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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 WARRANTS ISSUE

Proposed Bonus Warrants Issue

The Board proposes, subject to the satisfaction of the conditions below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Warrant for every ten (10) Shares held on the Record Date.

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial Subscription Price of HK\$4.47, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions, at any time from the date of issue of the Warrants to the last date falling twelve months thereafter, which is expected to be from Wednesday, 25 May 2022 to Wednesday, 24 May 2023 (both days inclusive).

The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the New Shares.

Record Date and Closure of Register of Members

The Warrants to be issued under the Bonus Warrants Issue will only be issued to Qualifying Shareholders. In order to qualify for the Bonus Warrants Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. The register of members of the Company will be closed from Wednesday, 18 May 2022 to Friday, 20 May 2022 (both days inclusive) for determining entitlements to the Bonus Warrants Issue. No transfer of Shares may be registered during the book closure period. The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Friday, 13 May 2022.

General

A circular containing, amongst other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS WARRANTS ISSUE

The Board proposes, subject to the satisfaction of the condition below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Warrant for every ten (10) Shares held on the Record Date.

GENERAL MANDATE

The Warrants will be issued pursuant to the general mandate to issue Shares granted to the Directors at the 2021 AGM. Under the said general mandate and on the basis of 1,191,482,000 issued Shares as at 28 May 2021 and by adding 5,206,000 Shares bought back pursuant to the Shares buy-back mandate granted at the 2021 AGM, the Directors were authorised generally to issue up to 243,502,400 Shares. No Share has been allotted or issued under the general mandate since it was approved and a maximum of 243,502,400 Shares can be issued under the general mandate.

SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

Each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share. Based on 1,782,017,000 issued Shares as at the date of this announcement and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement up to the Record Date, the maximum number of Warrants to be issued will be 178,201,700 Warrants and upon the full exercise of the Subscription Rights attaching to the Warrants, a maximum of 178,201,700 New Shares (subject to adjustments) will be issued, representing 10% of the number of issued Shares as at the date of this announcement and approximately 9.09% of the issued Shares as enlarged by the New Shares to be issued upon the exercise of Subscription Rights attaching to all Warrants. The entitlement to the Warrants are non-renounceable. Based on the initial Subscription Price of HK\$4.47 per New Share, the Company would receive the subscription monies totalling up to approximately HK\$796.6 million.

As at the date of this announcement, the Company has no outstanding share options, warrants, convertible securities or similar rights entitling any person to subscribe for Shares prior to the Record Date.

CONDITION TO THE BONUS WARRANTS ISSUE

The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the New Shares.

SUBSCRIPTION PRICE AND SUBSCRIPTION PERIOD

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial Subscription Price of HK\$4.47, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions, at any time from the date of issue of the Warrants to the last date falling twelve months thereafter, which is expected to be from Wednesday, 25 May 2022 to Wednesday, 24 May 2023 (both days inclusive).

The initial Subscription Price of HK\$4.47 represents:

- (i) a premium of approximately 31.9% over the closing price per Share of HK\$3.39 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 35.0% over the average closing price per Share of approximately HK\$3.31 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 33.4% over the average closing price per Share of approximately HK\$3.35 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 29.9% over the average closing price per Share of approximately HK\$3.44 as quoted on the Stock Exchange for the last thirty trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 31.5% over the closing price per Share of HK\$3.40 as quoted on the Stock Exchange on the date of this announcement.

