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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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

The Board is pleased to announce that after trading hours on 13 December 2021, MECOM Investment and the JV Partner entered into the JV Agreement, pursuant to which MECOM Investment and the JV Partner agreed to form a joint venture for the Potential Investment Development. The JV Company shall have a total registered capital of HK\$100 million owned as to 60% by MECOM Investment and 40% by the JV Partner respectively.

As the highest applicable percentage ratio for the joint venture arrangement is more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 25 October 2021 regarding the Letter of Intent between the Company and Gujing Town People's Government in relation to the Potential Investment Development (the "Announcement"). Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Board is pleased to announce that after trading hours on 13 December 2021, MECOM Investment and the JV Partner entered into the JV Agreement, pursuant to which MECOM Investment and the JV Partner agreed to form a joint venture for the Potential Investment Development based on the principal terms set out in this announcement.

THE JV AGREEMENT

Date: 13 December 2021

Parties: (1) MECOM Investment; and
(2) JV Partner

Shareholding structure and capital requirement: The total registered capital of the JV Company is HK\$100 million. The respective contributions of capital committed by MECOM Investment and JV Partner are HK\$60 million (representing 60% of the registered capital) and HK\$40 million (representing 40% of the registered capital). The amount of capital contribution was arrived at after arm's length negotiations between the parties with reference to the estimated capital requirement of the JV Company.

All capital contributions will be made by cash and would be paid up as necessary and on or before 30 September 2070. It is contemplated that the capital contribution payable by MECOM Investment will be funded by internal resources of the Group.

The JV Company will be accounted for as a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Scope of business of the JV Company: The JV Company is established for the purpose of the Potential Investment Development. Its scope of business is intended to include setting up and operating manufacturing facilities for the fabrication and/or processing of 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 the research and manufacturing base for developing new materials and equipment for other new energy businesses.

Management and board composition of the JV Company: The board of directors of the JV Company shall consist of five directors, of whom three would be nominated by MECOM Investment and two would be nominated by the JV Partner.

The voting power of each shareholder of the JV Company at the shareholders' meetings of the JV Company shall be in proportion of its contributed capital in the JV Company. Significant matters of the JV Company (such as changes in registered capital and articles of association) shall be unanimously approved by all the shareholders of the JV Company.

INFORMATION OF THE PARTIES

MECOM Investment is an investment holding company and is an indirect wholly-owned subsidiary of the Company.

The JV Partner is principally engaged in the research and development of heavy equipment and the structural steel fabrication and processing business. The JV Partner is owned as to 90% by Mr. Deng Jianghua and as to 10% by Mr. Zhu Qingshan.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the JV Partner and its ultimate beneficial owners are Independent Third Parties.

After the formation of the JV Company, to the extent that the JV Company is not an insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of the Company, the JV Partner and Mr. Deng Jianghua will become connected persons of the Company at the subsidiary level for the purpose of Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Company understands that the JV Partner has extensive experience in the field of production and manufacturing of structural steel components. Hence, the Board considers that it would be beneficial to the Group to take part in the Potential Investment Development jointly with the JV Partner so as to achieve synergistic benefit and to develop a solid business relationship with the JV Partner to capture further business opportunities that may be identified by the Group and/or the JV Partner. The Board considers that the terms of the JV Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio in relation to the joint venture arrangement is more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors of the Company
“Company”	MECOM Power and Construction Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1183)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) which is(are) independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“JV Agreement”	the joint venture agreement dated 13 December 2021 between MECOM Investment and the JV Partner in relation to the joint venture arrangement between these parties
“JV Company”	澳能國際新材料科技(廣東)有限公司(MECOM International New Materials Technology (Guangdong) Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“JV Partner”	將作重工裝備科技(澳門)有限公司(Chang Tsuo Heavy Equipment Technology (Macau) Co., Ltd.*), a company incorporated in Macau with limited liability and an Independent Third Party (save for its interests in the JV Company)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MECOM Investment”	MECOM Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *For identification purpose only*

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

Hong Kong, 13 December 2021

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.