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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)

DISCLOSEABLE TRANSACTION

FX HEDGING CONTRACTS

THE FX HEDGING CONTRACTS

On 28 April 2023, MECOM New Materials, a non-wholly owned subsidiary of the Company, entered into the FX Hedging Contracts with the Bank, an Independent Third Party, to hedge against RMB/HK\$ currency risk, in respect of a total Principal Amount of HK\$100 million. The Group, through MECOM New Materials and Ao Gang Construction, is engaged in trading of steel materials in its ordinary and usual course of business. As the Group's purchases of steel materials are denominated in RMB, while its sales of steel materials are denominated in HK\$, the Group will from time to time convert HK\$ to RMB for settlement of trade payables and payment of operational expenses, resulting in foreign exchange exposure to the Group. In light of this, the Group has entered into the FX Hedging Contracts through MECOM New Materials with the aim of hedging against such currency risk.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the transactions contemplated under the FX Hedging Contracts (on an aggregated basis) exceeds 5% but is less than 25%, such transactions constitute a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

On 28 April 2023, MECOM New Materials, a non-wholly owned subsidiary of the Company, entered into the FX Hedging Contracts with the Bank to hedge against RMB/HK\$ currency risk, in respect of a total Principal Amount of HK\$100 million. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Bank and its ultimate beneficial owners are Independent Third Parties.

FX hedging contracts are a type of hedging instrument. In essence, pursuant to the FX Hedging Contracts, MECOM New Materials will buy RMB against HK\$ on a pre-agreed settlement date, at a fixed effective forward HK\$:RMB exchange rate. Pursuant to the FX Hedging Contracts, MECOM New Materials shall pay the agreed sum of HK\$ to purchase RMB at the agreed exchange rate within the agreed settlement period.

The principal terms of the FX Hedging Contracts entered into by MECOM New Materials (as the purchaser of RMB) with the Bank (as the seller of RMB) are set out below:

Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8785
Settlement period	:	Between 1 June 2023 and 30 June 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8773
Settlement period	:	Between 3 July 2023 and 31 July 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8758
Settlement period	:	Between 1 August 2023 and 31 August 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8745
Settlement period	:	Between 1 September 2023 and 28 September 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8730
Settlement period	:	Between 7 October 2023 and 31 October 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8717
Settlement period	:	Between 1 November 2023 and 30 November 2023

Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8704
Settlement period	:	Between 1 December 2023 and 29 December 2023
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8690
Settlement period	:	Between 2 January 2024 and 31 January 2024
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8681
Settlement period	:	Between 1 February 2024 and 29 February 2024
Date of the FX Hedging Contract	:	28 April 2023
Principal Amount and currency	:	HK\$10 million
Rate	:	HK\$1 to RMB0.8672
Settlement period	:	Between 1 March 2024 and 28 March 2024

The security deposit of the FX Hedging Contracts shall be RMB3,800,000, which will be settled by restricted deposits placed in the Bank by MECOM New Materials. Save for the security deposit, the FX Hedging Contracts require no initial cash outlay or purchase cost.

The aggregate Principal Amount was determined by the Group primarily with reference to the size of the steel structures business of the Group, while the effective HK\$:RMB exchange rates under the FX Hedging Contracts were determined by the Group primarily with reference to the recent developments in the HK\$:RMB exchange rate.

REASONS FOR AND BENEFITS OF THE FX HEDGING CONTRACTS

The Group, through MECOM New Materials and Ao Gang Construction, is engaged in trading of steel materials in its ordinary and usual course of business. As the Group's purchases of steel materials are denominated in RMB, while its sales of steel materials are denominated in HK\$, the Group will from time to time convert HK\$ to RMB for settlement of trade payables and payment of operational expenses, resulting in foreign exchange exposure to the Group. In light of this, the Group has entered into the FX Hedging Contracts through MECOM New Materials with the aim of hedging against such currency risk.

The Directors consider that the terms of the FX Hedging Contracts are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Group will continue to monitor developments in the HK\$:RMB exchange rate and may enter into further foreign exchange hedging transactions from time to time.

INFORMATION ON THE GROUP, MECOM NEW MATERIALS AND THE BANK

The Group

The Group is principally engaged in (1) 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, (2) provision of electric vehicle (“EV”) related services, including but not limited to (a) provision of EV charging services including sale of EV charging systems and provision of EV charging facilities for subscription fee; (b) distribution of EVs; (c) design, production, sales and marketing of EVs and EV charging systems; (d) manufacturing and production of battery packs; and (e) provision of EV charging/swapping solutions, and (3) sales and processing of metal materials.

MECOM New Materials

MECOM New Materials is a company established with limited liability in the PRC and is an indirect non-wholly subsidiary of the Company. MECOM New Materials is principally engaged in setting up manufacturing facilities for the fabrication and/or processing of structural steel components and the research and manufacturing base for developing new materials and equipment for other new energy businesses.

The Bank

The Bank is a commercial bank in the PRC whose business activities include dealing in foreign exchange hedging contracts.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the total Principal Amount under the FX Hedging Contracts is more than 5% but less than 25%, the entry into the FX Hedging Contracts and the transactions contemplated thereunder constitute a discloseable transaction for the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set forth below unless the context requires otherwise:

“Ao Gang Construction”	Ao Gang Construction (Macau) Limited (澳港建設(澳門)有限公司), a company established in Macau with limited liability and an indirect non-wholly owned subsidiary of the Company
“Bank”	交通銀行股份有限公司珠海分行 (Bank of Communications, Zhuhai Branch*)
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“FX Hedging Contracts”	the ten foreign exchange hedging contracts entered into between MECOM New Materials and the Bank on 28 April 2023 in relation to the total Principal Amount to hedge against RMB/HK\$ currency risk
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) which is(are) independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“MECOM New Materials”	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
“MOP”	Macanese pataca, the lawful currency of Macau

“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Principal Amount”	the aggregated principal HK\$ amount of HK\$100 million under the FX Hedging Contracts
“RMB”	Renminbi, the lawful currency of the PRC
“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, 28 April 2023

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.