The initial Subscription Price for the Warrants was determined by the Board after taking into account (i) the continuous strong performance of the Share price of the Company with a growth of approximately 188% from the offer of HK\$1.25 per Share as at the first day of listing on the Stock Exchange on 13 February 2018 to HK\$3.60 per Share as at 31 December 2021; (ii) the closing price of the Shares of HK\$3.55 as at 28 March 2022, the date of the annual results announcement of the Company for the financial year ended 31 December 2021; (iii) the prevailing market price of the Shares; (iv) the revenue increased by approximately 28.9% from approximately MOP707.3 million for the year ended 31 December 2020 to approximately MOP912.0 million for the year ended 31 December 2021, and the profit for the year increased by approximately 149% from approximately MOP50.9 million for the year ended 31 December 2020 to approximately MOP126.5 million for the year ended 31 December 2021; (v) as at 31 December 2021, the Group had contracts on hand yet to complete with an aggregate contract value of approximately MOP873.6 million and after taking into account the renewal of term of services for three facility management services agreements and the successful tender for an approximately MOP31.3 million worth project for fitting-out and mechanical, electrical and plumbing works in January 2022, the Group had contracts on hand yet to complete with an aggregate contract value of approximately MOP1 billion in the first quarter of 2022; and (vi) the future business prospects of the Group. The Directors are of the view that the continuous strong performance of the price of the Shares since listing and the prevailing market price of the Shares reflects the investors' confidence in the prospect of the Company which are benefited by (a) the positive outlook of Macau's overall economic recovery; (b) the expected resumption of Macau's construction and fitting out works markets; and (c) the future business development in respect of the national infrastructure strategy under the Belt and Road Initiative of the People's Republic of China in the Greater Bay Area. The Directors believe that these opportunities would expediate the Group's business development and improve its financial performance. The Directors expect the positive outlook of the Group will continue to be reflected in the future Share price and the Bonus Warrants Issue would provide an opportunity for the Shareholders to participate in the growth of the Company and capture the potential capital gain when the Subscription Rights are exercised. The Directors consider the terms of the Bonus Warrant Issue, including the initial Subscription Price thereof, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to the Warrants (if any) will not be issued to the Qualifying Shareholders but will, where practicable, be aggregated and sold in the market for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

OVERSEAS SHAREHOLDERS

The circular to be issued for the Bonus Warrants Issue and the Warrants to be issued will not be registered or filed under any securities legislation in any jurisdiction outside Hong Kong. In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make enquiry pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place in which such Overseas Shareholder is residing. If the Directors are of the view that, after such enquiry, the exclusion of such Overseas Shareholder is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the issue of the Warrants will not be extended to such Overseas Shareholder.

In view of the above, Warrants which would otherwise be issued to the Non-Qualifying Shareholder(s) under the Bonus Warrants Issue will be sold in the market as soon as possible after the commencement of dealings in the Warrants, if a premium (net of expenses) can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Shareholder(s) pro rata to their respective holdings of Shares. Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Bonus Warrants Issue or whether any government or other consents are required or other formalities need to be observed.

REASONS FOR THE BONUS WARRANTS ISSUE

The Group is principally engaged in the provision of construction services, including (i) construction and fitting out works; (ii) high voltage power substation construction and its system installation works; (iii) electrical and mechanical engineering services works; and (iv) provision of facilities management services, and provision of electric vehicle charging services including (a) sale of electric vehicle charging systems and (b) subscription fee income.

The Board, after considering the financial performance of the Group for the year ended 31 December 2021, considered that distributions should be made to the Shareholders in their continuous support to the Company. 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' continuous support to the Company, the Board also proposes the Bonus Warrants Issue in addition to the proposed payment of a final dividend for the year ended 31 December 2021 and bonus issue of Shares.

After considering the features of the Warrants that would provide the Shareholders with an opportunity to participate in the growth of the Company by exercising the Subscription Rights attaching to the Warrants, and the Bonus Warrants Issue will also strengthen the equity base of the Company and increase the Company's general working capital and enable the Group to carry out potential investments being identified if and when the Subscription Rights attaching to the Warrants are exercised, the Board considered that the Bonus Warrants Issue is in the interests of the Company and the Shareholders as a whole.

In addition, as the Warrants will be exercisable at any time from the date of issue to a date falling twelve months thereafter and the listing of the Warrants would enable the Shareholders to realise the value of the Warrants during its term, the Board consider the Bonus Warrants Issue would afford the Shareholders with more flexibility in managing their own investment portfolios under different market conditions.

