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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)

PROPOSED BONUS ISSUE OF SHARES

Reference is made to the announcement of the Company dated 28 March 2022 relating to the annual results of the Company for the year ended 31 December 2021. The Board is pleased to announce that it has resolved to recommend the Bonus Issue on the basis of one Bonus Share for every two existing Shares held by the Shareholders whose names appear on the register of members of the Company on the Record Date. Particulars of the Bonus Issue are set out below:

Basis of the Bonus Issue

Subject to the conditions set out under the paragraph headed “Conditions of the Bonus Issue” below having been fulfilled, the Bonus Shares will be issued and credited as fully paid at par on the basis of one Bonus Share for every two existing Shares held by Shareholders whose names appear on the register of members of the Company on the Record Date.

On the basis of 1,782,247,000 Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or bought back before the Record Date, it is anticipated that a total of 891,123,500 Bonus Shares would be allotted and issued under the Bonus Issue. Immediately upon completion of the Bonus Issue, there will be a total of 2,673,370,500 Shares in the enlarged issued share capital of the Company.

The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount of HK\$8,911,235 standing to the credit of the share premium account of the Company pursuant to the Bonus Issue.

Status of the Bonus Shares and fractional entitlements

The Bonus Shares, upon issuance, will rank *pari passu* in all respects with the existing Shares from their date of issue except that they are not entitled to the proposed dividend for the year ended 31 December 2021 and will not rank for the Bonus Issue.

There will not be any fractional entitlements to the Bonus Shares. Bonus Shares representing fractional entitlement will be aggregated and issued to a nominee to be nominated by the Board. Such Bonus Shares (if any) will be sold and the net proceeds, after deducting the related expenses therefrom, will be retained by the Company for its own benefits.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue by the Shareholders at the AGM;
- (ii) the Listing Committee granting listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

Reasons for and benefits of the Bonus Issue

Initially, the Board has considered payment of cash dividend only to the Shareholders. However, after taking into account of the current economic environment, the Board considers that it will be for the best interest of the Company and the Shareholders as a whole that the Company should preserve the cash position of the Group for future development. Accordingly, in recognition of the Shareholders' continual support to the Company, the Board also proposes the Bonus Issue in addition to the proposed payment of a final dividend for the year ended 31 December 2021.

The Bonus Issue will increase the number of Shares to be held by the Shareholders, reduce the share price and reduce the trading price of each board lot. By way of illustration only, the closing price per Share as quoted on the Stock Exchange as at the date of this announcement is HK\$3.57 and the market value per board lot is HK\$7,140. The high board lot value sets a high entry fee for investors and compromises the liquidity of the trading of the Shares. As the number of Shares to be held by the Shareholders would increase by 50% had the Bonus Issue taken place, the market value per board lot would theoretically decrease by approximately 33% and the trading volume and the liquidity of the Shares on the market are expected to be improved. Hence, the Board considers that, despite the Bonus Issue would lead to odd lots, it would maintain the trading amount for each board lot at a reasonable level and is expected to help attract more investors thus broadening the shareholder base of the Company.

Furthermore, the Board expects the Bonus Issue will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of their Shares and realising a cash return to meet the individual Shareholders' financial needs under good market conditions.

In addition, as compared with other alternatives such as share sub-division, the Bonus Issue involves simple administrative procedures and an insignificant amount of expenses which preserves the working capital of the Group. Therefore, the Board believes that the Bonus Issue, in combination with distribution of cash dividends, will not only enhance the liquidity of the Shares in the market and enlarge the capital base of the Company but also represent an appropriate and balanced way to respond to the support of the Shareholders throughout the years.

Listing, dealings and share certificates for the Bonus Shares

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. The Shares are not listed or dealt in on any stock exchange other than the Stock Exchange. The Directors do not intend to apply for listing of and permission to deal in the Bonus Shares on any stock exchange other than the Stock Exchange.

It is expected that share certificates for the Bonus Shares will be posted by ordinary post on or before Wednesday, 29 June 2022, after all the conditions of the Bonus Issue have been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date.

Subject to fulfillment of all conditions of the Bonus Issue, dealings in the Bonus Shares on the Stock Exchange are expected to commence on Thursday, 30 June 2022.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Bonus Shares, the Company will procure an arrangement with an agent to stand in the market to provide matching service for the odd lots of the Bonus Shares on a best effort basis. Further details in respect of the odd lot arrangement will be set out in a circular to be despatched to the Shareholders.

Overseas Shareholders

As at the date of this announcement and based on information provided by Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, none of the Shareholders as recorded on the register of members of the Company has an address which is outside Hong Kong.

Should there be any Overseas Shareholders on the Record Date, the Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for considering whether to exclude such Overseas Shareholders from the Bonus Issue and it may only exclude such Overseas Shareholders on the basis that, having made such enquiry, it would be necessary or expedient to do so. If any such Overseas Shareholder is excluded, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

GENERAL

The Company will despatch a circular on or about 26 April 2022 to provide information relating to the notices of the AGM and the details regarding the resolutions to be proposed at the AGM, which includes, among other things, the details of the Bonus Issue.

EXPECTED TIMETABLE

The expected timetable for proposed Bonus Issue is set out below:

Latest time for lodging transfer of Shares for entitlement to
attend and vote at the AGM 4:30 p.m. on Tuesday, 24 May 2022

Closure of register of members of the Company
for the entitlement to attend and
vote at the AGM. Wednesday, 25 May 2022 to
Monday, 30 May 2022 (both days inclusive)

Record date for entitlement to attend
and vote at the AGM Monday, 30 May 2022

AGM 2:30 p.m. on Monday, 30 May 2022

Announcement of poll results of the AGM. Monday, 30 May 2022

Last day of dealings in Shares cum-entitlement to the
final dividend and the Bonus Shares. Tuesday, 31 May 2022

First day of dealings in Shares ex-entitlement to the
final dividend and the Bonus Shares. Wednesday, 1 June 2022

Latest time for lodging transfer of shares
for entitlement to the final dividend and
the Bonus Shares 4:30 p.m. on Thursday, 2 June 2022

Closure period of the register of members of the
Company for the final dividend and the Bonus Issue Monday, 6 June 2022 to
Tuesday, 7 June 2022 (both days inclusive)

Record Date for entitlement to the final dividend and
the Bonus Shares Tuesday, 7 June 2022

Despatch of the share certificates of the Bonus Shares and
the final dividend payment date Wednesday, 29 June 2022

First date of dealings in the Bonus Shares Thursday, 30 June 2022

Designated broker starts to stand in the market
to provide matching services for the sale and
purchase of odd lots of Shares 9:00 a.m. on Thursday, 30 June 2022

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of Shares 4:10 p.m. on Thursday, 21 July 2022

The above timetable is subject to change and to the fulfilment of the conditions of the Bonus Issue. The Company will announce in compliance with the Rules Governing the Listing of Securities on the Stock Exchange if the above timetable changes.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Monday, 30 May 2022, or any adjournment thereof, for the Shareholders to consider, with or without modifications and if appropriate, to approve, among other things, the Bonus Issue
“Board”	the board of Directors of the Company
“Bonus Issue”	the proposed issue of Bonus Shares to the Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date on the basis of one Bonus Share for every two existing Shares held by the Shareholders on the Record Date
“Bonus Share(s)”	new Share(s) proposed to be issued by way of Bonus Issue on the terms set out in this announcement
“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 dollar, the lawful currency of Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date are outside Hong Kong
“Record Date”	Tuesday, 7 June 2022, being the record date by reference to which entitlements to the Bonus Share will be determined
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholders” the holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 March 2022

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.