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濠江機電控股有限公司

Macau E&M Holding Limited

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1408)

PROFIT WARNING

This announcement is made by Macau E&M Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the Group’s unaudited consolidated financial statements for the year ended 31 December 2023 (the “**Year**”) and other information currently available to the Board, the Group expects to record a net loss for the Year of not higher than the net loss recorded for the six months ended 30 June 2023, being approximately MOP 5.4 million. For the year ended 31 December 2022, the Group recorded a net profit of approximately MOP 9.3 million.

The expected loss is primarily attributable to the decrease in the overall gross profit margin and as a result of the factors mentioned below:

- (i) a decrease in the number of awarded projects during the Year with significantly narrower profit margins as compared to the year ended 31 December 2022;
- (ii) more stringent cost control by the Group’s clients due to the economic downturn which has led to increasing difficulty in negotiation and bargaining of terms of variance orders and a reduction in the prices charged and hence, profit margins, for the variance orders during the Year;

- (iii) slow recovery of the electrical and mechanical (“**E&M**”) industrial market in Macau in the Year, especially for the project tendering from the entertainment and resorts sector and public sector, which has resulted in sluggish demand for E&M engineering services in Macau; and
- (iv) due to the above factors, the revenue from certain projects with low profit margin was not able to cover all the associated fixed costs and salaries of the Group. However, the Group still strives to be socially responsible and with a view to maintain its competitiveness and capability, the Group has maintained its existing workforce without any staff redundancies during the Year.

Notwithstanding the current circumstances, the Group has maintained a sound financial position. The Board will continue to assess the impact of the challenging economic environment in Macau on the Group’s operations and financial performance and negotiate with the business partners of the Group to explore if there are any measures which could be implemented to improve the financial performance of the Group.

As at the date of this announcement, the Group is still in the process of finalising the annual results for the Year. The information contained in this announcement is solely based on the information currently available to the Board and the preliminary review by the Board of the unaudited consolidated financial statements of the Group for the Year, which has not been confirmed or reviewed by the Company’s auditors or reviewed by Company’s audit committee. Therefore, the above information is subject to adjustments and may be different from the actual annual results of the Group for the Year. The Company’s annual results announcement for the Year is expected to be published in March 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Macau E&M Holding Limited
Mr. Cheong Ka Wo

Chairman, Chief Executive Officer and Executive Director

Macau, 23 February 2024

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