setting up new manufacturing and research and development facilities at the site in Jiangmen, Guangdong Province, the PRC (FY2021: nil).

EMPLOYEES AND REMUNERATION POLICY

The remuneration package offered to employees generally includes salaries, allowances, benefits-in-kind, fringe benefits including medical insurance and contributions to pension funds and bonuses. In general, the Group determines salaries of its employees based on their performance, qualifications, position and the prevailing industry practice.

As a main contractor for some of the projects we undertake, we apply for work permits for our non-Macau resident workers on a project-by-project basis. As at 31 December 2022, the Group had 281 (FY2021: 295) employees in Hong Kong, Macau and the PRC, comprising 104 Macau residents and 177 non-Macau residents (FY2021: 92 Macau residents and 203 non-Macau residents).

The Company has adopted a share option scheme (the "Share Option Scheme") on 23 January 2018, which was effective upon the Listing. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the eligible participants had or may have made to the Group. During the Year, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

PROSPECTS

After full reopening of the borders of Mainland China, Macau and Taiwan since February 2023, inbound travellers are no longer required to produce a proof of negative COVID-19 nucleic acid test result for border crossing and the flow of people in the Greater Bay Area cities has returned to normal, leading to gradual resumption of normalcy of economic activities and development.

Under the background that extensive development of infrastructure in Macau continues, the Group, being a leader in the civil engineering industry and the high voltage power substation construction industry in Macau, will strive to make progress while ensuring stability in these two principal businesses. The Macau government indicated in the Policy Address for the Fiscal Year 2023 that it would vigorously promote urban infrastructure development with a preliminary budget of MOP22.3 billion (FY2022: MOP18.5 billion) allocated to the Investments and Development Expenses of the Administration (PIDDA), which would be applied towards launching public infrastructure, public housing and other kinds of engineering projects, with aims to expand domestic demand, boost the economy and improve people's livelihoods. Casino gaming operators and integrated resort operators are becoming more optimistic about their business prospects in view of the renewal of six existing casino licences by the Macau government in November 2022. Together with the rapid upturn in the number of tourists visiting Macau under the normalisation of COVID-19 prevention and control, the Group has been entrusted to undertake a great number of alteration and addition works since the fourth quarter of 2022. It is evident from the above that the Macau government and casino gaming operators and integrated resort operators will invest more resources in construction. With years of experience in undertaking a wide spectrum of infrastructure projects, the Group will be benefitted from the development of the construction industry.

In tandem with the growth of the well-established construction business, the Group will continue to develop the steel structures business. According to the World Steel Association, in 2023, global steel demand would see a recovery of 1% to 1,814.7 million tons. As outlined in the brochure of the Northern Metropolis Development Strategy, on the basis of the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030, the Northern Metropolis will be a new district with a total development area of 30,000 hectares, where the demand for eco-friendly steel materials will be strong. The steel materials supplied by the Group's steel processing mill are environmental friendly, low-cost and time-efficient as they can be bent and cut using mechanical automation technology which has the benefits of reducing construction time at sites and the amount of wastes, and is in line with the construction methods promoted by the Architectural Services Department of Hong Kong. Having successfully entered into the steel trading sector during the Year, coupled with the planned commencement of production at its own steel processing mill in Jiangmen in the third quarter of 2023, the Group will continue to expand its business scope to include production and manufacturing for serving the Group's principal construction business. The business is anticipated to grow steadily in the future.

Another sector the Group is extending into is new energy vehicle business. Data of the China Passenger Cars Association shows that China's retail sales of new energy passenger vehicles increased by 90.0% year-on-year to 5.674 million units in 2022. Retail sales of new energy passenger vehicles is expected to reach 8.5 million units in 2023 with a penetration rate of 36%. Besides, the extension of the new energy vehicles tax exemption policy promulgated in late July of 2022 gives support to new energy vehicles purchases. All of the above reflect that the new energy vehicle market in the PRC is on a rising trend. The substitution of new energy vehicles for fossil fuel vehicles has already been an irreversible trend and therefore, the market will experience an explosive growth in the demand for charging stations. The Group has made a head start in developing the business of EV charging stations in the Greater Bay Area in recent years and is now well-positioned to take direct advantage of this overwhelming development trend.

As for the electric bike battery-swapping system business, the Group's lithium-ion phosphate batteries have passed the comprehensive safety test for their specific features and secured full insurance coverage from a well-known insurance firm in the PRC. Under normal circumstances, the batteries can operate at a temperature as low as -20 degree Celsius and achieve a discharge capacity of up to more than 90% as compared to the standard discharge capacity of 70%. The application of the Group's lithium-ion phosphate batteries is expected to bring a greater potential for business cooperation with EV companies. The Group has expanded its new energy vehicle business progressively from the Greater Bay Area to the Southeast Asia region and joined forces with local business partners for the provision of high-quality services in terms of efficiency, safety and cost-effectiveness, in anticipation of unleashing business opportunities in the region with such swift deployment.

