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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)

(Warrant code: 2242)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO STRATEGIC BUSINESS COOPERATION IN NEW ENERGY VEHICLE BUSINESS

This is a voluntary announcement made by MECOM Power and Construction Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide the shareholders and potential investors of the Company an update on the latest business development of the Group.

STRATEGIC BUSINESS COOPERATION BETWEEN THE COMPANY AND WULING MOTORS

The Strategic Business Cooperation

The board of directors of the Company (the “**Board**”) is pleased to announce that Wuling Motors Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock code: 305) (“**Wuling Motors**”, together with its subsidiaries, the “**Wuling Motors Group**”) and the Company entered into a memorandum of understanding (the “**MOU**”) in early December 2022, pursuant to which the Company and Wuling Motors proposed to be strategic business partners with each other in the development of new energy vehicle business for a term of two years commencing from the date of the MOU. Such strategic business cooperation (the “**Strategic Business Cooperation**”) may take the following forms:

- (a) Wuling Motors Group and the Group may co-develop charging systems and services in relation to electric vehicles, including design, procurement, instalment, operation and maintenance services and such services may cover applications involving battery swaps;
- (b) Wuling Motors Group and the Group may set up technical committees to communicate and exchange industry information and technical know-hows in relation to new energy vehicles and their power systems and may co-invest in projects regarding new energy vehicles;
- (c) Wuling Motors Group and the Group may invest in the other party(ies) or the projects regarding new energy vehicles developed by the other party(ies) in any form; and
- (d) Wuling Motors Group and the Group may assist in the financing of the projects regarding new energy vehicles developed by the other party(ies).

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE MOU AND THE STRATEGIC BUSINESS COOPERATION

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 Group also diversified its existing businesses by entering into the steel structures business which involves the sales, trading and processing of metal materials.

It has been the business strategy of the Group to consider the business opportunities in new energy vehicle business from time to time which will enable themselves to further penetrate into the new energy vehicle market. The Group is expected to benefit through the Strategic Business Cooperation of the expertise of the Wuling Motors Group in manufacturing of automotive components and vehicles' power supply systems which could be applied in the development of new energy vehicles.

In the announcements of the Company dated 4 January 2022 and 10 October 2022 in relation to MECOM Zihui Energy Technology (Guangzhou) Co., Ltd.* (澳能智匯能源科技(廣州)有限公司), the joint venture formed by the Group with Guangdong Zihui Technology Development Co., Ltd.* (廣東智匯技術發展有限公司) (the “**Joint Venture**”), it is expected that the Joint Venture's battery-swapping systems were to be set up in the electric charging stations of Guangzhou Dianmeng Technology Development Co., Ltd.* (廣州電盟科技發展有限公司) which operates around 1,000 electric charging stations in Guangzhou and in the electric charging stations of Guangzhou Shijia Technology Co., Ltd.* (廣州視加科技有限公司) which operates more than 2,500 electric charging stations in Guangzhou. The Group considered that the Strategic Business Cooperation formed with the Wuling Motors Group would further enhance the development of battery-swapping systems of the Group as mentioned in the announcements as referred above with respect to the new energy vehicles.

The application of the Group's lithium-ion phosphate batteries is expected to have a large potential for the abovementioned Strategic Business Cooperation, considering that the uniqueness of specific features of lithium-ion phosphate batteries from the Group including (i) passed the comprehensive safety test and obtained commitment from a well-known insurance firm in the People's Republic of China (the “**PRC**”) to be fully insured; and (ii) operating normally at a temperature as low as -20 degree Celsius and the discharge capacity is achieving more than 90% instead of the standard capacity of 70%.

In view of (i) the potential huge demand and growth of the new energy vehicles in the PRC; and (ii) the supporting of new energy vehicles purchases by extending the new energy vehicles tax exemption policy imposed in late July of 2022, the Board believes that the market of the new energy vehicles in the PRC is on a rising trend, of which the resource advantages, industry knowledge and technical expertise from the Group and the Wuling Motors Group will create synergies between them and will facilitate the Group to capture this growing business segment, which the Board believes that it will bring long term value to the Group.

The Board believes that the Strategic Business Cooperation contemplated under the MOU facilitates the Group's further broadening of business scope towards the new energy vehicle market, in order to attain business diversification for the Group. The Board considers that the terms of the MOU are based on normal commercial terms and are fair and reasonable and are beneficial to the Group and its shareholders as a whole.

GENERAL

In the event the Strategic Business Cooperation materialises, the transaction contemplated under the definitive agreements in relation thereto may constitute notifiable transaction(s) for the Company under Chapter 14 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Company will comply with the relevant requirements of the Listing Rules as and when necessary.

As the MOU is non-legal binding save for certain provisions, including but not limited to, the priority in cooperation, termination, confidentiality, notice and governing law and jurisdiction, the Strategic Business Cooperation may or may not materialises, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 December 2022

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

* *For identification purposes only*