The Company intends to apply any subscription monies received as and when Subscription Rights are exercised (i) for strengthening the business development in (a) sales, trading and processing of metal materials for construction and steel structures business, (b) electric vehicle charging services, and (c) lithium-ion phosphate battery-swapping systems; and (ii) towards general working capital of the Group.

FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities by issue of equity securities in the twelve months immediately before the date of this announcement.

LISTING

An application has been made to 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 New Shares to be issued upon exercise of the Subscription Rights attaching to the Warrants will rank *pari passu* in all respects with the then existing issued Shares.

CERTIFICATES FOR THE WARRANTS AND BOARD LOT

Subject to the satisfaction of the condition to the Bonus Warrants Issue, it is expected that certificates for the Warrants will be despatched on or before Wednesday, 25 May 2022 at the risk of the Qualifying Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

Dealings in the Warrants are expected to commence on the Stock Exchange on Thursday, 26 May 2022. The Warrants are expected to be traded on the Stock Exchange in board lots of 2,000 Warrants.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 May 2022 to Friday, 20 May 2022 (both days inclusive) for determining entitlements to the Bonus Warrants Issue.

The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Friday, 13 May 2022. In order to qualify for the 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 17 May 2022.

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrants Issue set out below is for indicative purposes only and has been prepared on the assumption that the condition of the Bonus Warrants Issue will be fulfilled. All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

The expected timetable for implementing the Bonus Warrants Issue is set forth below:

Last day of dealings in Shares cum-entitlements to
the Bonus Warrants IssueFriday, 13 May 2022

First day of dealings in Shares ex-entitlements to
the Bonus Warrants Issue Monday, 16 May 2022

Latest time for lodging forms of transfer of Shares to
ensure entitlement to the Bonus Warrants Issue no later than 4:30 p.m.
on Tuesday, 17 May 2022

Closure of register of members of the Company,
both days inclusiveWednesday, 18 May 2022 to
Friday, 20 May 2022

Record DateFriday, 20 May 2022

Despatch of the Warrant certificates byWednesday, 25 May 2022

Commencement of dealings in the Warrants on
the Stock Exchange Thursday, 26 May 2022

GENERAL

A circular containing, among other things, further details of the Bonus Warrants Issue will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 AGM”	the annual general meeting of the Company held on 28 May 2021
“Board”	the board of Directors
“Bonus Warrants Issue”	the proposed bonus issue of Warrants by the Company to the Qualifying Shareholders on the basis of one (1) Warrant for every ten (10) Shares held on the Record Date
“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(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	the deed poll to be executed by the Company creating and constituting the Warrants
“Last Trading Day”	Friday, 29 April 2022, being the last trading day of the Shares immediately prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“MOP”	Macau Pataca, the lawful currency of Macau
“New Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company which may fall to be issued upon the exercise of the Subscription Rights attaching to the Warrants
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiry, are of the view that it would be necessary or expedient to exclude them from the Bonus Warrants Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Friday, 20 May 2022, being the record date for ascertaining the entitlements of Shareholders to the Bonus Warrants Issue
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	in relation to each Share, the sum payable in respect of such Share to which the registered holder of each Warrant shall be entitled upon exercise of the Subscription Rights represented thereby, being HK\$4.47 or such adjusted price as may for the time being be applicable in accordance with the terms of the Instrument and, in relation to more than one Share, the aggregate of the sums payable as aforesaid in respect of all the relevant Shares
“Subscription Rights”	the rights of the Warrantholders represented by the Warrants to subscribe for up to 178,201,700 Shares pursuant to the Warrants, and, in relation to each Warrant, means the rights of the Warrantholder in respect of such Warrant to subscribe for one Share pursuant to such Warrant
“Warrant(s)”	warrant(s) proposed to be issued by the Company to subscribe for New Shares at an initial Subscription Price of HK\$4.47 per New Share, subject to adjustments
“Warrantholder(s)”	the person or persons who is or are for the time being registered in the register as the holder or joint holders of the Warrant(s)
“%”	per cent.

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

Hong Kong, 3 May 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.