Looking forward into 2023, as the global economy is returning to normalcy, demand for construction services and prefabricated steel materials is expected to increase in Macau and Hong Kong. Regarding the EV business which is also a major direction of global development, the Group anticipates that its presence on the EV industry chain established through successively entering into cooperation with exchange-listed automakers will facilitate extension of its geographic coverage to the EV markets in Southeast Asia and the Middle East.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022.

BONUS ISSUE OF SHARES

For the year ended 31 December 2021, the Board recommended a bonus issue of 891,039,150 new Shares to the existing Shareholders on the basis of one bonus Share for every two existing Shares held by the Shareholders on 7 June 2022, and the bonus issue was completed on 29 June 2022. Please refer to the Company's announcement dated 29 March 2022 and the Company's circular dated 26 April 2022 for details.

For the year ended 31 December 2022, the Board has also recommended to issue bonus Shares (the "Bonus Shares", each a "Bonus Share") on the basis of one new Bonus Share credited as fully paid for every two existing Shares held by the Shareholders whose names appear on the register of members of the Company on 6 June 2023 (the "Bonus Issue"). The Bonus Issue is subject to, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares and the Shareholders' approval at the AGM, and if all necessary approvals are obtained, the share certificate of the Bonus Shares will be posted on or about 29 June 2023.

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

BONUS WARRANTS ISSUE

On 10 May 2022, the Company issued a circular relating to the bonus warrants issue (the "Warrants"), and obtained approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. The stock code of the Warrants is 2242.

The Warrants were issued to the qualifying Shareholders on the basis of one Warrant for every ten Shares held on 20 May 2022. A total of 178,201,700 Warrants were issued by the Company to the qualifying Shareholders, represented by the Warrant certificates. The Warrants were issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for 1 new Share at an initial subscription price of HK$4.47 per Share during the subscription period from Wednesday, 25 May 2022 to Wednesday, 24 May 2023 (both days inclusive). The subscription price was adjusted from HK$4.47 to HK$2.95 per Share with effect from 8 June 2022 and further adjusted from HK$2.95 to HK$2.93 per Share with effect from 16 September 2022. Details of the adjustments are disclosed in the Company's announcements dated 7 June 2022 and 15 September 2022. As the date of this announcement, 61,700 Warrants have been exercised.

For the year ended 31 December 2022, the Board proposes, subject to the satisfaction of the conditions below, to issue bonus warrants (the "2024 Warrants") to the qualifying Shareholders on the basis of one 2024 Warrant for every ten Shares held on 18 May 2023, the record date for the ascertaining the entitlements of Shareholders to the issue of the 2024 Warrants (the "2024 Bonus Warrants Issue").

The 2024 Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the 2024 Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2024 Warrants.

A further announcement and a circular containing, among other things, further details of the 2024 Bonus Warrants Issue (including a detailed timetable) will be despatched to the Shareholders as soon as possible.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Tuesday, 30 May 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2023.

CLOSURE OF REGISTER OF MEMBERS FOR BONUS SHARES

The Bonus Issue is subject to the Shareholders' approval at the AGM. For determining the entitlement to the Bonus Issue, the register of members of the Company will be closed from Monday, 5 June 2023 to Tuesday, 6 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible for the Bonus Issue, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

CLOSURE OF REGISTER OF MEMBERS FOR 2024 BONUS WARRANTS ISSUE

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Thursday, 18 May 2023 (both days inclusive) for determining entitlements to the 2024 Bonus Warrants Issue.

The last day for dealing in Shares cum-entitlements to the 2024 Bonus Warrants Issue will be Thursday, 11 May 2023. In order to qualify for the 2024 Bonus Warrants Issue, all outstanding transfer of Shares should be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 15 May 2023.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as the basis of the Company's corporate governance practices.

The Board is of the opinion that the Company has complied with all the code provisions in Part 2 of the CG Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all the Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code throughout the Year.

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

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

The Company repurchased 9,384,000 Shares on the Stock Exchange during the Year. The total consideration (including transaction costs) of the repurchases was approximately HK$19,407,000. All of the repurchased Shares were cancelled during the Year. Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
January 2022	100,000	3.66	3.64	371,000
March 2022	230,000	3.58	3.56	830,000
September 2022	8,732,000	2.14	1.78	17,651,000
October 2022	322,000	1.89	1.55	555,000
	9,384,000			19,407,000

The Board considered that the repurchases enhanced the earnings per Share and benefited the Company and its Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and principle D.3 of Part 2 of the CG Code. The Audit Committee consists of three members, namely Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong, all being independent non-executive Directors. The Audit Committee is chaired by Ms. Chan Po Yi, Patsy who has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

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

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

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 31 December 2022 and up to the date of this announcement.

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

This announcement is published on the Company's website at www.mecommacau.com and the Stock Exchange's website at www.hkexnews.hk. The 2022 Annual Report will be despatched to the Shareholders and will be made available on the above websites in due course in accordance with the Listing Rules.

APPRECIATION

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

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

Hong Kong, 30 March 2023

As at the date of this announcement, the executive Directors are Mr. Kuok Lam Sek and Mr. Sou Kun Tou, and the independent non-executive Directors are Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong.

* *For identification purposes only*